NOTICE OF MEETING 2017

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Friday, May 19, 2017, 9 a.m.
at the Polydome, place du 1er mai,
Clermont-Ferrand (Puy-de-Dôme), France

MICHELIN
A better way forward

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Notice of Meeting sent to joint owners of shares

Pursuant to the provisions of Article R. 225-68 of the French Commercial Code *(Code de commerce),* the Notice of Meeting must be sent to all joint owners of our Company's shares.

Please note that since, pursuant to the provisions of Article L. 225-110 of the French Commercial Code, the joint owners are to be represented by a single person, the proxy form and the mail voting form for the Meeting will be sent to the appointed representative of the joint ownership, whose name is carried in our register.

AGENDA

(The proposed resolutions are presented on pages 3 to 33.)

ORDINARY RESOLUTIONS

- Approval of the Company financial statements for the year ended December 31, 2016
- Appropriation of net income for the year ended December 31, 2016 and approval of the recommended dividend
- Approval of the consolidated financial statements for the year ended December 31, 2016
- Related-party agreements
- Authorization for the Chief Executive Officer to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €160
- Advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer, and to Michel Rollier, Chairman of the Supervisory Board
- Re-election of two members of the Supervisory Board

EXTRAORDINARY RESOLUTIONS

- Statutory Auditors' special report
- Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares
- Powers to carry out formalities

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Jean-Dominique Senard

Chief Executive Officer of the Michelin Group

DEAR MICHELIN SHAREHOLDER,

We are pleased to invite you once again to the Annual Shareholders Meeting, where you will be asked to vote on both ordinary and extraordinary resolutions.

Among the ordinary resolutions, you will be asked to approve the 2016 financial statements and the appropriation of net income for the year.

This year, we will be recommending a dividend of €3.25 per share, up 14% from last year. This amount represents a payout rate of 37% of consolidated net income excluding non-recurring items, a sign of our confidence in the future and a reflection of the Group's commitment to its shareholders.

In the other ordinary resolutions, you will be asked, as every year, to renew the authorization to buy back shares. This authorization would replace that granted for the same purpose by the Annual Shareholders Meeting of May 13, 2016 and utilized during the period to buy back and cancel nearly 3.4 million shares in 2016, representing 1.8% of the capital.

We have also submitted two "say on pay" resolutions so that you can express your opinion on the components of the compensation package due or paid in respect of 2016 to me as Chief Executive Officer and to Michel Rollier as Chairman of the Supervisory Board.

In addition, you will be asked to re-elect Olivier Bazil and Michel Rollier as members of the Supervisory Board.

"I ATTACH GREAT IMPORTANCE TO THIS MOMENT OF DIALOGUE AND TO YOUR PARTICIPATION IN THE VOTING PROCESS"

Among the extraordinary resolutions, you will be asked to renew the authorization to reduce the capital by canceling shares.

As always, the Annual Shareholders Meeting represents an invaluable opportunity for my team and myself to exchange views and talk with you in more detail about the life of your Company, its strategy, its results and its outlook.

I attach great importance to this moment of dialogue and to your participation in the voting process, which expresses your confidence in the Company.

For this reason, I hope that shareholder attendance at the Meeting will once again be high.

Sincerely yours.

HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING?

All shareholders are eligible to participate in Shareholders' Meetings, however many shares they own.

A - FORMALITIES TO BE ELIGIBLE TO PARTICIPATE IN THE SHAREHOLDERS' MEETING

To attend the Meeting in person, participate by proxy or vote online or by post, your shares must be recorded in the Company's share register in your name as of no later than 12:00 am CET on the second business day preceding the Meeting (*i.e.* midnight CET on the morning of **May 17, 2017**).

Only shareholders that fulfill this requirement by midnight CET on the morning of **May 17, 2017** on the basis specified in Article R. 225-85 of the French Commercial Code, as described above, will be entitled to participate in the Meeting.

Note that all Michelin shares are registered shares and all shareholders are therefore identified by name in the Michelin share register (with a Michelin ID), whatever their country of residence.

B - HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING

▸ 1. IF YOU WISH TO ATTEND THE MEETING IN PERSON, YOU MAY REQUEST AN ADMISSION CARD IN ADVANCE, EITHER BY:

Email, following the instructions in the email delivering the Notice of Meeting.

Returning the proxy/postal voting form after checking the box "I will attend the Shareholders' Meeting," using the pre-addressed envelope that came with the Notice of Meeting.

▶ 2. IF YOU ARE UNABLE TO ATTEND THE MEETING IN PERSON AND WISH TO VOTE BY POST OR ONLINE OR GIVE PROXY TO THE MEETING CHAIRMAN OR ANY OTHER PERSON, YOU MAY EITHER:

▶ **Return the proxy/postal voting form that came with the Notice of Meeting**, using the pre-addressed envelope and taking care that it is received at least three days before the date of the Meeting, *i.e.* no later than May 16, 2017.

▶ **Cast your vote online prior to the Meeting.**

If you opted for the e-Notice of Meeting, you will receive an email with the Notice of Meeting and a link to the secure online voting site https://michelin.voteassemblee.com. Please use the access code given in the email, and the password sent to you in a separate email the same day.

Alternatively, you may opt to vote online by mailing a request at least 35 days before the Meeting to Société Générale, Service Assemblées, 32, rue du Champ-de-Tir, CS30812, 44308 Nantes Cedex 03, indicating your name, address and date of birth. In reply, Société Générale will send you an email with a link to the secure voting site, followed by another email with the password to vote.

The website will be open from 9:00 am on **April 18, 2017** to 3:00 pm on **May 18, 2017** CET. To avoid overloading the site, shareholders are encouraged not to wait until the last minute to vote.

▶ **3.** In accordance with Article R. 225-79 of the French Commercial Code, you may also give or withdraw proxies by sending an email to mandatAG2017@michelin.com, taking care to sign with an electronic signature obtained from an accredited certification service provider. The email should indicate your name, address and Michelin ID, as well as the name of the person to whom you are giving proxy or from whom the proxy is being withdrawn.

Only duly completed and signed notifications received by **May 16, 2017** will be taken into account. The above email address should be used only to send emails giving or withdrawing proxies. Requests or notifications concerning other matters will not be taken into account or processed.

C - REQUEST TO ADD RESOLUTIONS OR ITEMS TO THE MEETING AGENDA, WRITTEN QUESTIONS AND CONSULTATION OF DOCUMENTS MADE AVAILABLE TO SHAREHOLDERS

1. One or several shareholders representing at least the percentage of capital specified in the applicable laws and regulations may request the inclusion of certain resolutions or items on the Meeting agenda on the basis specified in Articles R. 225-71 and R. 225-73 of the French Commercial Code. Requests to include resolutions or items on the agenda should be sent by shareholders, indicating their Michelin ID, to: Compagnie Générale des Établissements Michelin, for the attention of Jacques Engasser, 12, cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, within twenty days of publication of this notice of meeting, *i.e.* no later than **March 30, 2017.**

Each request should include the text of the proposed resolution, including a short description of why it is being proposed, or the reasons for requesting the inclusion of the agenda item.

For the proposed resolutions or agenda items to be discussed at the Meeting, your shares must be recorded in the Company's share register as of no later than 12:00 am CET on the second business day preceding the Meeting date (*i.e.* midnight CET on the morning of **May 17, 2017** at the latest).

The texts of any resolutions tabled by shareholders will be posted as soon as possible on the Company's website (**http://www.michelin.com**).

2. In accordance with Article R. 225-84 of the French Commercial Code, written questions should be submitted to Compagnie Générale des Établissements Michelin, for the attention of Jacques Engasser, 12, cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, indicating your Michelin ID, no later than the fourth business day preceding the Meeting, *i.e.* **May 15, 2017.**

Only questions received from shareholders whose shares are recorded in the Company's share register will be taken into account.

3. In accordance with the applicable laws and regulations, all documents required to be made available to shareholders in connection with Shareholders' Meetings will be made available at the Company's headquarters, 12, cours Sablon, 63000 Clermont-Ferrand, France, as from the date of publication of the notice of meeting or fifteen days prior to the Meeting, depending on the document concerned. The documents provided for in Article R. 225-73-1 of the French Commercial Code will be posted on the Company's website: http://www.michelin.com, from the twenty-first day preceding the Meeting, i.e. March 10, 2017.

The Chief Executive Officer

THREE DATES TO REMEMBER FOR PARTICIPATING IN THE ANNUAL MEETING

Wednesday, May 17, 2017 before 12:00 a.m.

Deadline for receiving envelopes answers.

Thursday, May 18, 2017 at 3:00 p.m.

Closure of the online voting platform.

Friday, May 19, 2017 at 9:00 a.m.

Annual Meeting of Compagnie Générale des Etablissements Michelin,
at: Polydome,
Place du 1er Mai,
63000 Clermont-Ferrand – France.

OPT FOR THE E-NOTICE OF MEETING... IF YOUR HAVEN'T ALREADY DONE SO

Together, we can help reduce paper and ink consumption and save on postage costs.

In line with our sustainable development drive, thousands of shareholders have already agreed to receive their Notice of Meeting by email.

Why not you?

MORE PRACTICAL

receive all Shareholders' Meeting documents as soon as they become available and take part in events that interest you

MORE TIME-EFFECTIVE

get instant confirmation that your vote has been counted

MORE SECURE

vote using your personal access codes and password

MORE ECO-FRIENDLY

do your part for the environment and help save our forests

To receive your Notice of Meeting by email, simply fill out the slip below and return it to us with the voting form in the enclosed, reply-paid envelope.

Last name: .....

First name: .....

Town/city: .....

Postal code: .....

I hereby authorize Compagnie Générale des Établissements Michelin to send my Notice of Meeting and any documents concerning the Annual Shareholders' Meeting of Compagnie Générale des Établissements Michelin to the following email address:

.....@.....

KEY FIGURES

N° 1
SOURCE OF INNOVATION IN THE GLOBAL TIRE INDUSTRY

N° 1
PLAYER WORLDWIDE IN ENERGY-EFFICIENT TIRES

187 MILLION
TIRES PRODUCED

111,700
PEOPLE

MARKETING OPERATIONS IN OVER 170 COUNTRIES

4,300
DEALERSHIPS AND SERVICE CENTERS

68
PRODUCTION FACILITIES IN 17 COUNTRIES

2016 BUSINESS REVIEW

HIGHLIGHTS

- Volumes up 2.1%, outperforming the markets,
  - Passenger car and Light truck tires up 3%, Truck tires up 1% and Specialty businesses down 1%.
  - Volumes up 4.2% for the Group in the fourth quarter, with gains of 5% in Passenger car and Light truck tires and 6% in the Specialty businesses.
- €2,692 million in operating income, or 12.9% of net sales, up €235 million at constant exchange rates.
- €159 million net positive impact from changes in price mix versus raw materials costs, thanks to effective management.
- Competitiveness plan target met with €1.2 billion in gains over the 2012-2016 period.
- Strong free cash flow for the year, at €1,024 million. €128 million improvement in structural free cash flow, to €961 million.
- €750 million share buyback program completed over the 2015-2016 period. 1.8% of outstanding shares canceled in 2016, corresponding to €301 million.
- Proposed dividend of €3.25 per share, reflecting the Group's commitment to shareholders and representing a payout ratio of 36.5%, to be submitted to shareholders at the Annual Meeting on May 19, 2017.

MARKET REVIEW

Passenger car and Light truck tires

2016 *% change YoY* *(in number of tires)*	**Europe including Russia & CIS***	**Europe excluding Russia & CIS***	**North America**	**Asia (excluding India)**	**South America**	**Africa/India/ Middle East**	**Total**
Original equipment	+3%	+4%	+1%	+7%	-12%	+9%	+4%
Replacement	+2%	+4%	+2%	+4%	+0%	+3%	+2%

Fourth quarter *% change YoY* *(in number of tires)*	**Europe including Russia & CIS***	**Europe excluding Russia & CIS***	**North America**	**Asia (excluding India)**	**South America**	**Africa/India/ Middle East**	**Total**
Original equipment	+2%	+2%	+0%	+10%	+6%	+12%	+6%
Replacement	+4%	+5%	+3%	+4%	+5%	+1%	+3%

* *Including Turkey.*

In 2016, the global original equipment and replacement Passenger car and Light truck tire market expanded by 3% in number of tires sold.

/ Original equipment

- In Europe, demand rose by 3% overall during the year, reflecting a sustained 4% increase in Western Europe, despite the slowdown in automobile sales in the second half, and a steep 12% drop in Eastern Europe.
- The North American market stabilized at a high level, with a 1% increase, in line with registrations.
- Demand in Asia (excluding India) ended the year up 7% overall. The Chinese market remained buoyant, with a 14% increase led by the government's compact car purchase incentives and the popularity of SUV models. Demand contracted by 2% in Japan, 7% in South Korea and 2% in the ASEAN nations.
- Markets in South America continued their steep decline, losing 12% over the year, with the first signs of improvement emerging in the final quarter in Brazil (up 6%) and Argentina.

/ Replacement

- The European market saw a 2% overall increase during the year. Demand in Western Europe rose by 4%, reflecting a volatile winter segment (up 4%), the increase in entry-level tire imports and the robust growth in all-season tire sales. In Eastern Europe, demand continued to shrink, by a further 7% over the year.
- In North America, demand rose by 2% overall, fuelled by strong growth in the small tire segment in the fourth quarter and the solid 8% gain in Mexico. The US market edged up by 1%, reflecting buyer hesitation in an election year, but firm growth was reported in the 18-inch and larger segment (up 15%) and in SUV tires.
- Demand in Asia (excluding India) ended the year up 4%, thanks to sustained growth in the Chinese market (up 8%) in a highly competitive environment. The rest of the region was relatively flat, with just a 1% increase, reflecting the 1% market declines in Japan and Thailand.
- In South America, demand was unchanged overall, as the 2% decline in Brazil (despite an upturn at year-end) was offset by more positive trends in the rest of Latin America.

Truck tires (radial and bias)

2016 *% change YoY* *(in number of tires)*	**Europe including Russia & CIS***	**Europe excluding Russia & CIS***	**North America**	**Asia (excluding India)**	**South America**	**Africa/India/ Middle East**	**Total**
Original equipment	+1%	+1%	-19%	+6%	-17%	+5%	+0%
Replacement	+5%	+6%	+0%	-3%	-1%	-3%	-1%

Fourth quarter *% change YoY* *(in number of tires)*	**Europe including Russia & CIS***	**Europe excluding Russia & CIS***	**North America**	**Asia (excluding India)**	**South America**	**Africa/India/ Middle East**	**Total**
Original equipment	-6%	-7%	-23%	+9%	-8%	+3%	-0%
Replacement	+7%	+9%	-4%	+1%	+3%	-6%	+0%

* *Including Turkey.*

In 2016, global demand for new original equipment and replacement Truck tires retreated by 1% in number of tires sold. Retread markets were also in decline, with an especially steep fall-off in Europe.

/ Original equipment

- In Europe, the market ended the year up 1% despite a slowdown in the second half. The 1% gain in Western Europe reflected both a downward trend in the semi-truck segment and growth in trailer tires, while the 3% increase in Eastern Europe revealed the first positive signs in a market that remained historically low.
- The North American market fell 19% in 2016, as expected, given the renewal of the local truck fleet observed in recent years.
- Demand for radial and bias tires in Asia (excluding India) increased by 6% in 2016, as growth in China (up 9%) offset declines in Japan (down 7%) and Thailand (down 3%). Chinese demand has been rebounding since the autumn due to the arrival of new market entrants and the application of new axle load and truck size rules. The latter are expected to spur a surge in truck replacements.
- The South American market, which started to level off in the second half, still ended the year down 17%. Demand in Brazil, also down 17% for the year, began to show some signs of improvement in the last two months.

/ Replacement

- In Europe, the market rose by 5% overall, with a slower decline in Russia in the second half. The sharp 6% rebound in Western Europe was led by the increase in freight tonnes carried per km and the rise in sales of low-cost tires from Asia, which are depressing retread demand. In Eastern Europe, robust demand in the intermediate segments helped to drive a 4% gain for the year.
- Demand in North America ended the year flat, reflecting a first-half buying spree ahead of the new tariffs announced on Chinese tire imports, dampened by the subsequent fall-off in sales in the second half, as well as by pre-election buyer hesitation and the slowdown in the region's economic indicators.
- Demand for replacement radial and bias tires in Asia (excluding India) was down 3% for the year. In China, it contracted by 4% overall, but showed a 2% improvement in the fourth quarter thanks to booming online sales and an economic stimulus plan that is particularly favorable to the construction industry and infrastructure investment. In the rest of the region, markets slipped 1% overall in a challenging economic environment, with a significant 12% drop in Thailand and a 2% gain in Japan.
- The South American radial and bias market continued to drift downwards, by 1% in 2016, but signs of an upturn emerged in the final quarter (up 4%) led by Brazil (up 2% for the year and 11% in the fourth quarter) and Argentina.

Specialty tires

- **Earthmover tires:** the mining tire market retreated for the third year in a row, dragged down by the steep reduction in mine inventory. The trend turned upward in the fourth quarter, however, as mining companies resumed purchases, in line with their level of tire use.

Original equipment markets declined sharply in the mature geographies at a time of weak demand. The Chinese market also continued to cool in 2016 after dropping precipitously in 2015.

Dealer hesitation is weighing on demand for infrastructure and quarry tires, which declined over the year.

- **Agricultural tires:** after falling off sharply in 2015, OE demand continued to slide in the mature geographies, with the first-half rebound wiped out by a collapse in the second part of the year.

  Replacement markets retreated significantly in the mature regions, penalized by low farm commodity prices.

- **Two-wheel tires:** demand for motorcycle tires climbed for the fourth straight year in Europe, lifted by an increase in dealer buying, but fell back sharply in North America. The emerging markets are continuing to expand overall.
- **Aircraft tires:** demand in the commercial aircraft segment continued to grow, led by the increase in passenger traffic.

2016 NET SALES AND RESULTS

Net sales

Consolidated net sales stood at €20,907 million for the year, down 1.4% on 2015 due to the combined impact of the following factors:

- A €440 million increase from the 2.1% growth in volumes.
- A €386 million decrease from the 1.9% unfavorable price-mix effect, reflecting i) a €438 million decrease from price adjustments, of which nearly half corresponded to the application of indexation clauses based on raw materials prices; and ii) a €52 million increase from the mix, as the still highly positive product mix and the favorable impact of the rebound in Earthmover tire sales in the fourth quarter offset the dampening impacts of the geographic mix and the relative growth rates of intermediate and OE tire sales.
- A €370 million decrease from the currency effect.
- A €24 million increase from the consolidation of BookaTable, Europe's leading online restaurant booking service.

Results

Consolidated operating income from recurring activities amounted to €2,692 million or 12.9% of net sales, compared with the €2,577 million and 12.2% reported in 2015. The €99 million in operating income from non-recurring activities corresponds to the gain from a change in the retiree health coverage plan in the United States, which was partially offset by restructuring costs related to the Group's competitiveness improvement projects.

Operating income from recurring activities reflected the €176 million increase from volume growth and the net €159 million positive impact of efficiently managing the price mix (whose effect was negative at €386 million) at a time of lower raw materials costs (which had a €545 million favorable impact). Although the production cutbacks implemented in certain plants to reduce inventory adversely impacted the ongoing deployment of the competitiveness plan, the plan's €233 million in gains nevertheless offset most of the €264 million increase in production costs and overheads over the year. Lastly, operating income from recurring activities also reflected the predicted €89 million increase in depreciation and amortization expense, the €122 million favorable currency effect and the €31 million reduction in start-up costs.

Net income came in at €1,667 million.

Net financial position

Free cash flow improved by €370 million to end the year at **€1,024 million** after capital expenditure of €1,811 million.

Based primarily on this free cash flow, less the payment of €538 million in dividends and the €301 million in share buybacks, consolidated **gearing stood at 9%** at December 31, 2016, corresponding to net debt of €944 million, compared with gearing of 11% and net debt of €1,008 million at December 31, 2015.

When compared with the weighted average cost of capital for the year, the 12.1% after-tax return on capital employed attests that Michelin created value in 2016.

Segment information

	Net sales		Operating income from recurring activities		Operating margin on recurring activities	
(in € millions)	2016	2015	2016	2015	2016	2015
Passenger car/Light truck tires & related distribution	12,105	12,028	1,585	1,384	13.1%	11.5%
Truck tires & related distribution	5,966	6,229	580	645	9.7%	10.4%
Specialty businesses	2,836	2,942	527	548	18.6%	18.6%
GROUP	**20,907**	**21,199**	**2,692**	**2,577**	**12.9%**	**12.2%**

/ Passenger car/Light truck tires & related distribution

Net sales in the Passenger car/Light truck tires & related distribution segment rose by 0.6% in 2016, to €12,105 million from €12,028 million the year before.

Operating income on recurring activities came to €1,585 million or 13.1% of net sales versus the €1,384 million and 11.5% reported in 2015.

This 1.6-point gain in operating margin on recurring activities was led by the 3% increase in volumes, which slightly outpaced the market's 3%. The mix effect remained favorable, supported by the success of the new MICHELIN CrossClimate and MICHELIN Pilot Sport 4S lines, which helped to drive strong growth in sales of MICHELIN brand tires (up 4%), 17-inch and larger tires (up 13%) and 18-inch and larger tires (up 17%). At the same time, sales of other Group brands rose by 3% over the year. The decline in raw materials costs was only partially attenuated by price adjustments, of which a little less than half reflected the application of indexation clauses in original equipment contracts. Industrial competitiveness continued to improve, albeit at a slower pace in the second half due to production scalebacks at a small number of plants.

/ Truck tires & related distribution

Net sales in the Truck tires & related distribution segment stood at €5,966 million, versus the €6,229 million reported in 2015.

Operating income from recurring activities amounted to €580 million or 9.7% of net sales, compared with €645 million and 10.4% the year before.

The change in margin reflected resilient volumes, up 1% over the year, in Truck tire markets down an aggregate 1%. At a time of aggressive competition in every geography, the favorable trend in raw materials costs was not enough to offset the full impact of price repositionings and strong growth in sales of intermediate tires. On the other hand, despite the production cutbacks at certain plants

in the second half, industrial optimization projects and cost discipline continued to deliver benefits over the year.

/ Specialty businesses

In all, net sales by the Specialty businesses came to €2,836 million for the year, compared with €2,942 million in 2015.

Operating income from recurring activities amounted to €527 million, versus a reported €548 million in 2015, for a margin unchanged at 18.6% of net sales.

The stability in operating margin reflected the fact that volumes declined less than the market (by 1% compared with 4%), thanks in particular to the rebound in mining tire sales in the fourth quarter, robust sales in new markets and the firm resistance of the Agricultural tire business even as demand softened. At the same time, the favorable impact of lower raw materials costs only partially offset the delayed effect of price adjustments under raw materials indexation clauses.

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Établissements Michelin ended the year with net income of €1,416 million, compared with €590 million in 2015.

The financial statements were presented to the Supervisory Board at its meeting on February 9, 2017. An audit was performed and the auditors' report was issued on February 13, 2017.

The Chief Executive Officer will call an Annual Shareholders Meeting on Friday, May 19, 2017 at 9:00 am in Clermont-Ferrand.

Shareholders will be asked to approve the payment of a dividend of €3.25 per share, compared with €2.85 in respect to the previous year.

OUTLOOK FOR 2017

In 2017, tire markets are expected to track the trends observed in late 2016, in particular with the upturn in mining tire sales. The year will also see an increase in raw materials costs, for an estimated impact of approximately €(900) million, in response to which Michelin will agilely manage prices so as to hold unit margins firm in businesses not subject to indexation clauses.

In this market environment, Michelin's objectives for 2017 are volume growth in line with global market trends, operating income from recurring activities equal to or exceeding the 2016 figure at constant exchange rates, and structural free cash flow of more than €900 million.

OTHER HIGHLIGHTS

- With the acquisition of BookaTable, Michelin becomes the European online restaurant booking leader (January 11, 2016).
- Michelin recognized as one of the ten best corporate brands in Europe in the Best Brands study (February 19, 2016).
- Latest version of the MICHELIN X LINE ENERGY Z Truck tire range launched in North America (February 28, 2016).
- Michelin adapts the organization of its activities in Clermont-Ferrand (March 1, 2016).
- PSA presents its first Corporate Social Responsibility Award to Michelin (June 2, 2016).
- At an Investor Day event held at its Technology Center in Ladoux, France, Michelin presents its strategic vision, growth objectives and competitiveness plan, designed to drive €1.2 billion in cost savings by 2020 (June 6, 2016).
- A new premium passenger car tire plant to be built in Mexico (July 4, 2016).
- Strategic collaboration agreement signed with Boeing subsidiary Aviall (July 12, 2016).
- Acquisition of bicycle and motorcycle tire manufacturer Levorin strengthens Michelin's presence in Brazil (August 26, 2016).
- The MICHELIN X GUARD Truck tire takes to the road in China (August 31, 2016).
- Formula-E 2016/2017 - The latest MICHELIN Pilot Sport EV2 tires successfully pass preseason litmus test (September 12, 2016).
- A new employee stock ownership plan (September 15, 2016).
- Inauguration of the new R&D campus, the heart of Michelin innovation (September 16, 2016).
- Meeting the needs of mine operators with the innovative MICHELIN XDR3 dump truck tire (September 16, 2016).
- Engie joins Michelin in investing in European fuel cell manufacturer Symbio FCell (September 19, 2016).
- The Shanghai Michelin Guide is launched (September 21, 2016).
- The new MICHELIN CrossClimate+, built for safety in all conditions, from the first to the last mile (October 1, 2016).
- MICHELIN Pilot Sport4 S wins across the board (October 1, 2016).
- At the Hanover Fair, Michelin presents its MICHELIN X® LINE™ Energy™ range, the first Truck tires on the market to have received AAA rating for rolling resistance (November 2016).
- Buyback and cancellation of Michelin shares (December 15, 2016).
- Acquisition of Restaurantes.com, Spain's leading online restaurant booking site (December 20, 2016).
- Successful issue of convertible non-dilutive cash-settled bonds (January 5, 2017).
- Michelin North America announces broad price increase (January 31, 2017).
- Michelin raises tire prices in Europe in response to rising raw materials costs (February 3, 2017).

A full description of 2016 highlights may be found on the Michelin website: http://www.michelin.com/eng.

REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

Ongoing dialogue between shareholders and issuers, both before and after Annual Shareholders Meetings, is essential to enable shareholders to effectively exercise their role, and for companies to enhance their communications.

One of the ways that companies can ensure the effectiveness of such dialogue is by making additional efforts to clearly explain the content, rationale and import of the resolutions submitted for shareholder approval.

In addition to the explanations contained in this report and the report of the Supervisory Board (see section 10.2), for the financial authorizations sought in the 5th and 10th resolutions, this report includes the references of the corresponding information sheets in the guide to voting at shareholders meetings prepared by the French employers' federation MEDEF ("the MEDEF Guide") pursuant to the recommendations of the working group set up by the French securities regulator (AMF)[1].

The resolutions set in blue type below are the resolutions proposed by the Company that will be included in the Notice of Meeting published in the *Bulletin des annonces légales obligatoires.* Each shareholder will also be sent a copy of the Notice of Meeting within the period prescribed by law.

ORDINARY RESOLUTIONS

First and second resolutions

/ Approval of the Company financial statements for the year ended December 31, 2016

/ Appropriation of net income for the year ended December 31, 2016 and approval of the recommended dividend

The 1st and 2nd resolutions concern approval of the Company's 2016 financial statements and appropriation of net income for the year.

Shareholders are invited to approve the transactions reflected in the Company's income statement and balance sheet, as presented, and to appropriate net income for the year which amounts to €1,415,893,797.25.

After deducting €10,003,512.44 attributable to the General Partners in accordance with the bylaws, the balance of €1,405,890,284.81 plus €215,837,538.93 in retained earnings brought forward from prior years represents a total of €1,621,727,823.74 available for distribution to shareholders.

We are recommending paying a 2016 dividend of €3.25 per share.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at midnight (CET) on May 25, 2017 (the record date).

The ex-dividend date will be May 24, 2017.

The dividend will be paid as from May 26, 2017.

The amount of the dividend corresponding to the treasury shares held on the payment date will be allocated to retained earnings.

(1) Guide entitled "Projets de résolution soumis au vote des actionnaires de sociétés cotées" (January 2016), available (in French only) on the MEDEF's website at www.medef.com/.

First resolution (Approval of the Company financial statements for the year ended December 31, 2016)

Having considered the reports of the Chief Executive Officer, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the Company financial statements for the year ended December 31, 2016, which show net income for the period of €1,415,893,797.25.

The Ordinary Shareholders Meeting also approves the transactions reflected in these financial statements and referred to in these reports, including those relating to the various provision accounts.

Second resolution (Appropriation of net income for the year ended December 31, 2016 and approval of the recommended dividend)

On the recommendation of the Chief Executive Officer (as approved by the Supervisory Board), the Ordinary Shareholders Meeting notes that the total amount available for distribution is as follows:

- Net income for the year: €1,415,893,797.25.
- Share of profits attributed to the General Partners in accordance with the bylaws: €10,003,512.44
- Balance: €1,405,890,284.81
- Plus retained earnings brought forward from prior years: €215,837,538.93
- Total amount available for distribution: €1,621,727,823.74

And resolves:

- To pay an aggregate dividend of: €585,214,893.25

  Representing €3.25 per share.
- To appropriate the balance of: €1,036,512,930.49 to retained earnings.

The dividend will be paid as from May 26, 2017.

The amount of dividend corresponding to the treasury shares held on the payment date will be allocated to retained earnings.

For individual shareholders domiciled in France for tax purposes, the total dividend will be subject to:

- The graduated tax rate applied to personal income tax, after the application of the 40% allowance provided for under Article 158-3-2° of the French General Tax Code *(Code général des impôts)*.
- A 21% compulsory withholding tax. This tax, which is withheld at source by the paying agent, corresponds to a prepayment of personal income tax and will be deducted from the shareholders' final income tax payment for the year or refunded in the case of an excess payment. (However, shareholders filing a single tax return whose personal taxable income for 2015 was less than €50,000 [less than €75,000 for shareholders filing a joint tax return] may apply for an exemption from this withholding tax. In order to make such an application, eligible shareholders should have lodged a declaration of honor with the bank holding their shares, by November 30, 2016, stating that their personal taxable income is below the applicable threshold).
- The applicable social security and additional contributions withheld at source by the paying agent at a rate of 15.5%, of which 5.1% is deductible for tax purposes.

In accordance with Article 119 *bis* of the French General Tax Code, dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at a rate based on the local tax rates and laws applicable in the country in which the shareholder is domiciled.

As required under Article 243 *bis* of the French General Tax Code, shareholders note that dividends paid for the past three years were as follows:

Year	Total dividend payout *(in €)*	Dividend per share* *(in €)*
2013	464,474,107.50	2.50
2014	464,315,500.00	2.50
2015	518,421,218.70	2.85

* *The full amount of the dividend was eligible for the 40% tax allowance provided for in Article 158-3-2° of the French General Tax Code.*

Third resolution

/ Approval of the consolidated financial statements for the year ended December 31, 2016

The purpose of the 3rd resolution is to approve the consolidated financial statements for the year ended December 31, 2016, which show net income for the period of €1,667,752 thousand.

The Registration Document, the Annual and Sustainable Development Report and the Shareholders' Guide, which can be downloaded from the Finance/Individual Shareholders/Documents section of Michelin's website (www.michelin.com), contain an analysis of the consolidated financial statements and year-on-year changes. These documents can also be sent to shareholders on request.

Third resolution
(Approval of the consolidated financial statements
for the year ended December 31, 2016)

Having considered the reports of the Chief Executive Officer, the Statutory Auditors and the Supervisory Board, the Ordinary Shareholders Meeting approves the consolidated financial statements for the year ended December 31, 2016, which show net income for the period of €1,667,252 thousand.

Fourth resolution

/ Related-party agreements

As no related-party agreements were entered into during 2016, shareholders are invited to place on record that there are no such agreements to approve.

In addition, no related-party agreements entered into in previous years remained in force during 2016.

Fourth resolution
(Related-party agreements)

Having considered the Statutory Auditors' special report on related-party agreements governed by Article L. 226-10 of the French Commercial Code (Code de commerce), the Ordinary Shareholders Meeting approves said report and places on record that no such agreements requiring shareholder approval were entered into or were in force in 2016.

Fifth resolution

/ Authorization for the Chief Executive Officer to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €160

In the 5th resolution, shareholders are invited to renew the authorization for the Company to buy back its own shares over a period of 18 months on the same terms as the previous authorization. The maximum purchase price per share under this authorization would be €160 and the maximum number of shares purchased would represent less than 10% of the total shares outstanding at the time of the transaction(s).

This new authorization would supersede the previous authorization granted for the same purpose at the Annual Shareholders Meeting held on May 13, 2016.

During 2016, the Company used the previous authorization to buy back and cancel approximately 3.3 million shares, resulting in a corresponding capital reduction. For details of the buybacks, see section 5.5.7 of the 2016 Registration Document.

The proposed authorization would not be able to be used while a takeover bid is in progress.

This type of proposed resolution is explained in detail in Information Sheet 4 (Share Buybacks), on page 37 of the MEDEF Guide, available on the MEDEF's website at www.medef.com.

Fifth resolution (Authorization for the Chief Executive Officer to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of 160 euros)

Having considered the reports of the Chief Executive Officer and the Supervisory Board, as well as the description of the share buyback program drawn up in accordance with the requirements of the General Regulations of the AMF, the Ordinary Shareholders Meeting authorizes the Chief Executive Officer, in accordance with Articles L. 225-209 et seq. of the French Commercial Code, to put in place a program for the Company to buy back its own shares at a maximum purchase price per share of 160 (one hundred and sixty) euros.

In the event of any corporate actions, such as a bonus share issue paid up by capitalizing reserves or a stock split or reverse stock split, the above maximum purchase price will be adjusted accordingly.

The number of shares that may be bought back under this authorization may not represent more than 10% (ten percent) of the total shares outstanding at the time of each transaction. The total number of shares that may be purchased for the purpose of maintaining a liquid market, as set out below, will be calculated after deducting the number of shares sold over the duration of the share buyback program. In addition, the Company may not hold more than 10% (ten percent) of its own share capital at any time.

Based on the share capital at December 31, 2016, the maximum amount invested in the program would not exceed 2,881,057,920 (two billion, eight hundred and eighty-one million, fifty-seven thousand, nine hundred and twenty) euros, corresponding to a number of shares representing 10% (ten percent) of the Company's share capital, or 18,006,612 (eighteen million, six thousand, six hundred and twelve) shares purchased at the maximum purchase price of 160 (one hundred and sixty) euros per share.

The objectives of the share buyback program are as follows:

- To purchase shares for sale or allocation to employees of Group companies in accordance with the conditions set down by law, including (i) on exercise of stock options, (ii) under performance share plans and (iii) in connection with employee rights issues.
- To maintain a liquid market for the Company's shares through a liquidity contract complying with a code of ethics approved by the AMF.
- To purchase shares for allocation on exercise of rights attached to securities redeemable, convertible, exchangeable or otherwise exercisable for shares of the Company.
- To purchase shares to be held and subsequently sold, exchanged or otherwise transferred in connection with external growth transactions. The maximum number of shares purchased for the purpose of being held and subsequently sold or exchanged in connection with a merger, de-merger or asset contribution shall not exceed 5% of the Company's share capital.
- To implement any other market practices that may be authorized in the future by the applicable laws and the AMF.
- To acquire shares for cancellation under a shareholder-approved capital reduction.

The purchase, sale or transfer of shares may be effected at any time, except during a public offer period, and by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date(s), *via* regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, including through (i) block purchases or sales, (ii) public offers of purchase or exchange, (iii) the use of options or

other forward financial instruments traded *via* regulated markets, multilateral trading facilities, systematic internalizers or over-the-counter, or (iv) the allocation of shares on conversion, redemption, exchange or exercise of securities carrying rights to the Company's shares or by any other means, either directly or *via* an investment services provider. The entire buyback program may be implemented through a block trade.

The Chief Executive Officer shall have full powers – which may be delegated – to (i) place buy and sell orders, (ii) enter into any and all agreements, (iii) make any and all filings, (iv) carry out all other formalities, (v) allocate or reallocate the purchased shares to any of the various purposes of the program and (vi) generally, do everything necessary to carry out the share buyback program.

This authorization shall be valid for a period of 18 months from the date of this Meeting and supersedes, from that date, the authorization granted for the same purpose in the fifth resolution of the Annual Shareholders Meeting held on May 13, 2016.

Sixth resolution

/ Advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer

As prescribed in Article L. 225-37 of the French Commercial Code, the Company bases its corporate governance framework on the Corporate Governance Code for listed companies published by the AFEP and MEDEF (November 2016 version of the AFEP/MEDEF Code) and on the Code's implementation guidance (December 2016 version).

Companies that elect to apply the recommendations in Article 26 of the AFEP/MEDEF Code are required to provide their shareholders with an advisory "say-on-pay" vote relating to the components of compensation due or awarded for the previous year to each executive officer. Said components may include:

- The fixed portion of the executive officer's compensation.
- The annual variable portion, including a description of the objectives that must be met in order for this variable portion to be awarded.
- Exceptional compensation.
- Stock options, performance shares and long-term variable compensation, including a description of the objectives that must be met in order for these components of compensation to be awarded.
- Benefits related to taking up or terminating office.
- Supplementary pension benefits.
- Any other benefits.

Michelin's Supervisory Board and Management have elected to apply this recommendation since it came into effect and, since 2017, based on the updated version published in November 2016.

Consequently, based on the recommendation and favorable opinion of the Supervisory Board and with the approval of the Non-Managing General Partner (SAGES), in the 6th resolution the Chief Executive Officer is asking shareholders to issue a positive advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, who is the Company's Chief Executive Officer and sole executive officer.

The compensation components concerned and the related reviews performed by the Compensation and Appointments Committee are presented in the table below (all of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code which are set out in sections 4.3.1 and 4.3.2 of the 2016 Registration Document).

Compensation due or awarded for 2016	**Amounts (or accounting value submitted for shareholder approval** *(in €)*	**Presentation**
Fixed compensation	1,100,000	**Unchanged from the previous year.** This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Senard in his capacity as Non-General Managing Partner of that company. Its amount was set by MFPM's General Partner in 2014 and has not been changed since then. For more information, see sections 4.3.2 a) Fixed compensation and 10.2.2.1 Compensation policy of the 2016 Registration Document (pages 112 and 310 respectively).
Annual variable compensation	1,700,597	**Details of the Annual Variable Components of Mr. Senard's compensation were announced by the Supervisory Board in a press release posted on the Company's website on May 27, 2016.** **Shared features** The basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) corresponds to 0.6% of the Group's consolidated net income. The Annual Variable Components of Mr. Senard's compensation are paid out of the share of profit (Profit Shares) allocated to the two General Partners of CGEM – JeanDominique Senard and SAGES – that is now split between them on a mutually agreed basis. The consolidated net income to be presented at the Annual Shareholders Meeting on May 19, 2017 amounts to €1,667,552 thousand. The Compensation and Appointments Committee has therefore noted that the Consolidated Calculation Base for 2016 is €10,003,512.44. Given the mutually agreed allocation of the Profit Share between the General Partners, and the performance achieved in 2016 with respect to the conditions governing the Annual Variable Components, as described below, the total amount payable to Mr. Senard represents €1,700,597, as follows (before applicable withholding tax): **Single-Criterion Annual Variable Component** This component is equal to 8% of the Consolidated Calculation Base. The Compensation and Appointments Committee noted that the Single-Criterion Annual Variable Component amounts to €800,281 for 2016.

Compensation due or awarded for 2016	Amounts (or accounting value submitted for shareholder approval *(in €)*	Presentation
		Multi-Criteria Annual Variable Component This component corresponds to between 0% and 14% of the Consolidated Calculation Base, depending on achievement rates for seven criteria. The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component(1). Based on this review, the Committee concluded that the overall achievement rate for the three quantitative criteria (which are the same as those applied to determine the 2016 variable compensation of the Executive Committee members and Group managers) was 50.71/150ths, compared to a maximum rate of 100/150ths. Concerning the two qualitative criteria, the Committee concluded that: ▶ Concerning the Chief Executive Officer succession plan, having observed that Mr. Senard had examined this issue in detail with continuous input from the members of the Compensation and Appointments Committee, the Committee rated his performance in relation to the objective as very good. ▶ Concerning deployment of the Group's four progress initiatives (Customer Service, Simplification of Operating Procedures, Empowerment, Digitalization), the indicators defined by the Committee showed that significant progress had been achieved. The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 48/150ths compared with a maximum rate of 50/150ths. In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 100 out of 150. Based on the Consolidated Calculation Base of €1,415,893,797.25, the application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board results in a Multi-Criteria Annual Variable Component of €900,316 for 2016. For more information, see sections 4.3.2 b) Variable compensation and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 113 and 310 respectively).

(1) For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose details of these performance targets.

Compensation due or awarded for 2016	Amounts (or accounting value submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred variable compensation awarded in 2016	No cash-settled deferred variable compensation was due for 2016	**This long-term incentive bonus was announced by the Supervisory Board in a press release posted on the Company's website on May 27, 2016.** The long-term incentive bonus is calculated on a base amount of €1,800,000, as increased or reduced to reflect the percentage gain or loss in Michelin's share price over three years (2015-2017 period). The amount obtained by applying the adjustment clause will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the above three-year period: ▶ Share performance ▶ Environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF) ▶ Growth in operating income[(1)] These criteria are the same as the ones applicable to the 2016 performance share plan for Group employees, which is not open to Mr. Senard. They concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. The long-term incentive bonus is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares. The final amount receivable under the long-term incentive plan will be: ▶ Capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 2016, 2017 and 2018. ▶ Paid out of the Profit Shares allocated to the General Partners in respect of 2018 and payable in 2019 after the 2018 financial statements have been approved: – Subject to the availability of Profit Shares payable in 2019 out of 2018 profit; and – Up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2018. The Supervisory Board noted that no amount was due in respect of 2016 because this is a long-term incentive plan. In the same way as for the long-term incentive bonuses awarded in 2014 and 2015: ▶ If the Chief Executive Officer were to cease to be a General Partner (for reasons other than death or disability) before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus. ▶ Mr. Senard will be required to invest 20% of the long-term incentive bonus in Michelin shares at the end of the three-year period and to retain these shares for as long as he remains in office, after which the shares may be sold on a phased basis over four years. For more information, see sections 4.3.2 b) Variable compensation, 4.3.2 c) Cash-settled long-term incentive bonus (Table 1.3) and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 113 and 310 respectively).

(1) Consolidated operating income based on a comparable consolidation scope and at constant exchange rates and accounting methods, excluding non-recurring items, as adjusted if necessary for the effects of any exceptional events.

Compensation due or awarded for 2016	Amounts (or accounting value submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred incentive bonus awarded in 2014 and due in 2017 in respect of 2016	495,116	This long-term incentive bonus was presented at the Annual Shareholders Meeting of May 22, 2015 and was approved by a majority of 95.72% of the votes cast (6th resolution). 2016 was the last calculation year for this bonus and the Compensation and Appointments Committee therefore noted the achievement rates for each of the performance criteria, as follows: ▶ Growth in the Michelin share price compared with that of the CAC 40 index: 22% achievement rate. ▶ Average annual growth in Group net sales: 0% achievement rate. ▶ Average annual return on capital employed (ROCE): 0% achievement rate. Based on the Calculation Base increased by 25.20%, the Supervisory Board noted that the gross amount due for the long-term incentive bonus is €495,116 (before applicable withholding tax). For more information, see Table 1.1 in section 4.3.2 c) of the 2016 Registration Document (pages 114). Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over four years.
Stock options, performance shares and other long-term compensation	N/A	No stock options granted No performance shares awarded No other share-based payments
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	8,076	Company car

Components of compensation due or awarded for 2016 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments*	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2016	**The detailed information in this section is unchanged from 2015.** In accordance with Article 13-2 of the bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office. It would be subject to the performance conditions decided by the Supervisory Board in 2014. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see sections 4.3.2 f) Compensation for loss of office and 10.2.1.1 e) Compensation policy of the 2016 Registration Document (pages 118 and 312 respectively).
Non-compete indemnity	No indemnity was due under a non-compete clause in 2016	**The detailed information in this section is unchanged from 2015.** In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause. The Company is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause, over a period of up to two years it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Senard's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see sections 4.3.2 g) Non-compete indemnity and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 118 and 313 respectively).

* *Unlike for joint stock companies (sociétés anonymes, or S.A.s) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or S.C.A.) to its Managing Partners (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments).*
The fact that the specific system applicable to S.A.s concerning related-party commitments does not apply to S.C.A.s is corroborated by Article L. 226-10-1 of the Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for S.A.s pursuant to Articles L. 225-37 and L. 225-68 of the Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.

Components of compensation due or awarded for 2016 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments*	Amounts submitted for shareholder approval *(in €)*	Presentation
Supplementary pension benefits	No supplementary pension benefits were due for 2016	**The pension plan structure and rules are unchanged from 2015.** This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to Non-General Managing Partners (executive officers), has the following main features: ▶ Participants must have served for at least five years as a senior executive. ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). ▶ The replacement rate including benefit entitlements under compulsory plans is capped at 35%. ▶ An evaluation is carried out in accordance with Group accounting policies. ▶ Benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code. ▶ 70% of the prior year's benefit obligation funded through a contribution to an insured plan. Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM and amounts to €1,100,000 for 2016. Based on the assumptions set out in the Macron Act enabling legislation dated February 23, 2016, the estimated amount of annual income he will receive under this plan is €132,000. The pension benefits will be taxed at the rate of 32%. As the reference compensation represents less than half of the aggregate amount received by Mr. Senard for 2016 (fixed compensation and variable Profit Shares), the actual gross replacement rate represented by benefits paid under the plan would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

* *Unlike for joint stock companies (sociétés anonymes, or S.A.s) the provisions concerning "related-party commitments" set out in Article L. 225-42-1 of the French Commercial Code do not apply to commitments given by a partnership limited by shares (société en commandite par actions, or S.C.A.) to its Managing Partners (Article L. 226-10 of said Code states that Articles L. 225-38 to L. 225-43 thereof apply to partnerships limited by shares with respect to related-party agreements but does not mention related-party commitments).*
The fact that the specific system applicable to S.A.s concerning related-party commitments does not apply to S.C.A.s is corroborated by Article L. 226-10-1 of the Commercial Code, which states that the Chairman of the Supervisory Board is required to prepare a report reviewed by the Statutory Auditors whose content explicitly excludes information related to the "principles and rules concerning the compensation and benefits granted to executive officers", whereas this information is compulsory for S.A.s pursuant to Articles L. 225-37 and L. 225-68 of the Commercial Code. This difference in the applicable legal regimes does not have any effect on (i) the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's executive officers and (ii) the application, adapted to the context, of the AFEP/MEDEF Code's recommendations.

Sixth resolution
(Advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer)

Having noted the agreement of both of the General Partners on the allocation of Profit Shares and considered the report of the Supervisory Board, the Ordinary Shareholders Meeting issues a positive advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer, as presented in sections 4.3.1, 4.3.2 and 4.3.3 of the Company's 2016 Registration Document.

Seventh resolution

/ Advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board

As prescribed in Article L. 225-37 of the French Commercial Code, the Company bases its corporate governance framework on the Corporate Governance Code for listed companies published by the AFEP and MEDEF (November 2016 version of the AFEP/MEDEF Code) and on the Code's implementation guidance (December 2016 version).

Companies that elect to apply the recommendations in Article 26 of the AFEP/MEDEF Code are required to provide their shareholders with an advisory "say-on-pay" vote relating to the components of compensation due or awarded for the previous year to each executive officer. Said components may include:

- The fixed portion of the executive officer's compensation.
- The annual variable portion, including a description of the objectives that must be met in order for this variable portion to be awarded.
- Exceptional compensation.
- Stock options, performance shares and long-term variable compensation, including a description of the objectives that must be met in order for these components of compensation to be awarded.
- Benefits related to taking up or terminating office.
- Supplementary pension benefits.
- Any other benefits.

Michelin's Supervisory Board has chosen to apply this recommendation, as extended in the November 2016 version of the AFEP/MEDEF Code to non-independent, non-executive directors.

Consequently, based on the recommendation of the Supervisory Board, in the 7th resolution the Chief Executive Officer is asking shareholders to issue a positive advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board and sole non-independent non-executive director.

The compensation components concerned and the related reviews performed by the Compensation and Appointments Committee are presented in the table below (all of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code which are set out in sections 4.3.1 and 4.3.5 of the 2016 Registration Document).

Compensation due or awarded for 2016	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	N/A	No fixed compensation
Annual variable compensation	N/A	No annual variable compensation
Cash-settled deferred variable compensation	N/A	No cash-settled deferred variable compensation
Stock options, performance shares and other share-based payments	N/A	No stock options granted No performance shares awarded No other share-based payments
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	90,000	Total amount allocated in respect of his duties as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee. For more information, see sections 4.3.4 and 10.2.1.2 Compensation policy of the 2016 Registration Document (pages 122 and 313 respectively). Mr. Rollier's attendance rate at meetings of the Board of Directors and the Committee of which he is a member was 100% in 2016.
Value of fringe benefits	N/A	No fringe benefits

Components of compensation due or awarded for 2016 which have been or are being submitted for shareholder approval under the procedure applicable to related-party agreements and commitments	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	N/A	No commitment for the payment of compensation for loss of office
Non-compete indemnity	N/A	No commitment for the payment of a non-compete indemnity
Supplementary pension benefits	N/A	No commitment for the payment of supplementary pension benefits

Seventh resolution (Advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board)

Having considered the report of the Supervisory Board, the Ordinary Shareholders Meeting issues a positive advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board, as presented in sections 4.3.1, 4.3.4 and 4.3.5 of the Company's 2016 Registration Document.

Eighth and ninth resolutions: election and re-election of Supervisory Board members

/ Michelin's Supervisory Board plays a vital role for the Group

The current members of Michelin's Supervisory Board are Barbara Dalibard, Anne-Sophie de La Bigne, Aruna Jayanthi, Monique Leroux, Olivier Bazil, Pat Cox, Jean-Pierre Duprieu, Cyrille Poughon and Michel Rollier.

All of them have very solid business experience acquired through working with leading corporations as well as a good knowledge of the Michelin Group. They actively participate in the work of both the Board and its Committees, as illustrated by the attendance rates for meetings held in 2016 (97.7% for Board meetings, 100% for meetings of the Audit Committee and 91.7% for meetings of the Compensation and Appointments Committee).

The Supervisory Board members perform their duties independently and have total freedom of judgment.

A summary of the work carried out by the Supervisory Board in 2016 is included in the report of the Chairman of the Supervisory Board on the Board's membership structure and practices, set out in section 4.5 of the 2016 Registration Document.

/ Michelin's General Partners do not take part in the election or re-election of Supervisory Board members

Michelin is a *société en commandite par actions* (partnership limited by shares) and as such its Supervisory Board is entirely made up of non-executive members (78% of whom are independent) who represent the shareholders. Only the Supervisory Board itself may put forward proposals for the election or re-election of its members at Annual Shareholders Meetings.

With a view to clearly segregating management and supervisory powers, no General Partner may play a role in the nomination process – neither the General Managing Partner (the Chief Executive Officer), nor the Non-Managing General Partner (SAGES), which is responsible for ensuring the Company's continuity of leadership.

The General Partners may not be involved in decisions to recommend candidates for election to the Supervisory Board at Shareholders Meetings.

Likewise, in accordance with the law and the Company's bylaws the General Partners may not take part in any votes cast at Shareholders Meetings concerning the election or re-election of Supervisory Board members and their shares are not included in the quorum for the related resolutions.

For further information on Michelin's corporate governance principles, see sections 4.1 and 4.2 of the 2016 Registration Document ("Administrative, Management and Supervisory Bodies, and Executive Management" and "Practices of the Administrative, Management and Supervisory Bodies").

/ The Supervisory Board is recommending that shareholders re-elect two Supervisory Board members

The terms of office of Olivier Bazil and Michel Rollier are due to expire at the close of the Annual Shareholders Meeting called to approve the financial statements for the year ended December 31, 2016.

The candidate selection process, the criteria applied by the Compensation and Appointments Committee and a presentation of the candidates are set out in the report of the Supervisory Board on the proposed resolutions (see the Notice of Meeting for the 2017 Annual Shareholders Meeting and section 10.2.2.1 of the 2016 Registration Document).

Following this process the Supervisory Board unanimously decided to ask the Chief Executive Officer to recommend at the Annual Meeting that the shareholders re-elect to the Board Olivier Bazil and Michel Rollier, neither of whom took part in the Board's vote.

Olivier Bazil and Michel Rollier would be re-elected for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2020.

Eighth resolution (Re-election of Michel Rollier as a member of the Supervisory Board)

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Michel Rollier as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2020.

Ninth resolution (Re-election of Olivier Bazil as a member of the Supervisory Board)

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting re-elects Olivier Bazil as a member of the Supervisory Board for a four-year term expiring at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ending December 31, 2020.

EXTRAORDINARY RESOLUTIONS

Tenth resolution

/ Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares

In the 10th resolution, shareholders are invited to authorize the Chief Executive Officer to reduce the Company's capital by canceling treasury shares purchased under shareholder-approved buyback programs.

This 18-month authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (24th resolution).

Approximately 3.3 million shares acquired under buyback programs were canceled in 2016 (for more details, refer to section 5.5.7 b) of the 2016 Registration Document).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.9, on page 60 of the MEDEF Guide (Authorizations to carry out capital reductions), available on the website www.medef.com.

Tenth resolution (Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares)

Having considered the report of the Chief Executive Officer, the Statutory Auditors' special report and the report of the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

To authorize the Chief Executive Officer to:

- Cancel, at his sole discretion, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the number of shares canceled does not exceed 10% (ten percent) of the total shares outstanding.
- Charge the difference between the cost of the canceled shares and their par value against any available premium or reserve account.

To grant the Chief Executive Officer full powers – which may be delegated in accordance with the law – to (i) carry out the capital reduction(s) following the cancellation(s) of shares authorized under this resolution, (ii) make the corresponding accounting entries, (iii) amend the bylaws to reflect the new capital and (iv) generally, carry out all necessary formalities.

This authorization shall be valid for a period of 18 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

Eleventh resolution

/ Powers to carry out formalities

The purpose of the 11th resolution is to give powers to carry out the formalities related to the Annual Shareholders Meeting.

Eleventh resolution (Powers to carry out formalities)

The shareholders give full powers to the bearer of an original, copy or extract of the minutes of this Ordinary and Extraordinary Shareholders Meeting to carry out all legal and administrative formalities and to make all filings and publish all notices required by the applicable laws.

SUMMARY OF FINANCIAL AUTHORIZATIONS SUBMITTED FOR SHAREHOLDER APPROVAL

Corporate action	Applicable ceilings (nominal amount)	Duration (expiration date)
Share buyback program *(5th resolution)*	18 million shares at a maximum purchase price of €160 per share	18 months (November 2018)
Capital reduction by canceling shares *(10th resolution)*	10% of the current capital	18 months (November 2018)

GOVERNANCE: THE SUPERVISORY BOARD

PRESENTATION OF THE SUPERVISORY BOARD

Pat COX
Member of the Compensation
and Appointments Committee
President of *Fondation Jean Monnet pour l'Europe*
Supervisor of Michelin Performance and Responsibility
Former Member of the European Parliament

Michel ROLLIER
Chairman of the Supervisory Board
Member of the Compensation
and Appointments Committee
Former General Managing Partner of Compagnie
Générale des Établissements Michelin
Chairman of the Plateforme de la Filière Automobile
and Member of the AFEP/MEDEF High Committee
on Corporate Governance

Jean-Pierre DUPRIEU
Independent Member
Member of the Audit Committee
Director of Korian, former Vice President
of the Air Liquide group

Monique F. LEROUX
Independent Member
President of the International Cooperative Alliance
Former President and Chief Executive Officer
of Desjardins

Anne-Sophie de LA BIGNE
Independent Member
Member of the Audit Committee
Vice President in charge of civil affairs in the Public
Affairs Division, France, at Airbus Group

Barbara DALIBARD
Independent Member
Chairman of the Compensation and Appointments
Committee
Member of the Group Innovation Committee
Chief Executive Officer of SITA

Cyrille POUGHON
Reprensenting Member
Project manager Workplace Quality of Life advisor
at *Manufacture Française des Pneumatiques Michelin*
Member representing the Group's employees

Aruna JAYANTHI
Independent Member
Chief Executive Officer of Capgemini India

Olivier BAZIL
Independent Member
Chairman of the Audit Committee
Director of Legrand and Vallourec

THE SUPERVISORY BOARD IS COMPOSED OF 9 MEMBERS

45% OF WOMEN

34% OF FOREIGNERS FROM DIFFERENT CONTINENTS

78% OF INDEPENDENT DIRECTORS

The activities of the Supervisory Board and its Committees

The Supervisory Board met six times in 2016.

In particular, it reviewed the strategic plans of each of the major operating units, as well as the proposed acquisitions, industrial restructuring programs and projects to simplify the Group's organization and operating procedures.

As every year, it also assessed its procedures and presented its findings in a dedicated report, which deemed them to be satisfactory. It also praised the quality of the presentations made to the Board during the year.

The Audit Committee assists the Supervisory Board in fulfilling its oversight role, in particular by monitoring the preparation and control of accounting and financial information and reviewing the effectiveness of risk management systems.

Chaired by Olivier Bazil, the committee has three members, all of whom are independent. It met four times in 2016 with an attendance rate of 100%.

The Compensation and Appointments Committee studies the independence of the Board's members, examines all components of the Managing General Partner's compensation package and oversees the compensation policy for senior executives as well as the allocation of stock options and performance shares.

Chaired by Barbara Dalibard, the committee has three members, two of whom are independent. It met four times in 2016 with an attendance rate of 100%.

REPORT OF THE SUPERVISORY BOARD

COMPENSATION POLICIES APPLICABLE TO THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE SUPERVISORY BOARD

Compensation policy: Chief Executive Officer

In his capacity as a General Partner of CGEM, Mr Jean-Dominique Senard has unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners[1] each receive a portion of the Company's profits as provided for in the bylaws[2]. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

Since 2014, shareholders have been asked to issue an advisory vote on the compensation due or awarded to the Chief Executive Officer for the prior year. Positive advisory votes were issued with a majority of 94.74% in 2014, 95.72% in 2015 and 97.39% in 2016.

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act No. 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply best corporate governance practices, fulfill shareholders' expectations and comply with the explicit new recommendation in the AFEP/MEDEF Code to apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner" (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2017:

- To explain the principles and criteria for determining, allocating and awarding the components of the compensation and benefits of the Chief Executive Officer.
- To give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Chief Executive Officer, in line with the new AFEP/MEDEF Code recommendation which provides for a mandatory vote of shareholders (See the information and resolutions contained in section 10.1.1 of the 2016 Registration Document and in the Notice of Meeting for the 2017 Annual Shareholders Meeting).

(1) At December 31, 2016, the Company had two General Partners: Jean-Dominique Senard, Chief Executive Officer, and SAGES, Non-Managing General Partner (see presentation in section 4.1.4).

(2) See Article 30 of the bylaws, reproduced in section 5.1.2 e) below.

/ Fixed compensation

Since 2014, the Supervisory Board's policy has been to maintain the Chief Executive Officer's fixed compensation at a stable level that is consistent with the fixed compensation paid to the top executives of other CAC 40 companies and in harmony with the other components of his compensation.

The Chief Executive Officer's fixed compensation amounts to €1,100,000[(1)].

/ Annual and long-term variable compensation

In accordance with Article 30, paragraph 3, of CGEM's bylaws (see section 5.1.2 e) of this Registration Document) the Profit Shares allocated to the two General Partners of CGEM – Jean-Dominique Senard and SAGES – out of profit for the year are based on reported net income.

The Profit Shares are:

- Set at 12% of the Company's net income for the year, net of dividend income corresponding to distributions of profits or reserves by MFPM and Compagnie Financière Michelin SCmA (CFM).
- Capped at 0.6% of the Group's consolidated net income.

Taking into account the legal provisions specifically applicable to partnerships limited by shares and the provisions of the bylaws, as described above, the Compensation and Appointments Committee makes proposals to the Supervisory Board about the various components of the Chief Executive Officer's variable compensation made up of Profit Shares that depend on one or several performance criteria and are paid by the Company and by a subsidiary of which he is an executive officer.

The Committee's proposals are discussed by the Supervisory Board, which then makes recommendations to the Non-Managing General Partner (SAGES) about the different criteria to be applied to the Profit Share payable to the Chief Executive Officer.

When formulating its proposals, the Committee ensures that the principles used to determine the amounts paid or awarded or the benefits due, awarded or to be awarded to the Chief Executive Officer by Group companies result in the said amounts or benefits being reasonable and consistent with (i) the Group's performance and (ii) industry and market practice.

The Committee also ensures that the components of the Chief Executive Officer's compensation are balanced, by (i) assessing the annual and long-term components of his variable compensation (corresponding to his Profit Share), and (ii) ensuring that his Profit Share never exceeds a reasonable percentage of his fixed compensation.

In assessing the level of his Profit Share, the Committee considers (i) the inherent variability of the Company's profits, (ii) projected future profits and (iii) the fact that General Partners are in an unusual situation to the extent that they have unlimited joint and personal liability for the Company's debts.

To link his variable compensation, fully taken from the Profit Share, even more closely to the Company's performance, since 2014 this component comprises three parts: two annual variable components and one long-term variable component.

This structure means that Mr. Senard's variable compensation fluctuates partly in line with net income for the year and partly on the basis of several additional performance conditions related to factors that are essential for the deployment of Michelin's strategy.

Annual variable compensation

Shared features

The annual variable components of Mr. Senard's compensation depend above all on the level of net income for the year and are paid out of the Profit Shares allocated to the two General Partners on a mutually agreed basis.

(1) This compensation is payable to Jean-Dominique Senard by Manufacture Française des Pneumatiques Michelin (MFPM), for his role as the Company's Non-General Managing Partner.

Since 2015, as decided by the General Partners on the recommendation of the Supervisory Board, the basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) has been set at 0.6% of the Group's consolidated net income.

Single-Criterion Annual Variable Component

This component is determined based on an initial performance criterion – net income for the year – and is equal to 8% of the Consolidated Calculation Base.

Multi-Criteria Annual Variable Component

This component is determined based on the criterion of net income for the year and various other annual performance criteria, such as business growth, the level of overheads and growth in free cash flow.

It corresponds to between 0% and 14% of the Consolidated Calculation Base.

The performance criteria set by the Supervisory Board include:

- Quantitative criteria – the same as those applied to determine the annual variable compensation of the Executive Committee members and Group managers – which together account for up to 100/150^{ths}.

  For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose details of these performance targets.
- Qualitative criteria, together accounting for up to 50/150^{ths}.

In addition:

- A specific trigger point is applied to each criterion, together with a second general trigger point corresponding to a cumulative achievement rate of at least 50/150^{ths} across all criteria.
- Jean-Dominique Senard will be awarded the maximum 14% of the Consolidated Calculation Base for this component only if the cumulative achievement rate for all the criteria is 150/150^{ths}.

Cash-settled deferred variable component: long-term incentive bonus

This long-term incentive bonus awarded each year is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares.

It is calculated on a base amount of €1,800,000, as increased or reduced to reflect the percentage gain or loss in Michelin's share price over the three years following the award date.

The amount obtained by applying the adjustment clause is modulated by the application of additional performance criteria set by the Supervisory Board and applicable over the same three-year period.

Since 2016, in response to shareholder expectations and the changing tire market environment, the Supervisory Board's policy has consisted of aligning these criteria with the vesting criteria for employee performance share plans, which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1.1 of the 2016 Registration Document).

The first criterion, which accounts for 35% of the bonus, concerns growth in the Michelin share price compared with that of the CAC 40 index over a trailing three-year period.

It falls under the third objective ("Secure robust financial performance") of the Ambitions for 2020.

The CAC 40 index has been chosen due to the breakdown of the Group's operations into the various product families (truck tires, passenger car and light truck tires, specialty tires). These operations expose the Group to changes in consumer goods markets (around 40% of the Group's business), economic growth and industrial markets (around 30%), and raw materials prices (around 15%). In this regard, the automotive stocks alone (around 15% of the Group's business) – and especially automotive equipment stocks – would be a less appropriate benchmark for measuring Michelin's performance.

The second criterion, accounting for 30% of the bonus, concerns Michelin's CSR performance as reflected in two indicators: the main impact of the Group's industrial operations (for 15%) and the degree of employee engagement (for 15%) over a trailing three-year period.

It is part of the second objective ("Demonstrate our commitment to the well-being and development of our employees") and the fifth objective ("Set the industry standard for responsible manufacturing") of the Ambitions for 2020.

Employee engagement is an important driver of operational excellence and the Group's ability to meet its performance objectives. Michelin has set the particularly ambitious objective of becoming a world-class leader in this area by reaching and maintaining an 85% employee engagement rate by 2020. Since 2013, the annual "Moving Forward Together: Your Voice for Action" survey has measured the engagement rate and employee opinions about their work.

The action taken, gains made to date and the detailed employee engagement calculation method are presented in section 6.1.5 c) of the 2016 Registration Document.

Since 2005, Michelin has measured and published these operations' energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled, using the Michelin site Environmental Footprint (MEF) indicator. The goal for 2020 is to reduce the MEF by 50% compared with 2005.

The action taken, gains made to date and the detailed MEF calculation method are presented in section 6.3.1 of the 2016 Registration Document.

The third criterion, accounting for 35% of the bonus, concerns growth in consolidated operating income[(1)] over a trailing three-year period.

It falls under the third objective ("Secure our financial performance") of the Ambitions for 2020.

The choice of this criterion is part of the Group's value creation strategy aiming to guarantee a robust and sustainable financial position, the independence of the Group and the achievement of its growth ambitions.

Details of these criteria were published in the 2015 Registration Document (pages 299 to 301). This information is also provided in section 4.3.2 b) 3 – Table 1.3 of the 2016 Registration Document, together with the related intermediate achievement rates.

The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full.

The final amount receivable under the long-term incentive plan will be:

- Capped at 150% of the average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for the reference three-year period.

(1) Consolidated operating income, before non-recurring income and expenses (on a like-for-like basis and excluding changes in exchange rates).

- Deducted from his Profit Share for the last year of the reference three-year period to be paid after the financial statements for that year have been approved:
  - Subject to the availability of Profit Shares payable out of net income for that year; and
  - Up to the amount of said available Profit Shares after deducting the single-criterion and multi-criteria annual variable components due for that year.

If the Chief Executive Officer were to cease to be a General Partner (for reasons other than death or disability) before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

For long-term incentive bonuses awarded in 2017 and subsequent years, the Supervisory Board and the Non-Managing General Partner have decided that if the Chief Executive Officer's term expires or he ceases to hold this position due to his death or disability before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run and the incentive bonus will be paid at the end of said period, for an amount prorated to the actual time served as Chief Executive Officer during the period.

/ Fringe benefits, stock options, performance shares, attendance fees

No stock options or performance shares are granted to Mr. Senard by the Company or any controlled entities.

He does not receive any attendance fees from any Group companies.

Mr. Senard has a fringe benefit in the form of a Company car.

/ Supplementary pension benefits[1]

Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan).

This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to Non-General Managing Partners (executive officers), has the following main features:

- Participants must have served for at least five years as a senior executive.
- 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement).
- The replacement rate including benefit entitlements under compulsory plans is capped at 35%.
- An evaluation is carried out in accordance with Group accounting policies.
- Benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code.
- 70% of the prior year's benefit obligation is funded through a contribution to an insured plan.

Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM.

(1) The information in this section and in section 4.3.2.d) of the 2016 Registration Document complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.

/ Compensation for loss of office

In accordance with Article 13-2 of the bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office.

It would be subject to the performance conditions decided by the Supervisory Board in 2014, according to which the final compensation would depend on the average achievement rate for the targets set for the Multi-Criteria Annual Variable Component of his compensation for the three years preceding his loss of office (Three-Year Average), as follows:

- Three-Year Average of less than 40%: no compensation for loss of office.
- Three-Year Average of between 40% and 60%: compensation for loss of office equal to 50% of the Reference Base.
- Three-Year Average of between 60% and 100%: compensation for loss of office equal to 100% of the Reference Base,

where the Reference Base is equal to the aggregate compensation paid for the two years preceding the year of his removal from office.

The compensation for loss of office would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code.

/ Non-compete

In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause that replaces the one contained in his terminated employment contract. The new clause was signed on July 26, 2011 after prior approval by the Supervisory Board.

If the Company were to decide to apply this non-compete clause, over a period of up to two years it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies.

The Company is, however, entitled to waive the application of this clause.

If Mr. Senard were to be awarded compensation for loss of office as provided for above (see "Compensation for loss of office"), the non-compete indemnity would be reduced or withheld entirely if necessary so that his aggregate severance package, including the non-compete indemnity referred to above, did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code.

Compensation policy: Chairman of the Supervisory Board

Michelin's Executive Management and Supervisory Board have decided to apply the new recommendation of the AFEP/MEDEF Code concerning an advisory "say-on-pay" shareholder vote on the individual compensation awarded to non-executive officers. For this reason, in addition to the figures presented in section 4.3.1 above and the information provided below, section 4.3.5 of the 2016 Registration Document sets out information required for shareholders' advisory vote on the components of the compensation due, awarded or to be awarded to Michel Rollier, Chairman of the Supervisory Board, for 2016, as provided for in the AFEP/MEDEF Code and its implementation guidance.

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act No. 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply best corporate governance practices, fulfill shareholders' expectations and comply with the explicit new recommendation in the AFEP/MEDEF Code to apply "the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner" (Article 24.1.3), the Supervisory Board has decided for 2017:

- To explain the principles and criteria for determining, allocating and awarding the components of the compensation of the Chairman of the Supervisory Board.
- To give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Chairman of the Supervisory Board, in line with the new AFEP/MEDEF Code recommendation which provides for a mandatory vote of shareholders (See the information and resolutions contained in section 10.1.1 of the 2016 Registration Document and in the Notice of Meeting for the 2017 Annual Shareholders Meeting).

/ Attendance fees

Based on a benchmarking review carried out by an independent firm of consultants, the Compensation and Appointments Committee recommended that the Supervisory Board ask the Annual Shareholders Meeting to approve an increase in the Supervisory Board's total attendance fees.

The benchmarking review showed that the attendance fee budget was among the lowest in the market, and the Supervisory Board therefore asked the Annual Shareholders Meeting of May 13, 2016 to approve an increase in the total amount by approximately 32% to €555,000 (10th resolution).

The proposed increase was approved by a 99.54% majority of the votes cast.

Pursuant to this resolution and applying the same uplift, in 2016 the Supervisory Board decided to allocate total attendance fees of €90,000 to Michel Rollier as from 2016, representing compensation for his responsibilities and tasks as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee.

In the same way as for the other Supervisory Board members and as in prior years:

- Attendance fees are paid in the first quarter of the year following the one to which they relate.
- Most of the fee (60%) is contingent on Michel Rollier's attendance rate at meetings of the Supervisory Board and the Compensation and Appointments Committee, as provided for in the Board's internal rules.

The amounts paid to Mr. Rollier in the last two years and his meeting attendance rate are presented, respectively, in sections 4.3.6 and 4.5.1 b) of the 2016 Registration Document.

/ Other components of compensation

As Mr. Rollier does not hold any other positions within the Company or the Michelin Group, he does not receive any other compensation from the Company or its subsidiaries.

RECOMMENDATIONS CONCERNING THE VOTES ON THE PROPOSED RESOLUTIONS

Re-election of Supervisory Board members (8th and 9th resolutions)

The terms of office of Olivier Bazil and Michel Rollier are due to expire at the close of the Annual Shareholders Meeting called to approve the financial statements for the year ended December 31, 2016.

Note that the General Partners do not take part in the election or re-election of Supervisory Board members or the appointment or re-appointment of the Statutory Auditors (refer to the detailed information in the report of the Chief Executive Officer on the proposed resolutions).

Olivier Bazil and Michel Rollier have informed the other Supervisory Board members that they wish to stand for re-election.

In reviewing their proposed re-election, the Compensation and Appointments Committee took into account the main candidate assessment criteria, covering their skills, experience, independence and availability (i.e. that they do not hold too many other directorships) and the commitment to promoting Board diversity in terms of both culture and background.

When examining the individual situations of Olivier Bazil and Michel Rollier, the Board notably considered:

- The pros and cons of re-electing them.
- The skills and experience they bring to the Board.
- Their availability and involvement in the work of the Board and its Committees.
- Their independence and the absence of any conflicts of interest.
- Their contribution to the complementary nature of the Board's membership.

/ Olivier Bazil

Legrand – 128, avenue de Lattre de Tassigny – 87000 Limoges – France

Olivier Bazil was born in 1946 and is a French national. He is a Director of Legrand[1] and a member of Legrand's Strategy and Social Responsibility Committee and Nominating and Governance Committee.

He has spent his entire career with Legrand[1], which he joined in 1973 as Deputy Company Secretary before going on to become Chief Financial Officer (1979), a Director (1989), Deputy Chief Executive Officer and a Member of the Executive Committee (1994), and then Vice Chairman of the Board of Directors and Chief Operating Officer.

Mr. Bazil is a graduate of HEC and holds an MBA from Harvard Business School.

(1) Listed company.

Other positions currently held by Olivier Bazil:

- Member of the Supervisory Board of Société Civile du Château Palmer
- Chairman of Fritz S.A.S.
- Director of Vallourec[1], Chairman of its Audit Committee and member of its Strategy Committee

Other positions held by Olivier Bazil in the past five years:

- Director of Firmenich International S.A. and Chairman of its Audit Committee

Olivier Bazil owns 1,010 Michelin shares.

He has been a member of the Supervisory Board and its Audit Committee since 2013 and is considered by the Supervisory Board as being an independent member[2] because:

- He does not have any close family ties with either the Chief Executive Officer or any member of the Supervisory Board.
- He is not currently and never has been an employee of Michelin or any of its subsidiaries.
- He has not been a member of the Supervisory Board for more than 12 years.
- He is not an executive officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board.
- He is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.
- He has not been an auditor of Michelin in any of the past five years.
- He is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners.

The Board examined Mr. Bazil's candidature for re-election for a four-year term based on the above-mentioned criteria, taking into account:

- His contribution to the work of the Board, as reflected in his availability and attendance rate.
- His experience in the areas of accounting, finance and internal control.
- The efficient organization of the Audit Committee.
- His excellent understanding of the challenges facing the Group.
- His executive management experience and familiarity with French and international industrial strategies.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Olivier Bazil be re-elected for a further four-year term. Mr. Bazil did not take part in the Board's discussion or vote.

/ Michel Rollier

Michelin – 27, cours de l'Île-Seguin – 92100 Boulogne-Billancourt – France

Michel Rollier was born in 1944 and is a French national. He is Chairman of *Plateforme de la Filière Automobile* and a member of the AFEP/MEDEF High Committee on Corporate Governance.

He began his career at Aussedat-Rey (part of the International Paper group) in 1971, initially occupying the post of Financial Controller before going on to head up a business unit. He then held the position of Chief Financial Officer between 1987 and 1994 and subsequently Deputy Chief Executive Officer from 1994 to 1996.

He joined Michelin in 1996 as Vice President, Financial & Legal Affairs and then served as Chief Financial Officer and a member of the Executive Council from 1999 to 2005. He was elected General Managing Partner by Michelin's shareholders on May 20, 2005, serving alongside Édouard Michelin until Mr. Michelin's tragic death in 2006. Mr. Rollier stepped down as General Managing Partner in May 2012.

Michel Rollier is a graduate of the *Institut d'études politiques de Paris* (IEP) and holds an MA in Law.

(1) Listed company.

(2) See the detailed review of Supervisory Board members' independence in the report of the Chairman of the Supervisory Board on the membership of the Supervisory Board (section 4.5.1 b) of the 2016 Registration Document).

Other positions currently held by Michel Rollier:

- Chairman and Chief Executive Officer of Siparex Associés
- Chairman of the Supervisory Board and of the Remunerations Committee of Somfy SA[1]
- Member of the AFEP/MEDEF High Committee on Corporate Governance
- Chairman of *Association Nationale des Sociétés par Actions* (ANSA)
- Chairman of *Plateforme de la Filière Automobile*
- Director of Lafarge

Other positions held by Michel Rollier in the past five years:

- General Managing Partner of Compagnie Générale des Établissements Michelin[1]
- Director of Moria SA

Michel Rollier owns 24,392 Michelin shares.

He is member and Chairman of the Supervisory Board, and member of the Compensation and Appointments Committee of the Board since 2013.

- He does not have any close family ties with either the Chief Executive Officer or any member of the Supervisory Board.
- He is not currently and never has been an employee of Michelin or any of its subsidiaries.
- He has not been a member of the Supervisory Board for more than 12 years.
- He is not an executive officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board.
- He has not been an auditor of Michelin in any of the past five years.
- He is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners.
- He is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

As of May 11, 2017, a period of five years will have elapsed since he held an executive position at Michelin and he will therefore qualify as an independent member of the Supervisory Board as from that date based on the AFEP/MEDEF Code.

The Supervisory Board has temporarily decided to continue qualifying him as a non-independent director and to ask the Chair of the Compensation and Appointments Committee to review his situation at the next meeting of the Committee subsequent to the Shareholders Meeting.

The Board examined Mr. Rollier's candidature for re-election for a four-year term based on the above-mentioned criteria, taking into account:

- The continuous improvements in Michelin's governance achieved jointly with the Chief Executive Officer and the General Partners.
- The efficient organization and effectiveness of the Supervisory Board, whose good practices were recognized in the results of the assessment performed in 2016 by an independent firm of consultants.
- His availability and attendance rate at Board and Compensation and Appointments Committee meetings.
- His excellent understanding of the challenges facing the Group.
- His experience in finance.
- His executive management experience.
- His knowledge of Michelin's markets and the automotive industry.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Michel Rollier be re-elected for a further four-year term. Mr. Rollier did not take part in the Board's discussion or vote.

(1) Listed company.

If Olivier Bazil and Michel Rollier are re-elected after the Annual Shareholders Meeting, the expiration dates of the Supervisory Board members' terms of office will be effectively staggered, as follows:

EXPIRATION DATES OF SUPERVISORY BOARD MEMBERS' TERMS OF OFFICE

	2018 AGM	2019 AGM	2020 AGM	2021 AGM
Olivier Bazil				X
Pat Cox	X			
Barbara Dalibard		X		
Anne-Sophie de La Bigne			X	
Jean-Pierre Duprieu			X	
Aruna Jayanthi		X		
Monique Leroux	X			
Cyrille Poughon	X			
Michel Rollier				X
NUMBER OF EXPIRATIONS BY YEAR	**3**	**2**	**2**	**2**

"Say-on-pay" advisory vote on the Chief Executive Officer's compensation for 2016 (6th resolution)

As prescribed in Article L. 225-37 of the French Commercial Code, the Company bases its corporate governance framework on the Corporate Governance Code for listed companies published by the AFEP and MEDEF (November 2016 version of the AFEP/MEDEF Code) and on the Code's implementation guidance (December 2016 version).

Companies that elect to apply the recommendations in Article 26 of the AFEP/MEDEF Code are required to provide their shareholders with an advisory "say-on-pay" vote relating to the components of compensation due or awarded for the previous year to each executive officer. Said components may include:

- The fixed portion of the executive officer's compensation.
- The annual variable portion, including a description of the objectives that must be met in order for this variable portion to be awarded.
- Exceptional compensation.
- Stock options, performance shares and long-term variable compensation, including a description of the objectives that must be met in order for these components of compensation to be awarded.
- Benefits related to taking up or terminating office.
- Supplementary pension benefits.
- Any other benefits.

Michelin's Supervisory Board and Management have elected to apply this recommendation since it came into effect and, since 2017, based on the updated version published in November 2016.

The compensation components concerned and the related reviews performed by the Compensation and Appointments Committee and the Supervisory Board as part of the compensation policy described in section 10.2.1.1, are described in the presentation of the 6th resolution in the Chief Executive Officer's report and in section 10.1.1 of the 2016 Registration Document.

Consequently, with the approval of the Non-Managing General Partner (SAGES), the Supervisory Board recommends that shareholders issue a positive advisory vote on the components of the compensation due or awarded for 2016 to Jean-Dominique Senard, Chief Executive Officer and the Company's sole executive officer.

"Say-on-pay" advisory vote on the compensation of the Chairman of the Supervisory Board for 2016 (7th resolution)

As prescribed in Article L. 225-37 of the French Commercial Code, the Company bases its corporate governance framework on the Corporate Governance Code for listed companies published by the AFEP and MEDEF (November 2016 version of the AFEP/MEDEF Code and on the Code's implementation guidance (December 2016 version).

Companies that elect to apply the recommendations in Article 26 of the AFEP/MEDEF Code are required to provide their shareholders with an advisory "say-on-pay" vote relating to the components of compensation due or awarded for the previous year to each executive officer. Said components may include:

- The fixed portion of the executive officer's compensation.
- The annual variable portion, including a description of the objectives that must be met in order for this variable portion to be awarded.
- Exceptional compensation.
- Stock options, performance shares and long-term variable compensation, including a description of the objectives that must be met in order for these components of compensation to be awarded.
- Benefits related to taking up or terminating office.
- Supplementary pension benefits.
- Any other benefits.

Michelin's Supervisory Board has chosen to apply this recommendation, as extended in the November 2016 version of the AFEP/MEDEF Code to non-independent, non-executive directors.

The compensation components concerned and the related reviews performed by the Compensation and Appointments Committee and the Supervisory Board as part of the compensation policy described in section 10.2.1.2, are described in the presentation of the 7th resolution in the Chief Executive Officer's report and in section 10.1.1 of the 2016 Registration Document.

Consequently, the Supervisory Board recommends that shareholders issue a positive advisory vote on the components of the compensation due or awarded for 2016 to Michel Rollier, Chairman of the Supervisory Board and sole non-independent non-executive director.

Approval of the financial statements and financial authorizations (1st to 5th resolutions and 10th resolution)

Concerning the other ordinary resolutions, the accounting and financial information communicated to shareholders and the Chief Executive Officer's report present the Group's operations and results for 2016 (for the purposes of the 1st and 2nd ordinary resolutions).

We have no comments on the Statutory Auditors' reports on the financial statements.

As no new related-party agreements requiring shareholder approval were entered into in 2016, you are asked to place on record that there are no such agreements to approve (in the 4th ordinary resolution).

Before asking you to approve the financial statements of the Company, the consolidated financial statements and the appropriation of net income, we would like to emphasize that our performance in 2016, which built on the advances made in 2015 in line with the Group's major objectives, reflects the quality of the work achieved by Michelin's teams under the Chief Executive Officer's leadership.

These good performances lead us to reaffirm our confidence in the Chief Executive Officer.

They also lead us to support the Chief Executive Officer's recommendation to set the dividend at €3.25 per share (3rd ordinary resolution).

The Company wishes to renew its share buyback program on the same terms as for the previous program (5th ordinary resolution).

An authorization to cancel shares bought back under the program is also being sought to replace the authorization granted at the 2016 Meeting which was used by the Company during the year (10th extraordinary resolution).

We recommend that shareholders adopt the proposals submitted by the Chief Executive Officer for their approval by voting in favor of the corresponding ordinary and extraordinary resolutions.

February 9, 2017

Michel Rollier
Chairman of the Supervisory Board

STATUTORY AUDITORS' REPORTS

STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

Combined Shareholders' Meeting of May 19, 2017 (10th resolution)

This is a free translation into English of the Statutory Auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie Générale des Etablissements Michelin and pursuant to Article L.225-209 of the French Commercial Code (*Code de commerce*) concerning capital reductions carried out by cancelling bought-back shares, we hereby present our report on our assessment of the reasons for and terms of the proposed capital reduction.

Your Managing Chairman has proposed that you delegate to him, for a period of 18 months as of the date of this meeting, the authority to cancel, for up to 10% of its share capital, the bought-back shares, as authorized by your company under the aforementioned article.

We performed the procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*), for this type of engagement. Those procedures consisted of examining whether the reasons for and the terms of the proposed capital reduction were reasonable.

We have nothing to report concerning the reasons for and the terms of the proposed capital reduction.

Neuilly-sur-Seine, February 13, 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	**Deloitte & Associés**
Éric Bulle	Pascale Chastaing-Doblin

OTHER STATUTORY AUDITORS' REPORTS

The Statutory Auditors' reports to the Annual Shareholders Meeting of May 19, 2017 that are not presented below can be found in the following sections of this Registration Document:

- Report on the Company financial statements: in section 8.3;
- Special report on regulated agreements and commitments with third parties: in section 8.4;
- Report on the consolidated financial statements: in section 7.2;
- Report on the Chairman of the Supervisory Board's report on the Company's internal control and risk management procedures: in section 4.6;
- Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated environmental, labour and social information presented in the management report: in section 6.4.

FIVE-YEAR FINANCIAL SUMMARY OF COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

(in € thousand and in € per share, unless otherwise specified)		2012	2013	2014	2015	2016
I –	**Capital at December 31**					
a)	Share capital	365,113	371,579	371,452	363,804	360,132
b)	Number of common shares outstanding	182,556,713	185,789,643	185,726,200	181,902,182	180,066,121
II –	**Results of operations**					
a)	Net revenue	566,610	545,071	503,954	564,550	537,617
b)	Earnings before tax, depreciation, amortization and provisions (EBTDA)	477,181	331,917	598,149	653,701	1,430,254
c)	Income tax	(7,993)	12,741	22,365	40,511	24,284
d)	Net income	465,119	302,985	555,428	589,684	1,415,894
III –	**Per share data**					
a)	Earnings per share after tax, before depreciation, amortization and provision expenses (EBDA)	2.66	1.72	3.10	3.37	7.80
b)	Basic earnings per share	2.55	1.63	2.99	3.24	7.86
c)	Dividend per share	2.40	2.50	2.50	2.80	3.25[1]
IV –	**Employee data**					
a)	Average number of employees	10	8	8	7	0[2]
b)	Total payroll	1,434	485	318	670	34
c)	Total benefits	648	(119)	139	199	(4)

(1) Subject to approval by shareholders at the Annual Meeting on May 19, 2017.
(2) All of the employees were transferred to a Company subsidiary on January 1, 2016. The above amounts mainly correspond to expenses relating to long-term incentive bonuses awarded to the Chief Executive Officer.

DOCUMENT REQUEST

(to be sent with the voting form)

Mr., Ms.: .....

Address: .....

Postal code: ..... Town/country:: .....

Email : ..... @ .....

❑ Pursuant to Article R. 225-88 of the French Commercial Code, I would like to receive the documents and information concerning the Annual Shareholders' Meeting of May 19, 2017, as listed under Article R. 225-83 of the French Commercial Code.

Preferred format (by default, digital format sent by email):

❑ By email ❑ By standard mail

This document is available at **www.michelin.com** in the "Finance" section under "Documents".

Town/city ..... Date .....

Signature

NOTES

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