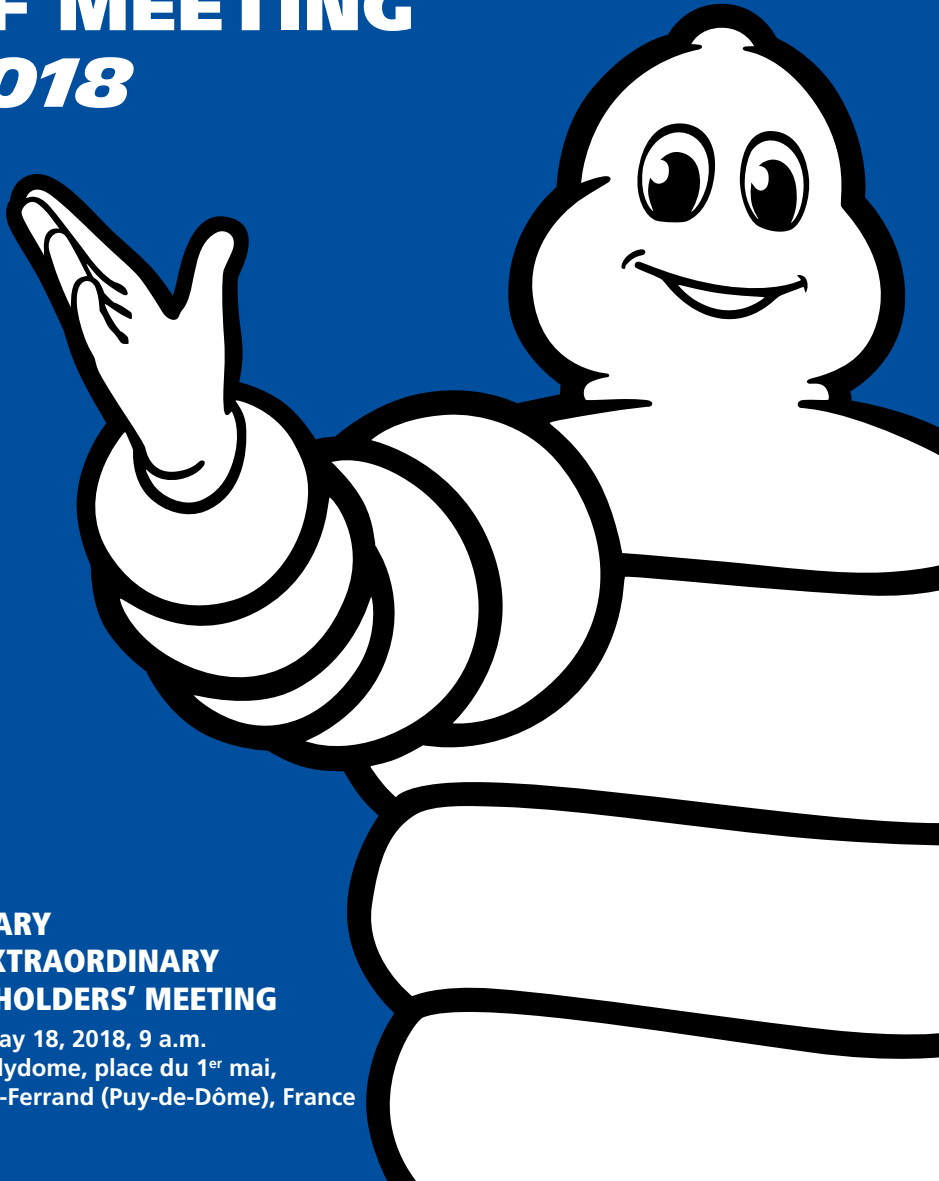


NOTICE OF MEETING 2018



ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

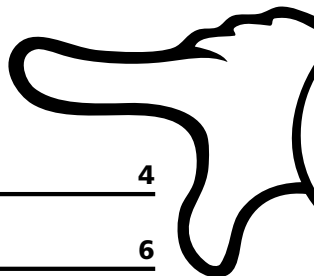
Friday, May 18, 2018, 9 a.m.
at the Polydome, place du 1^{er} mai,
Clermont-Ferrand (Puy-de-Dôme), France

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.

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AGENDA

(The proposed resolutions are presented on pages 23 to 56.)

ORDINARY RESOLUTIONS

- ▶ Approval of the Company financial statements for the year ended December 31, 2017
- ▶ Appropriation of net income for the year ended December 31, 2017 and approval of the recommended dividend
- ▶ Approval of the consolidated financial statements for the year ended December 31, 2017
- ▶ Related-party agreements
- ▶ Authorization for the Managing Partners to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €180
- ▶ Advisory vote on the components of the compensation due or awarded for 2017 to Jean-Dominique Senard, Chief Executive Officer and to Michel Rollier, Chairman of the Supervisory Board
- ▶ Authorization for the Managing Partners to issue bonds and debt-linked securities
- ▶ Election of three members of Supervisory Board
- ▶ Election of a Managing Partner

EXTRAORDINARY RESOLUTIONS

- ▶ Election of a General Managing Partner
- ▶ Authorization for the Managing Partners to Powers to issue shares and/or securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders
- ▶ Authorization for the Managing Partners to issue shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights for existing shareholders
- ▶ Authorization for the Managing Partners to issue shares and/or securities carrying rights to shares through an offer governed by paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders
- ▶ Authorization for the Managing Partners to increase the number of securities to be issued in the event that an issue (with or without pre-emptive subscription rights) is oversubscribed
- ▶ Authorization for the Managing Partners to increase the Company's capital by capitalizing reserves, income or additional paid-in capital
- ▶ Authorization for the Managing Partners to increase the Company's capital by issuing ordinary shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets
- ▶ Authorization for the Managing Partners to carry out a rights issue for members of a Group Employee Shareholder Plan and/or restricted share issues, without pre-emptive subscription rights for existing shareholders
- ▶ Blanket ceilings on issues of shares and securities and debt securities carrying rights to shares
- ▶ Authorization for the Managing Partners to reduce the Company's capital by canceling shares
- ▶ Change of the address of the Company's head office
- ▶ Amendment of the Bylaws – Alignment with new provisions of French company law
- ▶ Powers to carry out formalities

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

DEAR MICHELIN SHAREHOLDER,

This is an unusual year. As you know, my term of office expires at the close of the 2019 Annual Shareholders Meeting and, to effectively prepare for a smooth succession, I have decided not to stand for re-election.

With this in mind, all participants in the Company's governance system agreed that management continuity should be secured immediately, in line with Michelin's values.

As a result, following the General Partners' unanimous approval and the Supervisory Board's favorable opinion, we are submitting to your vote:

- an extraordinary resolution to elect Florent Menegaux as General Managing Partner to take over from me when my term as Chief Executive Officer ends.
- an ordinary resolution to elect Yves Chapot as Managing Partner to support Florent Menegaux.

Both men have worked closely with me, assuming the highest responsibilities, and I am convinced that they will form the team that will successfully lead Michelin's growth and secure its future.

Among the ordinary resolutions, you will also be asked to approve the 2017 financial statements and the appropriation of net income for the year.

We are recommending a dividend of €3.55 per share, up 9% from last year and representing a payout of 36% of consolidated net income excluding non-recurring items, reflecting 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, which would supersede the previous authorization granted at the Annual Shareholders Meeting held on May 19, 2017.

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 2017 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 Monique Leroux and Cyrille Poughon to the Supervisory Board and to elect a new member, Thierry Le Henaff.



"I ATTACH GREAT DEAL OF IMPORTANCE TO THIS MOMENT OF DIALOGUE AND TO YOUR VOTE, WHICH EXPRESSES YOUR CONFIDENCE IN US."

Among the other extraordinary resolutions, you will be asked to renew a certain number of financial authorizations, which, if necessary, will allow us to provide the Company with financial resources aligned with its needs.

The Annual Shareholders Meeting is a special moment in the life of the Company, when we can exchange views and you can learn more about Michelin, its strategy, its results and its outlook.

I attach great deal of importance to this moment of dialogue and to your vote, which expresses your confidence in us. For this reason, I hope that shareholder attendance at the Meeting will once again be high.

Sincerely yours,

Jean-Dominique Senard

Chief Executive Officer of the Michelin Group

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 a.m. CET on the second business day preceding the Meeting (i.e., midnight CET on the morning of **May 16, 2018**).

Only shareholders that fulfill this requirement by midnight CET on the morning of **May 16, 2018** 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 15, 2018**;



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

If your shares are indirectly registered and 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.

If your shares are directly registered (*i.e.* you receive an account statement from Société Générale Securities Services), you may connect to the website www.sharinbox.societegenerale.com using the Sharinbox access code featured on the voting form sent to you by post, or by email if you have chosen to be notified in this way. Your password is the one you usually use to access the website. It can be reset by clicking on the "Get your codes" link on the site's homepage.

Alternatively, you may opt to vote online by emailing a request at least 35 days before the Meeting to generalmeeting.michelin@sgss.socgen.com, indicating your name, email 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 a.m. on **April 9, 2018** until 3:00 pm on **May 17, 2018**, 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 mandatAG2018@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 15, 2018** 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.

HOW TO PARTICIPATE IN THE SHAREHOLDERS' MEETING?

Request to add resolutions or items to the Meeting agenda, written questions and consultation of documents made available to shareholders

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 Mr. Jacques Engasser, 12, cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, within twenty days of publication of this notice, *i.e.* no later than April 1, 2018.
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 a.m. CET on the second business day preceding the Meeting date (*i.e.* midnight CET on the morning of May 16, 2018 at the latest).
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 Mr. 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 14, 2018.
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 12, 2018.

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

The Chief Executive Officer



THREE DATES TO REMEMBER FOR PARTICIPATING IN THE SHAREHOLDERS' MEETING

Tuesday, May 15, 2018

Deadline by which the Company must receive your form.

Thursday, May 17, 2018 at 3:00 p.m.

Closure of the online voting platform.

Friday, May 18, 2018 at 9:00 a.m.

Annual Meeting of Compagnie Générale des Établissements Michelin,
at: Polydome,
Place du 1^{er} Mai,
63 000 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:

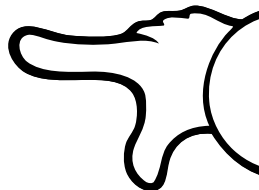
Town/city:

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:

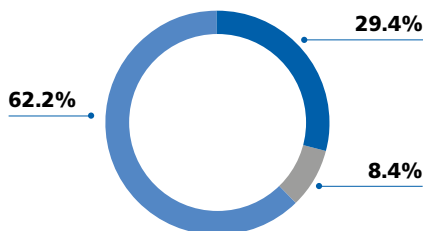
.....@.....

KEY FIGURES 2017 RESULTS



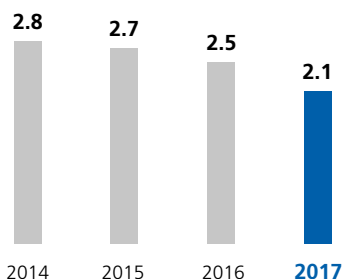
SOCIAL

114,070
EMPLOYEES



■ Productions operators ■ Management
■ Administrative employees, technicians and supervisors

WORKPLACE SAFETY TCIR⁽¹⁾



(1) Total Case Incident Rate: the number of incidents recorded per 200,000 hours worked.

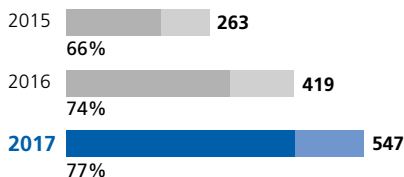
85 %
OF EMPLOYEES TRAINED IN 2017

76 %
OF MANAGERS
PROMOTED FROM WITHIN

SOCIETAL

CSR ASSESSMENTS OF KEY SUPPLIERS
€11.9 BILLION IN PURCHASES 2017

Confirmed⁽²⁾ in %



(2) With Michelin standards.

PAID WORKING DAYS DEVOTED TO SUPPORTING THE LOCAL COMMUNITY

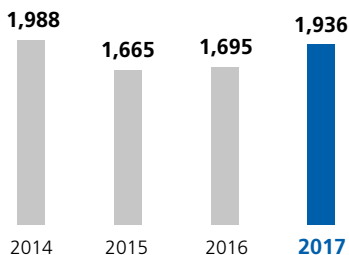
23 942
EN 2014

31 612
EN 2016

27 733
EN 2015

33 800
EN 2017

LOCAL JOBS CREATED WITH THE HELP OF MICHELIN DEVELOPMENT⁽³⁾

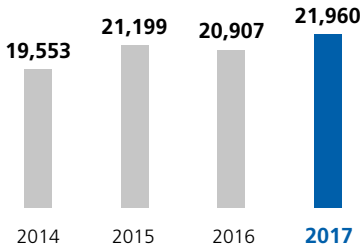


(3) Active in labor markets surrounding Group facilities, Michelin Development has helped to create nearly 23,000 jobs since 1990 in France, Spain, Italy, the United Kingdom, Canada and the United States.

FINANCIAL

NET INCOME

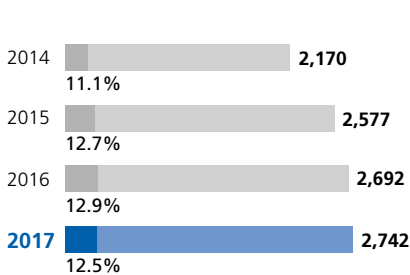
in € millions

**OPERATING INCOME⁽¹⁾**

in € millions

OPERATING MARGIN⁽¹⁾

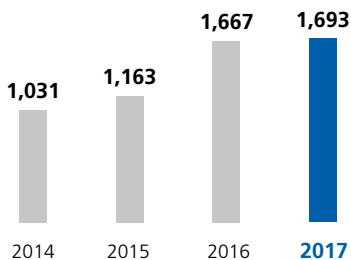
as a % of net sales



(1) From recurring activities.

NET INCOME

in € millions

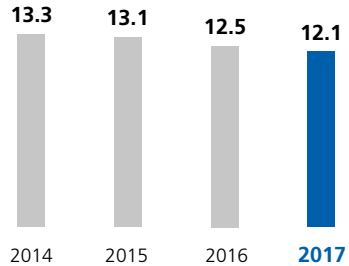


ENVIRONNEMENTAL

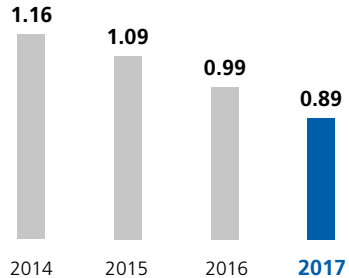
ENERGY CONSUMPTION

in GJ per tonne of finished product

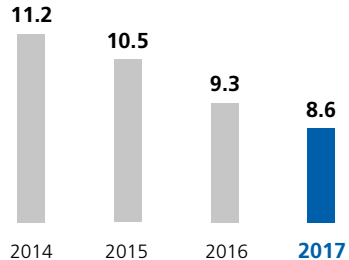
1 GJ = 277.5 kWh

**CO₂ EMISSIONS**

in tonnes per tonne of finished product

**WATER CONSUMPTION**

in cu.m per tonne of finished product





KEY FIGURES

114,070

PEOPLE
IN

171
COUNTRIES

5,000

DEALERSHIP,
DISTRIBUTION HUBS
AND SERVICE CENTERS

PASSENGER CAR AND LIGHT TRUCK TIRES & RELATED DISTRIBUTION

N° 1

THE WORLD LEADER IN
ENERGY-EFFICIENT TIRES

31

FACILITIES

16

COUNTRIES

2017 CONTRIBUTION

57%

OF CONSOLIDATED
NET SALES

57%

OF OPERATING INCOME ⁽¹⁾

(1) From recurring activities.

TRUCK TIRES & RELATED DISTRIBUTION

N° 1
THE WORLD LEADER
IN ENERGY-EFFICIENT
RADIAL TIRES

22
FACILITIES

15
COUNTRIES

2017 CONTRIBUTION

28%
OF CONSOLIDATED NET SALES

18%
OF OPERATING INCOME ⁽¹⁾

SPECIALITY BUSINESS

16
FACILITIES

7
COUNTRIES

N° 1
THE WORLD LEADER IN RADIAL
EARTHMOVER, AGRICULTURAL
AND AIRCRAFT TIRES

N° 1
THE EUROPEAN
LEADER IN MOTORCYCLE
AND SCOOTER TIRES

2017 CONTRIBUTION

15%
OF CONSOLIDATED NET SALES

25%
OF OPERATING INCOME ⁽¹⁾

(1) From recurring activities.



BUSINESS REVIEW



HIGHLIGHTS 2017

Another year of progress, in line with the 2020 objectives.

- ▶ Operating income from recurring activities of €2,742 million, or 12.5% of net sales, up €145 million at constant exchange rates.
 - Determined Group strategy to offset the more than €700 million increase in raw materials costs, resulting in a neutral impact versus raw materials headwind on the non-indexed businesses.
 - Sustained market share gains in 18-inch and larger tires (MICHELIN brand sales up 19% in a segment up 13%), with a price positioning in line with the brand reputation.
 - Competitiveness plan gains exceeded inflation by €36 million, in line with objectives.
- Highly competitive markets, especially in Europe, which are weighing on the dealership operations.
- ▶ Specialty businesses: operating income from recurring activities up more than 30% and strong growth across every division.
- ▶ Strong structural free cash flow, at €1.5 billion for the year.
- ▶ Proposed dividend of €3.55 per share, representing a payout of 36% of consolidated net income excluding non-recurring items in line with the Group's commitment to shareholders, to be submitted to shareholders at the Annual Meeting on May 18, 2018.

MARKET REVIEW

Passenger car and Light truck tires

2017/2016 (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%	+1%	-4%	+2%	+20%	+7%	+2%
Replacement	+4%	+2%	0%	+4%	+9%	+2%	+3%

Fourth quarter 2017/2016 (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	+5%	+4%	-6%	-1%	15%	+2%	0%
Replacement	+2%	+2%	+1%	0%	+10%	+3%	+2%

* Including Turkey.

In 2017, the global original equipment and replacement Passenger car and Light truck tire market expanded by 3% in number of tires sold.

/ Original equipment

- ▶ Demand in Europe rose by 2% overall during the year, reflecting the combined impact of a 1% increase in Western Europe (lifted by a 4% gain in the final quarter) and a robust 14% upsurge in the Eastern European countries.
- ▶ The North American market ended the year down 4%, as demand tumbled 8% in the second half after holding firm in the first, in line with the decline in automobile production.
- ▶ Demand in Asia (excluding India) rose by 2% overall in 2017. Growth in China cooled to 2% as a result of both rising SUV and luxury car sales and declining demand for compact cars following a reduction in government incentives. Demand was up 5% in Japan and stable in South Korea.
- ▶ South American markets delivered a sharp 20% upturn, driven by both domestic and export sales.

/ Replacement

- ▶ The European market saw a 4% overall increase during the year. Demand in Western Europe edged back 1%, as gains in Spain (up 5%),

France (up 3%) and Germany (up 1%) were offset by declines in the United Kingdom (down 8%) and, to a lesser extent, the Nordic countries (down 4%). Markets in Central Europe and Eastern Europe reported robust growth, ending the year up 12% and 16% respectively. Sales of all-season tires remained firm throughout the year, with strong growth in Europe. Winter tire demand was boosted by year-end weather conditions.

- ▶ The North American market was flat for the year, although after two straight quarters of decline, demand picked up 1% in the final three months. The 5% contraction in Mexico was offset by the 7% gain in Canada, while in the United States, the favorable economic environment failed to move the market off of last year's levels.
- ▶ Demand in Asia (excluding India) rose by 4%, as sustained growth in China (up 7%) made up for the tepid 1% increase in Japan.
- ▶ The South American market rebounded 9%, with a 15% gain in Brazil led by a significant, exchange rate-driven increase in Asian imports.

Truck tires (radial and bias)

2017/2016 (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	+8%	+7%	+10%	+26%	+18%	-3%	+17%
Replacement	+4%	+2%	+4%	0%	+8%	-3%	+1%

Fourth quarter 2017/2016 (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	+12%	+12%	+9%	+26%	+65%	+11%	+20%
Replacement	-3%	-3%	+2%	-3%	+12%	0%	-1%

* Including Turkey.

Supported by rising demand for overland transport in a favorable economic environment, the number of new radial and bias **Truck** tires sold worldwide rose by 4% in 2017. The year was shaped by a sharp 17% surge in original equipment sales and, in the replacement segment, by heavy buying in the first quarter ahead of the price increases announced across the industry and the subsequent easing of demand in the following quarters (for a 1% increase overall).

/ Original equipment

- ▶ The European market delivered an 8% increase for the year, benefiting from low interest rates and truck purchases in response to the sustained demand for overland transport. In the Eastern European countries, an improving economy helped to drive a 14% rebound in the market.
- ▶ In North America, the market enjoyed a rebound during the year, gaining 10% as the favorable economic environment encouraged trucking companies to upgrade their fleets.
- ▶ Demand for radial and bias tires in Asia (excluding India) jumped 26% overall, led by the very robust 32% growth in China, where legislation limiting truck size and weight drove higher demand over the first three quarters. Sustained growth in the Thai market offset softer demand in Japan.
- ▶ The South American market bounced back in the second half, surging 40% and ending the year up 18%, supported by the first signs of an economic recovery in Brazil and by export sales.

Specialty tires

- ▶ **Earthmover tires:** after three straight years of decline, the mining tire markets rebounded by 15% in 2017, as inventory drawdowns bottomed out, production at both multinational and mid-sized mining companies recovered, and demand for outsourcing reappeared.

/ Replacement

- ▶ The European market rose by 4% over the year, led by demand from the freight and construction industries. The overall gain reflected growth in France (up 7%), Turkey (up 9%) and Russia (up 10%), flat demand in Germany and declines in Italy (down 2%) and Spain (down 3%).
- ▶ Demand in North America ended the year up 4%, as a slight decline in the first half was offset by a return to sustained growth in the second, led by the favorable economic environment. Growth slowed to 2% in the fourth quarter, due to comparison with year-earlier demand, which was boosted by early buying of Chinese tires ahead of proposed import duties.
- ▶ Replacement radial and bias tire markets in Asia (excluding India) leveled off during the year. Demand edged up just 1% in China, held back by the robust OE market and by the impact of emissions controls. It also improved by 3% in Japan, but declined by 3% in Thailand. Radial technology enjoyed another period of strong growth in the ASEAN markets.
- ▶ The South American radial and bias tire market rebounded by a strong 8% in 2017, thanks in particular to the improving economy in Brazil.

Original equipment markets turned sharply upwards, by 25% excluding China, at a time of low inventory and rising demand for mining machines.

Demand for infrastructure and quarry tires is improving, lifted by the favorable economic environment.

- ▶ **Agricultural tires:** original equipment markets ended 2017 up 10%, as the early-year slowdown gave way to a sharp, unexpected upturn in OEM demand in the second quarter.

The replacement markets in mature countries are down over the year, the decline seen in the second half of the year exceeding the growth of the beginning of the year fueled by price increases.

- ▶ **Two-wheel tires:** motorcycle tire markets are expanding in the mature regions and are also trending upwards in the emerging economies.
- ▶ **Aircraft tires:** demand in the commercial aircraft segment continued to grow, led by the increase in passenger traffic.

2017 NET SALES AND RESULTS

Net sales

Net sales stood at €21,960 million for the year, up 5.0% from 2016 due to the combined impact of the following factors:

- ▶ a €543 million increase from the 2.6% growth in volumes;
- ▶ a €668 million or 3.2% increase from the favorable price-mix effect. As announced, the positive price effect (2.5%) had a rapidly increasing impact over the year, from a negative 1.0% in the first quarter to a positive 2.1% in the second, a positive 4.4% in the third and a positive 4.4% in the fourth, reflecting both the price increases in the replacement segment and the contractual adjustments following

application of raw materials indexation clauses in the indexed businesses. The mix effect added 0.7% to growth, thanks to the still highly positive product mix and the favorable impact of the rebound in the mining tire business, which were somewhat dampened by the unfavorable impact of the relative growth rates of OE and replacement tire sales;

- ▶ a €261 million decrease from the currency effect;
- ▶ a €103 million increase from changes in the scope of consolidation, particularly the first-time consolidation of Levorin, a Brazilian two-wheel tiremaker, and NexTraq, a US telematics solutions provider.

Results

Consolidated operating income from recurring activities amounted to €2,742 million or 12.5% of net sales, compared with the €2,692 million and 12.9% reported in 2016. Operating income/(loss) from non-recurring activities represented a loss of €111 million, corresponding primarily to costs related to the reorganization and alignment of Group operations, which were partially offset by gains on changes to the health coverage plan in the United States and to the pension plan in the United Kingdom.

Operating income from recurring activities was first shaped by growth in volumes, which contributed €207 million. Higher raw materials prices had a

€738 million negative impact, which was almost entirely covered by effective management of the price mix. The residual impact was limited to a negative €70 million for the year, stemming mainly from the delayed application of raw materials clauses in the indexed businesses. The €315 million in savings from the ongoing competitiveness plan amply absorbed the €279 million increase in production costs and overheads. Lastly, unfavorable movements in exchange rates reduced operating income from recurring activities by €95 million over the year.

Net income came in at a historically high **€1,693 million.**

Net financial position

Free cash flow ended the year at **€662 million**, a decrease of €362 million that reflected the €476 million in acquisition outlays.

Based primarily on this free cash flow, less the payment of €585 million in dividends and the €101 million in share buybacks, consolidated **gearing stood at 6%** at December 31, 2017,

corresponding to net debt of €716 million, compared with gearing of 9% and net debt of €944 million at December 31, 2016.

When compared with the weighted average cost of capital for the year, the 11.9% after-tax return on capital employed attests that Michelin created value in 2017.

Segment information

(in € millions)	Net sales		Operating income from recurring activities		Operating margin on recurring activities	
	2017	2016	2017	2016	2017	2016
Passenger car/Light truck tires & related distribution	12,479	12,105	1,552	1,585	12.4%	13.1%
Truck tires & related distribution	6,123	5,966	497	580	8.1%	9.7%
Specialty businesses	3,358	2,836	693	527	20.6%	18.6%
GROUP	21,960	20,907	2,742	2,692	12.5%	12.9%

/ Passenger car/Light truck tires & related distribution

Net sales in the Passenger car/Light truck tires & related distribution segment rose by 3.1% in 2017, to €12,479 million from €12,105 million in 2016.

Operating income from recurring activities came to €1,552 million or 12.4% of net sales versus the €1,585 million and 13.1% reported in 2016.

In addition to the unfavorable currency effect, the change in operating margin on recurring activities was primarily attributable to the 2% growth in volumes and the impact of higher prices and the positive product mix, which offset the increase in raw materials costs. Part of the margin contraction was also caused by the dilutive impact of the price increases and unfavorable exchange rate movements.

/ Truck tires & related distribution

Net sales in the Truck tires & related distribution segment amounted to €6,123 million in 2017, versus €5,966 million a year earlier.

Operating income from recurring activities amounted to €497 million or 8.1% of net sales, compared with €580 million and 9.7% the year before.

In addition to the adverse currency effect, the margin erosion reflects the priority focus on preserving unit margins and the 2% decrease in volumes over the year, with the increase in raw materials costs being offset by the favorable impact of higher prices and the improved product mix. Part of the margin contraction was also caused by the dilutive impact of the price increases and unfavorable exchange rate movements.

/ Specialty businesses

In all, net sales by the Specialty Businesses increased by 18.4% year-on-year, to €3,358 million from €2,836 million in 2016.

Operating income from recurring activities amounted to €693 million, versus a reported €527 million in 2016, for a margin of 20.6% of net sales.

The improvement corresponded to the robust 16% growth in volumes, led by the sustained rebound in demand for the Group's mining tires and the sharp upturn in Earthmover and Agricultural original equipment sales. This factor and the price increases introduced in both the indexed and non-indexed businesses amply outweighed the impact of higher raw materials costs and the negative currency effect.

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Établissements Michelin ended the year with net income of €1,029 million, compared with net income of €1,416 million in 2016.

The financial statements were presented to the Supervisory Board at its meeting on February 9, 2018. An audit was performed and the auditors' reports on the consolidated and company financial statements were issued on February 12, 2018.

The Chief Executive Officer will call an Annual Shareholders Meeting on Friday, May 18, 2018 at 9:00 am in Clermont-Ferrand.

He will ask shareholders to approve the payment of a dividend of €3.55 per share, compared with €3.25 in respect of the previous year.

OUTLOOK 2018

Sustained progress, on track to achieve the ambitions set for 2020

In 2018, the Passenger car/Light truck and Truck tire markets are expected to experience modest growth over the year, while the mining tire, agricultural original equipment and earthmover original equipment markets should remain buoyant.

Given the market conditions, price management will make it possible to generate a net positive effect from changes in the price mix and raw

materials costs, assuming an estimated €50 million-€100 million increase in raw materials prices. Based on January 2018 exchange rates, the currency effect would reduce full-year operating income from recurring activities by around €300 million.

In this environment, Michelin's objectives for 2018 are volume growth in line with global market trends, operating income from recurring activities exceeding the 2017 figure at constant exchange rates, and structural free cash flow of more than €1.1 billion.

OTHER HIGHLIGHTS

- ▶ Michelin introduces the Pilot Sport 4S, the industry-leading sports sedan tire that outperforms all its rivals in track trials (January 19, 2017).
- ▶ Michelin Sascar expands its fleet services portfolio in Mexico by acquiring the business assets of Copiloto Satelital (March 2017).
- ▶ At the Movin'On summit, Michelin presents the Vision wheel, its concept for future tires designed using its latest innovations (metal 3D printing, bio-materials and smart solutions) (June 13, 2017).
- ▶ Michelin acquires NexTraQ, a North American provider of commercial fleet telematics (June 14, 2017).
- ▶ With Porsche, Michelin notches up its 20th consecutive victory at the 24 Hours of Le Mans (June 19, 2017).
- ▶ Michelin and Safran develop the first connected aircraft tire (June 20, 2017).
- ▶ Michelin announces a global reorganization project to address the emerging expectations of its customers, improve their satisfaction, simplify its operating procedures and speed up its digitalization (June 22, 2017).
- ▶ Michelin acquires a 40% stake in restaurant guide Le Fooding, whose quirky approach to fine dining fits well with the Michelin Guide (September 1, 2017).
- ▶ In partnership with Maxion, Michelin presents its ACORUS technology that makes tires safer and more durable (September 27, 2017).
- ▶ Michelin signs agreement with Ashok Leyland to supply the new X Guard range of truck radials for the Captain line of long and medium-distance commercial vehicles (October 10, 2017).
- ▶ XPO Logistics awards pan-European tire management contract to MICHELIN solutions (October 10, 2017).
- ▶ Michelin, a brand denoting trust and progress, according to the Reputation Institute for the third year in a row (September 27, 2017).
- ▶ Acquisition of PTG and Téléflew, both industry leaders in tire pressure control and inflation systems for the agricultural market (November 13, 2017).
- ▶ Michelin sells its stake in Double Coin Warrior Tire Co., its joint-venture with Huayi Group (November 20, 2017).
- ▶ MICHELIN solutions launches four digital services revolutionizing fleet management (November 23, 2017).
- ▶ MICHELIN guide Bangkok released (December 6, 2017).
- ▶ Issued capital reduced by €100 million through the cancellation of shares acquired under the buyback program (December 14, 2017).
- ▶ Michelin and Sumitomo Corporation agree to form a 50-50 joint venture that will be the second largest wholesale tire dealer in the United States (January 3, 2018).
- ▶ Successful issue of \$600 million in non-dilutive, cash-settled convertible bonds due 2023 (January 5, 2018).

A full description of 2018 highlights may be found on the Michelin website: <http://www.michelin.com/eng>.



REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS



/ Introduction

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 its “Final Report on General Meetings of Shareholders of Listed Companies” published on July 2, 2012, a working group set up by the French securities regulator (the AMF) proposed, inter alia, that the titles of resolutions put forward at Shareholders Meetings should be more understandable and that the wording of the statement of reasons for each proposed resolution should be improved in order to clarify what is to be voted on and what is at stake in shareholders’ decisions. Following this proposal,

the AMF called on the trade associations concerned to draft a guide that explains the objectives and procedures for each type of resolution.

In response to this request, the Committee of Corporate & Securities Law and Corporate Governance that forms part of the French employers’ federation (the MEDEF) coordinated the preparation of a guide concerning “Proposed resolutions submitted to the vote of shareholders of listed companies” prepared in 2013 and updated in January 2016 (hereinafter referred to as the “MEDEF Guide” or the “Guide”)⁽¹⁾, which is available on the MEDEF’s website at www.medef.com/. Consequently, for each financial authorization to be submitted for approval at the May 18, 2018 Annual Shareholders Meeting, this report refers to the corresponding information sheet in the Guide.

The resolutions set in blue type below are the resolutions proposed by the Company that have been included in the Notice of Meeting published in the Bulletin des annonces légales obligatoires.

ORDINARY RESOLUTIONS (1ST TO 12TH RESOLUTIONS)

1st and 2nd resolutions

/ Approval of the Company financial statements for the year ended December 31, 2017

/ Appropriation of net income for the year ended December 31, 2017 and approval of the recommended dividend

The first and second resolutions concern approval of the Company’s 2017 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 €1,029,300,379.57.

After deducting €10,157,651.96 attributable to the General Partners in accordance with the Bylaws, the balance of €1,019,142,727.61 plus €1,037,346,493.74 in retained earnings brought forward from prior years represents a total of €2,056,489,221.35 available for distribution to shareholders.

⁽¹⁾ In French only.

We are recommending paying a 2017 dividend of €3.55 per share.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at midnight (CET) on May 23, 2018 (the record date).

The ex-dividend date will be May 22, 2018.

The dividend will be paid as from May 24, 2018.

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

First resolution **(Approval of the Company financial statements for the year ended December 31, 2017)**

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, 2017 which show net income for the period of €1,029,300,379.57.

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, 2017 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: €1,029,300,379.57;
- ▶ Share of profits attributed to the General Partners in accordance with the Bylaws: €10,157,651.96;
- ▶ Balance: €1,019,142,727.61;
- ▶ Plus retained earnings brought forward from prior years: €1,037,346,493.74;

- ▶ Total amount available for distribution: €2,056,489,221.35;

And resolves:

- ▶ To pay an aggregate dividend of: €637,299,503.85;
- ▶ Representing €3.55 per share;
- ▶ To appropriate the balance of: €1,419,189,717.50 to retained earnings.

The dividend will be paid as from May 24, 2018.

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 tax treatment of the dividend will be as follows:

- ▶ The dividend will be subject to the 30% flat tax (12.8% in respect of income tax and 17.2% for French social security contributions) for individual shareholders domiciled in France for tax purposes introduced in Article 28-I-28° of the 2018 Finance Act, which is not in discharge of other tax liability.
- ▶ The 12.8% flat tax will be applied automatically unless the taxpayer makes an irrevocable election to pay income tax at the graduated rate on all dividend income. The election must be made each year, when the taxpayer's personal income tax return is filed.
- ▶ The two-step method of paying tax on dividends is maintained.

In accordance with Article 119 *bis* of the French General Tax Code (*Code général des impôts*), dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at the rate applicable to 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 €)
2014	464,315,500.00	2.50
2015	518,421,218.70	2.85
2016	585,214,893.25	3.25

* *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.*

3rd resolution

/ Approval of the consolidated financial statements for the year ended December 31, 2017

The purpose of the third resolution is to approve the consolidated financial statements for the year ended December 31, 2017, which show net income for the period of €1,692,942 thousand.

The Registration Document and the Annual Report and Sustainable Development Report, which can be downloaded from 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.

4th resolution

/ Related-party agreements

As no related-party agreements were entered into during 2017, 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 2017.

Third resolution

(Approval of the consolidated financial statements for the year ended December 31, 2017)

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, 2017 which show net income for the period of €1,692,942 thousand.

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 2017.

5th resolution

/ Authorization for the Managing Partners to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €180

In the fifth 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 €180 and the maximum number of shares purchased would represent less than 10% of the total shares outstanding at the time of the transaction(s).

The cap on the purchase price has been raised to take into account the growth in the Company's share price during 2017.

This new authorization would supersede the previous authorization granted for the same purpose at the Annual Shareholders Meeting held on May 19, 2017.

During 2017, the Company used the previous authorization to buy back and cancel just over 893,000 (eight hundred ninety-three thousand) shares, resulting in a corresponding capital reduction. For details of the buybacks, see section 5.5.7 of the 2017 Registration Document.

The proposed authorization would not be able to be used during a public offer period.

This type of proposed resolution is explained in detail in Information Sheet 4 (Share Buybacks), on page 36 of the MEDEF Guide, *"Proposed resolutions submitted to the vote of shareholders of listed companies"* available (in French only) on the MEDEF's website at www.medef.com/.

Fifth resolution

(Authorization for the Managing Partners or any one of them to put in place a share buyback program, except during a public offer period, based on a maximum purchase price per share of €180)

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 Managing Partners or any one of them, 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 €180 (one hundred eighty 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, 2017, the maximum amount invested in the program would not exceed €3,231,377,640 (three billion, two hundred and thirty-one million three hundred and seventy-seven thousand six hundred and forty euros), corresponding to 10% (ten percent) of the Company's share capital, or 17,952,098 (seventeen million nine hundred and fifty-two thousand and ninety-eight) shares purchased at the maximum price of €180 (one hundred and eighty 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 the 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.
- ▶ 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 Managing Partners, or any one of them, 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 19, 2017.

6th resolution

/ Advisory vote on the components of the compensation due or awarded for 2017 to Jean-Dominique Senard, Chief Executive Officer

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 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 corporate governance best practices, fulfill shareholders’ expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should 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 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chief Executive Officer⁽¹⁾, in line with the AFEP/MEDEF Code recommendation⁽²⁾ which provides for a mandatory shareholder vote.

In line with this recommendation in the AFEP/MEDEF Code and the implementation guidelines dated December 2016, shareholders are asked to express an advisory “say-on-pay” vote on the components of compensation due or awarded for the previous year to the Chief Executive Officer and the Chairman of the Supervisory Board. Said components may include:

- ▶ The fixed portion.
- ▶ 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.

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 sixth resolution the Chief Executive Officer is asking shareholders to issue a positive advisory vote on the components of the compensation due or awarded for 2017 to Jean-Dominique Senard, who is the Company’s Chief Executive Officer and sole executive officer.

(1) In connection with the compensation policy described in section 10.2.1.1 of the Supervisory Board’s report in the 2016 Registration Document (page 310).

(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.

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 4.4.2 and 4.4.3 of the 2017 Registration Document).

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
Fixed compensation	1,100,000	<p>Unchanged from the previous year.</p> <p>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.</p> <p>Its amount was set by MFPM's General Partner in 2014 and has not been changed since then.</p> <p>For more information, see sections 4.3.2 a) Fixed compensation and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 112 and 310 respectively).</p>
Annual variable compensation	1,696,328	<p>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 July 11, 2017.</p> <p>Shared features</p> <p>The basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) corresponds to 0.6% of the Group's consolidated net income.</p> <p>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 – Jean-Dominique Senard and SAGES – that is now split between them on a mutually agreed basis.</p> <p>The consolidated net income to be presented at the Annual Shareholders Meeting on May 18, 2018, amounts to €1,692,942 thousand. The Compensation and Appointments Committee has therefore noted that the Consolidated Calculation Base for 2017 is €10,157,652.</p> <p>Given the mutually agreed division of the Profit Share between the General Partners, and the performance achieved in 2017 with respect to the conditions governing the Annual Variable Components, as described below, the total amount payable to Mr. Senard represents €1,696,328 (before applicable withholding tax), as follows:</p> <p>Single-Criterion Annual Variable Component</p> <p>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 €812,612.16 for 2017.</p>

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
		<p>Multi-Criteria Annual Variable Component</p> <p>This component corresponds to between 0% and 14% of the Consolidated Calculation Base, depending on achievement rates for seven criteria.</p> <p>The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component⁽¹⁾.</p> <p>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 2017 variable compensation of the Executive Committee members and Group managers) was 62/100, compared to a maximum rate of 100/100.</p> <p>Concerning the two qualitative criteria, the Committee concluded that:</p> <ul style="list-style-type: none"> ▶ Concerning the executive management succession plan, having observed that Mr. Senard had examined this issue in detail with 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 initiatives – Digital Strategy, Customer Service, Simplification of Operating Procedures & Empowerment, Integration & Profitable Growth of Three Recent Acquisitions (Sascar, BookaTable and Levorin) – the indicators defined by the Committee showed that significant progress had been achieved. <p>The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 35/50 compared with a maximum rate of 50/50.</p> <p>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 97/150. Based on the Consolidated Calculation Base of €10,157,652, the application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €883,715.72 for 2017.</p> <p>For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).</p>

(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 2017	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
Cash-settled deferred variable compensation awarded in 2017	No deferred variable compensation was due for 2017	<p>This long-term incentive bonus was announced by the Supervisory Board in a press release posted on the Company's website on July 11, 2017.</p> <p>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 (2017-2019 period).</p> <p>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:</p> <ul style="list-style-type: none"> ▶ 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⁾. <p>These criteria are the same as the ones applicable to the 2017 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.</p> <p>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.</p> <p>The long-term incentive bonus is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares.</p> <p>The final amount receivable under the long-term incentive plan will be:</p> <ul style="list-style-type: none"> ▶ Capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 2017, 2018 and 2019. ▶ Paid out of the Profit Shares allocated to the General Partners in respect of 2019 and payable in 2020 after the 2019 financial statements have been approved: <ul style="list-style-type: none"> – Subject to the availability of Profit Shares payable in 2020 out of 2019 profit; and – Up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2019. <p>If Mr. Senard were to cease to be a General Partner (for reasons other than death or disability) before his term expires and 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.</p> <p>If Mr. Senard ceases to hold office on the date his term expires (in May 2019), for reasons other than 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, including beyond the end of his term (until end-2019).</p> <p>In this case, the incentive bonus will be paid at the end of said three-year period, for an amount prorated to the actual time served as Chief Executive Officer during the period..</p>

(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.

REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

Ordinary Resolutions (1st to 12th resolutions)

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval (in €)	Presentation
		<p>In the same way as for the long-term incentive bonuses awarded in 2014 and 2015, Mr. Senard will be required to invest 20% of the 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 three years.</p> <p>As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2017.</p> <p>For more information, see sections 4.4.3 b) Variable compensation and 4.4.3 c) Long-term incentive bonus (Table 1.3) of this Registration Document (pages 131 to 133), and section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310)</p>
Cash-settled deferred incentive bonus awarded in 2015 and due in 2018 in respect of 2017	994,860	<p>The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 13, 2016 and was approved by a majority of 97.39% of the votes cast (sixth resolution).</p> <p>2017 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:</p> <ul style="list-style-type: none"> ▶ Growth in the Michelin share price compared with that of the CAC 40 index: 22.0% achievement rate out of a possible 33.3%. ▶ Average annual growth in net sales (by value): 33.3% achievement rate out of a possible 33.3%. ▶ Average annual return on capital employed (ROCE): 33.3% achievement rate out of a possible 33.3%. <p>Based on the presentation by the Chair of the Compensation and Appointments Committee, the Supervisory Board noted the achievement rates for each of the performance criteria and, at Mr. Senard's request, limited the gross amount of his long-term incentive bonus payable in 2018 to €994,860 (before applicable withholding tax).</p> <p>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.</p> <p>For more information, see Table 1.1 in section 4.4.3 c) of this Registration Document (page 133).</p>
Stock options, performance shares and other long-term compensation	N/A	<p>No stock options granted No performance shares granted No other share-based payments</p>
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	8,470	Company car

Components of compensation due or awarded for 2017 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments ⁽¹⁾	Amounts submitted to shareholder approval (in €)	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2017	<p>The detailed information in this section is unchanged from 2016.</p> <p>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.</p> <p>It would be subject to the performance conditions decided by the Supervisory Board in 2014.</p> <p>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.</p> <p>For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).</p>
Non-compete indemnity	No indemnity was due under a non-compete clause in 2017	<p>The detailed information in this section is unchanged from 2016.</p> <p>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.</p> <p>The Company is, however, entitled to waive the application of this clause.</p> <p>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.</p> <p>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.</p> <p>For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).</p>

(1) 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 French 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 French 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.

REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

Ordinary Resolutions (1st to 12th resolutions)

Components of compensation due or awarded for 2017 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments ⁽¹⁾	Amounts submitted to shareholder approval (in €)	Presentation
Supplementary pension benefits	No supplementary pension benefits were due for 2017	<p>The pension plan structure and rules are unchanged from 2016.</p> <p>This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.</p> <p>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).</p> <p>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:</p> <ul style="list-style-type: none"> ▶ 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. <p>Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM and amounts to €1,100,000 for 2017.</p> <p>Based on the assumptions set out in the above-mentioned enabling legislation of February 23, 2016, his estimated annual pension under the plan will amount to €148,500. The pension benefits will be taxed at the rate of 32%.</p> <p>As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2017 (fixed compensation and variable Profit Shares), the actual gross replacement rate represented by pension benefits paid under the plan will be well below the 45% ceiling recommended in the AFEP/MEDEF Code.</p>

(1) 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 French 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 French 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 2017 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 2017 to Jean-Dominique Senard, Chief Executive Officer, as presented in sections 4.4.2, 4.4.3 and 4.4.4 of the Company's 2017 Registration Document.

7th resolution

/ Advisory vote on the components of the compensation due or awarded for 2017 to Michel Rollier, Chairman of the Supervisory Board

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 corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should 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 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board⁽¹⁾, in line with the AFEP/MEDEF Code recommendation⁽²⁾ which provides for a mandatory shareholder vote.

In line with this recommendation in the AFEP/MEDEF Code and the implementation guidelines dated December 2016, shareholders are asked to express an advisory "say-on-pay" vote on the components of compensation due or awarded for the previous year to the Chief Executive Officer and the Chairman of the Supervisory Board. Said components may include:

- ▶ The fixed portion.
- ▶ 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.

(1) In connection with the compensation policy described in section 10.2.1.2 of the Supervisory Board's report in the 2016 Registration Document (page 313).

(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.

REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

Ordinary Resolutions (1st to 12th resolutions)

Consequently, the Supervisory Board recommends that shareholders issue a positive advisory vote on the components of the compensation due or awarded for 2017 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 4.4.2, 4.4.5 and 4.4.6 of the 2017 Registration Document).

Compensation due or awarded for 2017	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 granted 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. Mr. Rollier's attendance rate at meetings of the Supervisory Board and the Committee of which he is a member was 100% in 2017. For more information, see sections 4.4.2 c) Attendance fees and 4.4.5 Compensation policy of the 2017 Registration Document (pages 128 and 142 respectively).
Value of fringe benefits	N/A	No fringe benefits

Components of compensation due or awarded for 2017 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 2017 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 2017 to Michel Rollier, Chairman of the Supervisory Board, as presented in sections 4.4.2, 4.4.5 and 4.4.6 of the Company's 2017 Registration Document.

8th resolution

/ Authorization for the Managing Partners to issue bonds and debt-linked securities

The purpose of the eighth resolution is to authorize the Managing Partners to issue up to €5,000,000,000 (five billion euros) worth of bonds or debt-linked securities. This authorization would supersede the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (fifteenth resolution) that was used in 2017 to issue \$600 million worth of bonds (for details of these issues, see section 7.1 of the 2017 Registration Document).

The proposed cap on debt securities issues would be raised to €5,000,000,000 (five billion euros), to reflect the Group's improved financial position and the resulting ratings upgrades decided by the rating agencies in recognition of its conservative financial strategy, strong competitive position in one of the less risky sectors of the automotive supply market, and its good geographical and segment diversification. It was these strengths that led the agencies to ease the rating ratios applied to the Group between 2014 and 2018. The increased issuance capacity would enable the Company to (i) take advantage of favorable market conditions to optimize the management of the consolidated balance sheet and (ii) continue to implement its external growth strategy.

Eighth resolution **(Authorization for the Managing Partners or any one of them to issue bonds and debt-linked securities)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting:

- ▶ Authorizes the issue of (i) bonds and/or (ii) debt-linked securities representing a maximum nominal amount of €5,000,000,000 (five billion euros) or the foreign currency equivalent.
- ▶ Grants the Managing Partners or any one of them full powers to carry out one or several such issues, for the amounts and in the periods determined at their discretion, in France and/or abroad and/or on the international market, and to determine the issues' characteristics, amounts, terms and conditions.
- ▶ Resolves that the Managing Partners or any one of them shall have full powers, which may be delegated, to use this authorization and to decide the issues' characteristics, amounts, terms, price and other conditions.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

9th, 10th and 11th 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 2017 (93.6% for Board meetings and 100% for meetings of the Audit Committee and 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 2017 is included in the Corporate Governance Report set out in section 4.3.2 of the 2017 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 (nearly 67% 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 the Corporate Governance Report corresponding to section 4 of the 2017 Registration Document.

/ The Supervisory Board is recommending that shareholders re-elect two Supervisory Board members and elect one new member

The terms of office of Monique Leroux, Pat Cox and Cyrille Poughon are due to expire at the close of the Annual Shareholders Meeting called to approve the financial statements for the year ended December 31, 2017.

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 2018 Annual Shareholders Meeting and section 10.2.1 of the 2017 Registration Document).

Following this process the Board decided by a unanimous vote (with the candidates for re-election abstaining) to ask the Chief Executive Officer to recommend at the Annual Meeting that the shareholders:

- ▶ Re-elect Monique Leroux and Cyrille Poughon, neither of whom took part in the Supervisory Board vote on their nomination for re-election.
- ▶ Elect Thierry Le Hénaff to replace Pat Cox, who had informed the Board that he did not wish to stand for re-election.

These Supervisory Board members would be elected/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, 2021.

Ninth resolution **(Re-election of Monique Leroux 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 Monique Leroux 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, 2021.

12th resolution

/ Election of Yves Chapot as Managing Partner

The purpose of the twelfth resolution is to elect Yves Chapot as a Managing Partner of the Company.

Jean-Dominique Senard's term as Chief Executive Officer expires at the close of the 2019 Annual Shareholders Meeting and he has recently announced that he does not want to stand for re-election.

To plan his replacement in line with corporate governance best practices and in the Group's best interests, the Non-Managing General Partner,

Tenth resolution **(Re-election of Cyrille Poughon 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 Cyrille Poughon 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, 2021.

Eleventh resolution **(Election of Thierry Le Hénaff as a member of the Supervisory Board)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting elects Thierry Le Hénaff 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, 2021.

SAGES, engaged in a rigorous, thorough selection process several months ago in full cooperation with Michelin's Supervisory Board and Jean-Dominique Senard, General Managing Partner, himself.

As part of this process, and in accordance with the Company's Bylaws, the Board of Directors of SAGES made a recommendation that was presented by its Chairman, Jacques de Chateaufieux, to the Company's Supervisory Board meeting on February 9, 2018.

The Supervisory Board issued a unanimous opinion in favor of SAGES' recommendation. The General Partners subsequently held a meeting during which this recommendation was approved by Jean-Dominique Senard.

All participants in the Company's governance system agreed that management continuity should be secured immediately, in line with Michelin's values. As a result, the decision was made to submit the following resolutions to the shareholders at the upcoming Annual Meeting:

- ▶ An extraordinary resolution to elect Florent Menegaux as General Managing Partner (thirteenth resolution)⁽¹⁾.
- ▶ An ordinary resolution to elect Yves Chapot as Managing Partner (twelfth resolution).

Yves Chapot, who was born in 1962 and is a French national, is currently Executive Vice President, Automotive Business Lines and Asia, Africa, India & Middle East regions, and a member of the Group Executive Committee.

Yves Chapot holds a degree as a certified public accountant.

After an initial work experience at the Arthur Andersen consulting and audit firm, Yves Chapot joined the Michelin Group in 1992, assuming various management responsibilities within the internal audit team.

In 1997, he was appointed Chief Executive Officer for Taurus in Hungary. In 1999, he became Chief Financial Officer for Europe.

From 2005 to 2012, he was responsible for Michelin China. From 2007 to 2009, he was also in charge of the Passenger car and Light truck tire business for Asia.

In 2012, he was named head of Euromaster, before becoming Executive Vice President, Distribution in December 2014.

In March 2017, he was appointed Executive Vice President for the Passenger car and Light truck Product Line.

Starting January 2018, Yves Chapot is Executive Vice President, Automotive Business Lines. He oversees the Automotive B2C Global Brands, Automotive B2C Regional Brands, Automotive Original Equipment Business Lines, and the following three regions: Africa, India & Middle East, East Asia & Australia, and China.

If the twelfth and thirteenth resolutions are adopted and in accordance with the Company's Bylaws, SAGES will act on the Supervisory Board's recommendation and appoint Jean-Dominique Senard as Chief Executive Officer for the remainder of his term, to be succeeded by Florent Menegaux at the close of the 2019 Annual Shareholders Meeting⁽²⁾.

Twelfth resolution (Election of Yves Chapot as Managing Partner)

On the recommendation of the Non-Managing General Partner, having considered the report of the Chief Executive Officer and the favorable opinion expressed by the Supervisory Board, and noted the agreement of both of the General Partners, the Ordinary General Meeting elects Yves Chapot as Managing Partner 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, 2021.

(1) Biographical details for Florent Menegaux are provided in the presentation of the thirteenth resolution.

(2) See the press release published on February 9, 2018.

EXTRAORDINARY RESOLUTIONS (13TH TO 25TH RESOLUTIONS)

13th resolution

/ Election of Florent Menegaux as General Managing Partner and corresponding amendment of the Bylaws

The purpose of the thirteenth resolution is to elect Florent Menegaux as General Managing Partner and to amend the Bylaws to reflect his election, in application of the succession plan described in the presentation of the twelfth resolution above.

Florent Menegaux, who was born in 1962 and is a French national, is currently Group Senior Executive Vice President and Chief Operating Officer, and a member of the Group Executive Committee.

After graduating with a degree in finance, management and economics, Florent Menegaux joined Price Waterhouse in 1986 as a consultant. He was soon appointed manager, specializing in interest rate risk control and management for banks.

In 1991, Exel Logistics France, a logistics and transport company, offered him the position of Finance Director. Six months later, he was promoted Chief Executive Officer. From 1995 to 1996, Florent Menegaux was Chief Executive Officer of the General Cargo Transport division for the Norbert Dentressangle group.

In 1997, Florent Menegaux joined Michelin as Commercial Director for Truck tires in the United Kingdom and the Republic of Ireland.

In 2000, Michelin appointed him Sales Director for Truck tires Original Equipment and Replacement markets for North America. In 2003, he became head of Truck tires for South America.

In 2005, he was appointed head of the Africa – Middle East region.

In January 2006, Florent Menegaux became responsible for the Group's Passenger car and Light truck tire Replacement Business Unit for Europe, before being appointed Executive Vice President for the Passenger car and Light truck worldwide activities in 2008. He also oversees Michelin's Motorsports activities and Materials business.

In December 2014, he was appointed Chief Operating Officer and then Senior Executive Vice President of the Michelin Group in 2017.

Since January 2018, he also oversees the Group's Business Departments, and the Manufacturing, Supply Chain and Customer Experience Operational Departments.

If the twelfth and thirteenth resolutions are adopted and in accordance with the Company's Bylaws, SAGES will act on the Supervisory Board's recommendation and appoint Jean-Dominique Senard as Chief Executive Officer for the remainder of his term, to be succeeded by Florent Menegaux at the close of the 2019 Annual Shareholders Meeting⁽¹⁾.

Thirteenth resolution (Election of Florent Menegaux as General Managing Partner)

- ▶ On the recommendation of the Non-Managing General Partner, having considered the report of the Chief Executive Officer and the favorable opinion expressed by the Supervisory Board, and noted the agreement of both of the General Partners, the Extraordinary General Meeting resolves:
- ▶ To elect Florent Menegaux as General Managing Partner of the Company for a four-year term expiring at the close of the Shareholders Meeting to be called to approve the 2021 financial statements.

- To amend the second paragraph of Article 1 of the Bylaws to read as follows:

Old wording:

"Jean-Dominique Senard, Managing Partner"

New wording:

"Jean-Dominique Senard and Florent Menegaux, Managing Partners"

14th resolution

/ Authorization for the Managing Partners to issue shares and/or securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders

In the fourteenth resolution, shareholders are asked to authorize the Managing Partners to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders. Note that the authorization could not be used during a public offer period.

The aggregate par value of shares issued under this authorization would not exceed €126,000,000 (one hundred and twenty-six million euros), representing close to 35% of the Company's current share capital, and the aggregate nominal value of debt securities issued with immediate or deferred rights to shares would be capped at €2,500,000,000 (two billion five hundred million euros).

This new authorization renews the authorization given at the Annual Shareholders Meeting of May 13, 2016 (sixteenth resolution), which has not been used.

The blanket ceiling on issues, with or without pre-emptive subscription rights, of securities with rights to shares is set in the twenty-first resolution.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.1, *"Authorizations to carry out capital increases with pre-emptive subscription rights for existing shareholders"*, on page 41 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"* available (in French only) on the MEDEF's website at www.medef.com/.

Fourteenth resolution

(Authorization for the Managing Partners or any one of them to issue shares and/or securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders)

Having considered the Chief Executive Officer's report, 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, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code – notably Article L. 225-129-2 and Articles L. 228-91 *et seq.*:

- To authorize the Managing Partners or any one of them to carry out one or several issues of shares and/or securities carrying immediate and/or deferred rights to the Company's new or existing shares, except while a public tender offer is in progress. The issue(s) may be carried out in France or abroad and may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies.

► That:

- The aggregate par value of the shares issued under this authorization either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares shall not exceed €126,000,000 (one hundred and twenty-six million euros), representing close to 35% of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order

to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares.

- The securities carrying rights to shares issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares.
- The aggregate nominal amount of debt securities carrying rights to shares issued under this authorization shall not exceed €2,500,000,000 (two billion five hundred million euros) or the equivalent at the issue date in a foreign currency or a monetary unit determined by reference to a basket of currencies.
- Shareholders shall have a pre-emptive right to subscribe the shares and/or debt securities issued under this authorization, pro rata to their existing shareholdings. The Managing Partners or any one of them may also give shareholders a pre-emptive right to subscribe any shares and/or debt securities not taken up by other shareholders. In this case, if the issue is oversubscribed, this secondary pre-emptive right will also be exercisable pro rata to the existing shareholdings of the shareholders concerned.
- If the entire issue is not taken up by shareholders exercising their pre-emptive rights, the Managing Partners or any one of them may take one or more of the following courses of action, in the order of their choice: (i) limit

the amount of the issue to the subscriptions received, provided that at least three-quarters of the issue is taken up; (ii) freely allocate all or some of the unsubscribed securities among the investors of its choice; or (iii) offer them for subscription by the public in the French market and/or a foreign market and/or the international market.

- Equity warrants may be offered for subscription on the above basis or allocated among holders of existing shares without consideration, in which case the Managing Partners or any one of them shall be authorized to decide that rights to fractions of shares shall be non-transferable and non-tradable and that the corresponding shares shall be sold.
- The Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s), timing, price(s) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against

the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

15th resolution

/ Authorization for the Managing Partners to issue shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights for existing shareholders

The fifteenth resolution concerns the issuance of ordinary shares and/or securities carrying rights to shares without pre-emptive subscription rights for existing shareholders. Note that the authorization could also not be used during a public offer period.

The issue price of the new shares would be at least equal to the average of the opening prices quoted for the Company's shares over the three trading days preceding the pricing date, less a discount of no more than 5%.

The aggregate par value of shares issued under this authorization would not exceed €36,000,000 (thirty-six million euros) or close to 10% of the current share capital, and the aggregate nominal value of securities carrying immediate or deferred rights to shares would be capped at €2,500,000,000 (two billion five hundred million euros).

This authorization renews the authorization given at the Annual Shareholders Meeting of May 13, 2016 (eighteenth resolution), which has not been used.

The cap on issues of debt securities with immediate or deferred rights to shares placed through a public offer without pre-emptive subscription rights has been aligned with the blanket ceiling on the issuance of debt securities carrying rights to shares set in the twenty-first resolution.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.2, *"Authorizations to carry out capital increases without pre-emptive subscription rights for existing shareholders"*, on page 45 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Fifteenth resolution (Authorization for the Managing Partners or any one of them to issue shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights for existing shareholders)

Having considered the Chief Executive Officer's report, 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, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code – notably Articles L. 225-135, L. 225-136 and L. 228-91 *et seq.*:

- To authorize the Managing Partners or any one of them to carry out, except while a public tender offer is in progress, one or several issues of shares and/or securities carrying immediate and/or deferred rights to the Company's new or existing shares, through a public offer. The issue(s) may be carried out in France or abroad and may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies.

► That:

- The aggregate par value of the shares issued under this authorization either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares shall not exceed €36,000,000 (thirty-six million euros), representing close to 10% of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares.
- The securities carrying rights to shares issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares.
- The aggregate nominal amount of debt securities with rights to shares issued under this authorization shall not exceed €2,500,000,000 (two billion five hundred million euros) or the equivalent at the issue date in a foreign currency or a monetary unit determined by reference to a basket of currencies.
- Shareholders shall not have a pre-emptive right to subscribe the securities issued under this authorization.
- (i) The issue price of the shares shall be at least equal to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the issue pricing date, less a discount of no more than 5% (five percent), and (ii) the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the issue date plus the amount to be received on conversion, exchange, redemption or exercise of securities carrying rights to shares shall be, for each share issued, at least equal to the issue price defined in point (i) above.
- The Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s) (within the above limits), timing, price(s) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

16th resolution

/ Authorization for the Managing Partners to issue shares and/or securities carrying rights to shares through an offer governed by paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders

The purpose of the sixteenth resolution is to submit to a separate vote by shareholders a proposed authorization for the Managing Partners or any one of them to issue shares and/or securities carrying rights to shares through private placements. This authorization could not be used during a public offer period.

This authorization would give the Company the necessary flexibility to rapidly raise funds from qualified investors.

The securities would be placed exclusively with the categories of investors specified in Article L. 411-2-II of the French Monetary and Financial Code (*Code monétaire et financier*), i.e. (i) professional investment portfolio managers and (ii) qualified investors or restricted groups of investors, provided that they are investing on their own behalf.

Any share issues carried out under this authorization would be included in the ceiling for issues without pre-emptive subscription rights for existing shareholders set in the fifteenth resolution.

This authorization renews the authorization given at the Annual Shareholders Meeting of May 13, 2016 (eighteenth resolution), which has not been used.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.3, “Authorizations to carry out capital increases through private placements”, on page 47 of the MEDEF Guide “Proposed resolutions submitted to the vote of shareholders of listed companies”, available (in French only) on the MEDEF’s website at www.medef.com/.

Sixteenth resolution

(Authorization for the Managing Partners or any one of them to issue shares and/or securities carrying rights to shares through an offer governed by paragraph II of Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights for existing shareholders)

Having considered the Chief Executive Officer’s report, 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, in accordance with Articles L. 225-129 *et seq.* of the French Commercial Code – notably Articles L. 225-135, L. 225-136 and L. 228-91 *et seq.* – and paragraph II of Article L. 411-2 of the French Monetary and Financial Code:

- ▶ To authorize the Managing Partners or any one of them to carry out one or several issues of shares and/or securities carrying immediate and/or deferred rights to the Company’s new or existing shares through an offer governed by paragraph II of Article L. 411-2 of the French Monetary and Financial Code, except while a public tender offer is in progress. The issue(s) may be carried out in France or abroad and may be denominated in euros, foreign currencies or any monetary unit determined by reference to a basket of currencies.
- ▶ That:
 - The aggregate par value of the shares issued under this authorization either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares shall not exceed €36,000,000 (thirty-six million euros), representing close to 10% of the Company’s current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations, or contractual provisions in order to protect

the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares.

- The securities carrying rights to shares issued under this authorization may notably consist of equity securities and/or debt securities or equity- or debt-linked securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, this authorization may not be used to issue preference shares or securities with immediate or deferred rights to preference shares.
- The aggregate nominal amount of debt securities issued under this authorization shall not exceed €2,500,000,000 (two billion five hundred million euros) or the equivalent at the issue date in a foreign currency or a monetary unit determined by reference to a basket of currencies.
- Issues of shares and debt securities carried out under this authorization shall be included in the ceilings for such issues set in the fifteenth resolution of this Meeting.
- Shareholders shall not have a pre-emptive right to subscribe the securities issued under this authorization.
- (i) The issue price of the shares shall be at least equal to the weighted average of the prices quoted for the Company's shares on Euronext Paris over the three trading days preceding the issue pricing date, less a discount of no more than 5% (five percent), and (ii) the issue price of securities carrying rights to shares shall be set in such a way that the amount received by the Company at the

issue date plus the amount to be received on conversion, exchange, redemption or exercise of securities carrying rights to shares shall be, for each share issued, at least equal to the issue price defined in point (i) above.

- The Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount(s) (within the above limits), timing, price(s) and other terms and conditions of the issue(s), which may be carried out on one or more occasions in France and/or abroad and/or in the international market, (ii) suspend any issue(s) where appropriate, (iii) determine the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on the markets of their choice, (v) place on record the amount of the capital increase(s) resulting from the share issues, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, enter into any and all agreements for the purpose of completing the issue(s), and (vii) charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each issue.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

17th resolution

/ Authorization for the Managing Partners to increase the number of securities to be issued in the event that an issue (with or without pre-emptive subscription rights) is oversubscribed

The purpose of the seventeenth resolution is to authorize the Managing Partners or any one of them to increase the number of securities to be issued in the event that an issue carried out under the fourteenth, fifteenth or sixteenth resolutions is oversubscribed. It could not be used during a public offer period.

The additional securities would not exceed 15% of the original issue and would be offered at the same price as for the original issue. They would be included in the ceilings set in the resolution concerned.

This authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (nineteenth resolution), which has not been used.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.6, *“Authorizations to increase the amount of an issue carried out either with or without pre-emptive subscription rights in the event that the issue is oversubscribed (greenshoe option)”*, on page 53 of the MEDEF Guide *“Proposed resolutions submitted to the vote of shareholders of listed companies”*, available (in French only) on the MEDEF’s website at www.medef.com/.

Seventeenth resolution

(Authorization for the Managing Partners or any one of them to increase the number of securities to be issued in the event that an issue (with or without pre-emptive subscription rights) is oversubscribed)

Having considered the Chief Executive Officer’s report, 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, in accordance with Article L. 225-135-1 of the French Commercial Code:

- To authorize the Managing Partners or any one of them to increase the number of shares and/or other securities carrying rights to shares issued with or without pre-emptive subscription rights under the fourteenth, fifteenth and sixteenth resolutions. Any such additional shares and/or other securities (i) shall be issued within 30 days of the end of the subscription period for the original issue, (ii) shall not represent more than 15% (fifteen percent) of the original issue, (iii) shall be offered at the same price as for the original issue, and (iv) shall be included in the respective ceilings set in the fourteenth, fifteenth and sixteenth resolutions.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

18th resolution

/ **Authorization for the Managing Partners to increase the Company's capital by capitalizing reserves, income or additional paid-in capital**

The purpose of the eighteenth resolution is to seek an authorization to increase the Company's capital by up to €80,000,000 (eighty million euros) by capitalizing reserves, income or additional paid-in capital. Note that the authorization could not be used during a public offer period.

This authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (twentieth resolution), which has not been used.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.7, *"Authorizations to increase capital by capitalizing reserves"*, on page 55 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Eighteenth resolution (Authorization for the Managing Partners or any one of them to increase the Company's capital by capitalizing reserves, income or additional paid-in capital)

Having considered the reports of the Chief Executive Officer and the Supervisory Board, and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves, in accordance with Articles L. 225-129 and L. 225-130 of the French Commercial Code:

- ▶ To authorize the Managing Partners or any one of them to increase the Company's capital, on one or more occasions except during a public

offer period, by a maximum of €80,000,000 (eighty million euros) by issuing bonus shares and/or raising the par value of existing shares, to be paid up by capitalizing reserves, income or additional paid-in capital. This amount shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations and contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares.

- ▶ That if new shares are issued, the Managing Partners or any one of them shall be authorized to decide that rights to fractions of shares shall be non-transferable and non-tradable and that the corresponding shares shall be sold in accordance with Article L. 225-130 of the French Commercial Code. In such a case, the sale proceeds shall be allocated among the rights holders within 30 days of the date when the whole number of shares allotted to them is recorded in their securities account.
- ▶ That the Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) determine the timing and terms and conditions of the capital increase(s), (ii) determine the subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up shares, (iii) apply for the listing of the new shares on any market chosen by them, (iv) place on record the amount of the capital increase(s) resulting from the issue of shares, (v) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital

increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each capital increase.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

19th resolution

/ Authorization for the Managing Partners to increase the Company's capital by issuing ordinary shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets

The nineteenth resolution concerns issues of shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets.

The aggregate par value of the new shares would be included in the ceiling set in the fifteenth resolution. Shares issued in payment of contributed assets would also be limited to the equivalent of 10% of the Company's capital.

This authorization would replace the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (twenty-first resolution), which has not been used.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.5, *"Authorizations to increase capital in payment for contributed assets"*, on page 51 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Nineteenth resolution (Authorization for the Managing Partners or any one of them to increase the Company's capital by issuing ordinary shares, without pre-emptive subscription rights for existing shareholders, in connection with a stock-for-stock offer or in payment of contributed assets)

Having considered the reports of the Chief Executive Officer and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

- ▶ To authorize the Managing Partners or any one of them to issue ordinary shares, except during a public offer period:
 - In connection with a stock-for-stock offer carried out in accordance with Article L. 225-148 of the French Commercial Code, or
 - As payment for shares or securities carrying rights to shares of another company contributed to the Company in transactions not governed by Article L. 225-148 of the French Commercial Code, in which case the number of shares issued shall be based on the report of the Expert Appraiser of Capital Contributions (*Commissaire aux apports*) and shall not exceed 10% (ten percent) of the Company's capital.

The aggregate par value of shares issued under this authorization shall be included in the ceiling specified in the fifteenth resolution of this Meeting.

- That the Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) determine the timing and terms and conditions of the capital increase(s), (ii) determine the subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up shares, (iii) approve the value attributed to the acquired stock, (iv) apply for the listing of the new shares on any market chosen by them, (v) place on record the amount of the capital increase(s) resulting

from the issue of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each capital increase.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

20th resolution

/ Authorization for the Managing Partners to carry out a rights issue for members of a Group Employee Shareholder Plan and/or restricted share issues, without pre-emptive subscription rights for existing shareholders

The twentieth resolution concerns rights issues for employees who are members of a Group Employee Shareholder Plan. The issues would be limited to an aggregate par value of €7,000,000 (seven million euros), or less than 2% of the Company's current share capital.

This authorization would replace, with the same ceiling, the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (twenty-second resolution), which has not been used.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 6.3, *"Authorizations to carry out employee rights issues"*, on page 67 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Twentieth resolution

(Authorization for the Managing Partners or any one of them to carry out a rights issue for members of a Group Employee Shareholder Plan and/or restricted share issues, without pre-emptive subscription rights for existing shareholders)

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 Managing Partners or any one of them, pursuant to Articles L. 3332-1 *et seq.* of the French Labor Code (*Code du travail*) and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code, to carry out one or more rights issues for members of an Employee Shareholder Plan of the Company or of French or foreign related companies within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code.

► That:

- Existing shareholders shall waive their pre-emptive right to subscribe any shares to be issued under this authorization.
- The aggregate par value of shares issued under this authorization shall not exceed €7,000,000 (seven million euros), representing less than 2% of the Company's current share capital. This ceiling shall not include the par value of any additional shares to be issued in accordance with the applicable laws, regulations or contractual provisions in order to protect the rights of existing holders of securities carrying rights to shares or of other rights to the Company's shares.
- The issue price of the shares offered under this authorization shall be set by the Managing Partners or any one of them in accordance with Article L. 3332-19 of the French Labor Code and shall not reflect a discount of more than 20% (twenty percent) on the average of the opening prices quoted for the Company's shares on Euronext Paris over the 20 trading days preceding the date on which the opening date of the subscription period is decided. The Managing Partners or any one of them may reduce or cancel this discount if appropriate, in order to take into account, inter alia, locally applicable tax, labor law or accounting restrictions.
- Employees may be given free shares in place of the discount, in accordance with Article L. 3332-21 of the French Labor Code.
- The Managing Partners or any one of them may also decide that employer matching payments will be made in the form of free

shares or securities with rights to shares instead of cash, subject to the limits set out in Article L. 3332-21 of the French Labor Code.

- The Managing Partners or any one of them shall have full powers – which may be delegated in accordance with the applicable laws and regulations – to use this authorization, including to (i) set the characteristics, amount, and terms and conditions of the issue(s), (ii) determine whether the shares will be purchased directly by employees or through a corporate mutual fund, (iii) set the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up the shares, (iv) apply for the listing of the new shares on any markets chosen by them, (v) set any length-of-service conditions to be met by beneficiaries, (vi) place on record the amount of the capital increase(s) resulting from the rights issues, (vii) carry out – directly or through a representative – all operations and formalities related to the capital increase(s) and, at their discretion, charge the costs of the capital increase(s) against the related premiums and deduct from the premiums the amounts necessary to increase the legal reserve to 10% of the new capital after each issue.

In accordance with the applicable legal provisions, the authorization provided for in this resolution shall also cover sales of shares to members of a Group Employee Shareholder Plan.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

21st resolution

/ Blanket ceilings on issues of shares and securities and debt securities carrying rights to shares

The purpose of the twenty-first resolution is to set a blanket ceiling of €126,000,000 (one hundred twenty-six million euros) – or the equivalent of close to 35% of the Company's current capital – on share issues carried out under the fourteenth, fifteenth, sixteenth, seventeenth and nineteenth resolutions. This authorization would replicate the authorization granted for the same purpose at the Annual Shareholders Meeting of May 13, 2016 (twenty-third resolution), which has not been used.

It also raises to €2,500,000,000 (two billion five hundred million euros) the blanket ceiling on issues of debt securities carrying immediate or deferred rights to shares carried out under the fourteenth, fifteenth, sixteenth and seventeenth resolutions. An explanation of the ceilings set by shareholders for authorizations relating to corporate actions is provided in the Introductory Information Sheet, *"Authorizations granted by shareholders for the Board of Directors to carry out capital increases"*, on page 38 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Twenty-first resolution

(Blanket ceilings on issues of shares and securities and debt securities carrying rights to shares)

Having considered the reports of the Chief Executive Officer and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

► That:

- The aggregate par value of shares issued under the fourteenth, fifteenth, sixteenth, seventeenth and nineteenth resolutions, either immediately or on conversion, exchange, redemption or exercise of securities carrying rights to shares, shall not exceed €126,000,000 (one hundred and twenty-six million euros), representing close to 35% of the Company's capital as of the date of this Meeting. This ceiling shall not include either (i) the par value of any shares to be issued to protect the interests of holders of securities carrying rights to shares or of other rights to the Company's shares in accordance with the law, or (ii) any other adjustments made pursuant to any applicable contractual provisions.
- The aggregate nominal amount of debt securities carrying immediate or deferred rights to shares, issued under the fourteenth, fifteenth, sixteenth and seventeenth resolutions shall not exceed €2,500,000,000 (two billion five hundred million euros) or the equivalent in a foreign currency or a monetary unit determined by reference to a basket of currencies.

This authorization shall be valid for a period of 26 months from the date of this Meeting. It supersedes any authorization previously granted for the same purpose.

22nd resolution

/ Authorization for the Managing Partners to reduce the Company's capital by canceling shares

In the twenty-second resolution, shareholders are invited to authorize the Managing Partners or any one of them 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 19, 2017 (tenth resolution).

Just over 893,000 (eight hundred ninety-three thousand) shares acquired under buyback programs were canceled in 2017 (for more details, refer to section 5.5.7 of the 2017 Registration Document).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.9, *"Authorizations to carry out capital reductions"*, on page 59 of the MEDEF Guide *"Proposed resolutions submitted to the vote of shareholders of listed companies"*, available (in French only) on the MEDEF's website at www.medef.com/.

Twenty-second resolution (Authorization for the Managing Partners or any one of them 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 Managing Partners or any one of them to:
 - Cancel, at their 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 Company's capital.
 - Charge the difference between the cost of the canceled shares and their par value against any available premium or reserve account.
- To grant the Managing Partners, or any one of them, 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.

23rd resolution

/ Change of the address of the Company's head office and corresponding amendment of the Bylaws

The purpose of the twenty-third resolution is to transfer the Company's head office from 12, cours Sablon, Clermont-Ferrand (63000), France, to 23, place des Carmes-Déchaux, Clermont-Ferrand (63000), France, with effect from July 1, 2018, as part of the plan to improve the organization of its various departments, and to amend Article 5 of the Bylaws accordingly.

Twenty-third resolution (Change of the address of the Company's head office and corresponding amendment of the Bylaws)

Having considered the reports of the Chief Executive Officer and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

- To change the address of the Company's head office with effect from July 1, 2018 and amend Article 5 of the Bylaws as follows:

Old wording:

The Company's head office is located at 12, cours Sablon, Clermont-Ferrand, in the Puy-de-Dôme region of France.

New wording:

The Company's head office is located at 23, place des Carmes-Déchaux, Clermont-Ferrand, in the Puy-de-Dôme region of France.

24th resolution

/ Alignment of the Bylaws with new provisions of French company law

The purpose of the twenty-fourth resolution is to align Article 19 of the Bylaws concerning agreements subject to the Supervisory Board's authorization with Articles L. 225-38 and L. 225-39 of the French Commercial Code (referred to in Article L. 226-10 of the Code), as modified by Government order 2014-863 dated July 31, 2014, in order to avoid any difference that would make Article 19 of the Bylaws incompatible with these legal provisions.

Twenty-fourth resolution (Amendment of the Bylaws – Alignment with French company law)

Having considered the reports of the Chief Executive Officer and the Supervisory Board and having noted the approval of both of the General Partners, the Extraordinary Shareholders Meeting resolves:

- To amend Article 19 of the Bylaws as follows (the changes are presented in bold and italics):

Old wording:	New wording:
<i>Any agreement entered into directly or through a third party between the Company and one of its Managing Partners, any of the members of the Supervisory Board, a shareholder that holds more than 10% of the voting rights or, in the case of a corporate shareholder, the company which controls that shareholder within the meaning of Article L. 233-3 of the French Commercial Code must be authorized in advance by the Supervisory Board. The same shall apply to any agreement in which any of these individuals or entities has a direct interest.</i>	<i>Any agreement entered into directly or through a third party between the Company and one of its Managing Partners, any of the members of the Supervisory Board, a shareholder that holds more than 10% of the voting rights or, in the case of a corporate shareholder, the company which controls that shareholder within the meaning of Article L. 233-3 of the French Commercial Code must be authorized in advance by the Supervisory Board. The Supervisory Board shall give the reasons for its authorization, in terms of the agreement's benefits for the Company, and shall describe the agreement's financial terms. The same shall apply to any agreement in which any of these individuals or entities has a direct interest.</i>
<i>The same shall also apply to any agreement between the Company and another enterprise, if one of the Managing Partners or any member of the Supervisory Board of the Company is the owner, a General Partner, a Director, the Chief Executive Officer, a member of the Managing Board or a member of the Supervisory Board of that enterprise.</i>	<i>The same shall also apply to any agreement between the Company and another enterprise, if one of the Managing Partners or any member of the Supervisory Board of the Company is the owner, a General Partner, a Director, the Chief Executive Officer, a member of the Managing Board or a member of the Supervisory Board of that enterprise.</i>
<i>The above provisions shall not apply to agreements concerning arm's length transactions carried out in the normal course of business.</i>	<i>The above provisions shall not apply to agreements concerning arm's length transactions carried out in the normal course of business or to agreements entered into with a company that is wholly owned by the Company directly or indirectly.</i>
<i>The person concerned shall notify the Supervisory Board as soon as he or she becomes aware of an agreement requiring prior authorization. He or she shall not take part in the vote on the proposed authorization.</i>	<i>The person concerned shall notify the Supervisory Board as soon as he or she becomes aware of an agreement requiring prior authorization. He or she shall not take part in the vote on the proposed authorization.</i>
<i>These agreements shall be authorized on the basis provided for by law.</i>	<i>These agreements shall be authorized on the basis provided for by law.</i>

25th resolution

/ Powers to carry out formalities

The purpose of the twenty-fifth resolution is to give powers to carry out the formalities related to the Shareholders Meeting.

Twenty-fifth 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)
Issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights (14 th resolution)	shares: €126 million (close to 35% of current capital) debt securities: €2.5 billion	26 months (July 2020)
Issuance of shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights (15 th resolution)	shares: €36 million (close to 10% of current capital) debt securities: €2.5 billion	26 months (July 2020)
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code, without pre-emptive subscription rights (16 th resolution)	shares: €36 million (close to 10% of current capital) ⁽¹⁾ debt securities: €2.5 billion ⁽¹⁾	26 months (July 2020)
Increase in the number of securities to be issued under issues with or without pre-emptive subscription rights (17 th resolution)	15%, subject to the ceilings applicable for the issues concerned	26 months (July 2020)
Issuance of new shares paid up by capitalizing reserves, income or additional paid-in capital (18 th resolution)	€80 million	26 months (July 2020)
Issuance of shares for a stock-for-stock offer or in payment for contributed assets (19 th resolution)	€36 million (less than 10% of current capital) ⁽¹⁾	26 months (July 2020)
Employee rights issue (20 th resolution)	€7 million (less than 2% of current capital)	26 months (July 2020)
Blanket ceilings on all the authorizations to issue shares and debt securities carrying rights to shares (except for share issues carried out under the eighteenth and twentieth resolutions) (21 st resolution)	shares: €126 million (close to 35% of current capital) debt securities: €2.5 billion	26 months (July 2020)
Capital reduction by canceling shares (22 nd resolution)	10% of the current capital	18 months (November 2019)
Share buyback program (5 th resolution)	17.95 million shares at a maximum price of €180 per share	18 months (November 2019)

(1) Included in the ceiling set in the fifteenth resolution (issuance through a public offer without pre-emptive subscription rights).

Other issues	Applicable ceilings (nominal amount)	Duration (expiration date)
Issuance of bonds and debt-linked securities (8 th resolution)	€5 billion	26 months (July 2020)

GOVERNANCE: THE SUPERVISORY BOARD

PRESENTATION OF THE SUPERVISORY BOARD



1. Michel ROLLIER

French Nationality
Chairman of the Supervisory Board
Member of the Compensation and Appointment Committee
Non-independent, non-executive member

2. Olivier BAZIL

French Nationality
Chairman of the Audit Committee
Independent Member

3. Pat COX

Irish Nationality
Member of the Compensation and Appointment Committee
Non-independent, non-executive member

4. Barbara DALIBARD

French Nationality
Chairman of the Compensation and Appointment Committee
Lead Independent Member of the Supervisory Board
Independent Member

5. Jean-Pierre DUPRIEU

French Nationality
Member of the Audit Committee
Independent Member

6. Aruna JAYANTHI

Indian Nationality
Independent Member

7. Anne-Sophie de LA BIGNE

French Nationality
Member of the Audit Committee
Member of the Compensation and Appointment Committee
Independent Member

8. Monique F. LEROUX

Canadian Nationality
Member of the Audit Committee
Independent Member

9. Cyrille POUGHON

French Nationality
Non-independent, non-executive member

For more information on each Supervisory Board member's experience, please refer to pages 80 and 81 of the Registration Document.

**THE SUPERVISORY BOARD
IS COMPOSED OF 9 MEMBERS**

45 % OF WOMEN

**34 % OF FOREIGNERS
FROM DIFFERENT CONTINENTS**

**67 % OF INDEPENDENT
DIRECTORS**

The activities of the Supervisory Board and its Committees

The Supervisory Board met seven times in 2017. 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 2017.

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 four members, two of whom are independent. It met three times in 2016 with an attendance rate of 100%.

Detailed information on this work can be found in the summary of the Board's activities during 2017, included in the Corporate Governance Report (from page 104 of the 2017 Registration Document).



REPORT OF THE SUPERVISORY BOARD



ELECTION/RE-ELECTION OF SUPERVISORY BOARD MEMBERS (9TH, 10TH AND 11TH RESOLUTIONS)

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 (nearly 67% of whom are independent) who represent the shareholders.

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.

Neither of the two General Partners is involved in decisions to recommend candidates for election to the Supervisory Board at Shareholders Meetings.

In addition, French law and the Company's Bylaws prohibit the General Partners from taking part in the vote at Shareholders Meetings to elect members of the Supervisory Board and their shares are not included in the quorum for the related resolutions.

The terms of office of Pat Cox, Monique Leroux and Cyrille Poughon are due to expire at the close of the Annual Shareholders Meeting called to approve the financial statements for the year ended December 31, 2017.

Monique Leroux and Cyrille Poughon have informed the other Supervisory Board members that they wish to stand for re-election, which is the purpose of the ninth and tenth resolution.

In accordance with best governance practices and with the agreement of the other Supervisory Board members, Pat Cox has decided not to stand for re-election to the Supervisory Board.

The Supervisory Board unanimously thanks Pat Cox for his exceptional contribution to the Board's work during his 12 years of membership and as a member of the Compensation and Appointments Committee.

The Compensation and Appointments Committee has decided to recommend Thierry Le Hénaff as new member of the Supervisory Board, which is the purpose of the eleventh resolution.

/ Monique Leroux

Fiera Capital – 1501 McGill College
– Montreal (Quebec) – H3A 3M8
– Canada



Monique Leroux was born in 1954 and is a Canadian national. She is currently Chair of the Board of Invest Quebec and Chair of the Quebec Government's Advisory Committee on the Economy and Innovation. From 2008 to 2016, she was Chair of the Board, President and Chief Executive Officer of Mouvement Desjardins, Canada's largest cooperative financial group. She has been a member of the Board of Directors of the International Cooperative Alliance since 2013, serving as its President from 2015 to 2017. In 2017, she was appointed by Canada's Prime Minister as a member of the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders. She is also Chair of the Board of Governors of the Society for the Celebration of Montreal's 375th Anniversary. She sits on the Board of Directors of Bell (BCE), Couche-Tard (ATD), Michelin (ML-France) and S&P Global (United States), and is a Strategic Advisor to Fiera Capital.

Monique Leroux is a member of the Order of Canada, an Officer of the *Ordre national du Québec* and a *Chevalier de la Légion d'honneur* (France), and has been awarded honorary doctorates by eight Canadian universities.

Monique Leroux owned 1,000 Michelin shares as of December 31, 2017.

She was appointed to Michelin's Supervisory Board on October 1, 2015 to replace Laurence Parisot following the latter's resignation. Her appointment was ratified by the Annual Shareholders Meeting of May 13, 2016 (in the ninth resolution, by a majority of 99.86% of the votes cast). She has been a member of the Audit Committee since 2017. At its last review, the Supervisory Board considered that Monique Leroux is an independent member⁽¹⁾ because:

- ▶ She does not have any close family ties with either the Chief Executive Officer or any member of the Supervisory Board.
- ▶ She is not currently and never has been an employee of Michelin or any of its subsidiaries.
- ▶ She has not been a member of the Supervisory Board for more than 12 years.
- ▶ She is not a corporate officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which a corporate officer of Michelin has a seat on the Board.
- ▶ She has not been an auditor of Michelin in any of the past five years.
- ▶ She is not a shareholder or a corporate officer of SAGES, which is one of Michelin's General Partners.

- ▶ She is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

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

- ▶ The pros and cons of re-electing her.
- ▶ Her excellent understanding of the challenges facing the Group.
- ▶ The skills and experience she brings to the Board.
- ▶ Her experience in the areas of accounting, finance and internal control.
- ▶ Her availability, attendance rate and engagement at meetings of the Supervisory Board and the Audit Committee. In 2017, her attendance rate at Board and Committee meetings was 100%.
- ▶ The fact that she is an independent member of the Board and has no conflicts of interest.
- ▶ Her contribution to the complementary nature of the Board's membership.

In particular, the Board considers that Ms. Leroux will continue to give the Group the benefit of her experience in two areas:

The experience she acquired in one of the largest North American financial institutions, leading the bank's dynamic growth while making it as one of the strongest financial institution in the world.

Her participation in many international bodies, which gives her solid insight into the global markets.

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

⁽¹⁾ See the detailed review of Supervisory Board members' independence in the Corporate Governance Report (section 4.3.2 g) of the 2017 Registration Document).

/ Cyrille Poughon

Michelin – 23, place des Carmes-
Déchaux – 63040 Clermont-Ferrand
– France



Cyrille Poughon was born in 1975 and is a French national. He is currently Leader of the Head Office Security and Safety Program at Manufacture Française des Pneumatiques Michelin.

He began his career with the Michelin Group in 1996 and has held a variety of positions in sales and logistics.

He served as Secretary of Michelin's European Works Council until 2014.

In 2015, he followed the "Certified Corporate Director" training program organized by *Sciences-Po* and *Institut Français des Administrateurs*.

Cyrille Poughon owned 410 Michelin shares as of December 31, 2017.

Cyrille Poughon, who was elected to the Supervisory Board for the first time on May 16, 2014 (in the ninth resolution, by a majority of 99.49% of the votes cast), is an employee of Manufacture Française des Pneumatiques Michelin, one of the Group's largest operating companies and its largest French subsidiary. Despite his independent mindset and conspicuous participation in Supervisory Board meetings, the Board considered that Mr. Poughon could not be qualified as independent because of the implicit requirement for him, as a Michelin employee, to demonstrate loyalty to the Group⁽¹⁾. Cyrille Poughon is nevertheless a member of the Supervisory Board with the same powers as the other members.

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

- ▶ The pros and cons of re-electing him.
- ▶ The skills and experience he brings to the Board.

- ▶ His experience in the areas of accounting, finance and internal control.
- ▶ His availability, attendance rate and engagement at meetings of the Supervisory Board. In 2017, his attendance rate at Board meetings was 100%.
- ▶ His contribution to the complementary nature of the Board's membership.

The Board notably considered his international vision of labor relations and the Group, his understanding of the manufacturing sector and his deep familiarity with the Group's organization.

In addition, since 2015 he has been tasked with acting as a neutral observer of the Group's social dialogue processes in order to make an informed contribution to the Board's discussions on this issue. He has already visited some of the Group's largest plants worldwide and presented his observations to the Supervisory Board along with an overview of the challenges and opportunities. These presentations were greatly appreciated by the Supervisory Board members⁽²⁾.

In compliance with legal requirements, employees are also represented on the Supervisory Board of the Group's largest French subsidiary and one of its largest operating companies, Manufacture Française des Pneumatiques Michelin (MFPM), by a member designated by MFPM's Central Works Council.

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

(1) See the detailed review of Supervisory Board members' independence in the Corporate Governance Report (section 4.3.2 g) of the 2017 Registration Document.

(2) See the list of countries concerned in the previous year in the Corporate Governance Report (section 4.3.2 a) of the 2017 Registration Document.

/ Thierry Le Hénaff

Arkema – 420, rue d’Estienne-d’Orves,
92700 Colombes – France



To replace Pat Cox, who chose not to stand for re-election, the Supervisory Board asked the Compensation and Appointments Committee to define a candidate search strategy based on best practices. The Committee assigned the initial selection process to a leading independent recruitment firm which shortlisted a certain number of potential candidates.

After examining these candidates’ profiles in detail, the Committee decided to recommend Thierry Le Hénaff for election.

Thierry Le Hénaff was born in 1963 and is a French national. He is the Chairman and Chief Executive Officer of Arkema⁽¹⁾.

Thierry Le Hénaff holds engineering degrees from *École Polytechnique* and *École Nationale des Ponts et Chaussées*, and a Master’s degree in Industrial Management from Stanford University in the United States. He holds the titles of *Chevalier de l’Ordre national du mérite* and *Chevalier dans l’Ordre national de la Légion d’honneur*. He has been a member of the Board of Directors of *École Polytechnique’s* Foundation since 2016.

After starting his career with Peat Marwick Consultants, in 1992 he joined Bostik, Total’s Adhesives division, where he held a number of operational positions in France and worldwide.

In July 2001, he was appointed Chairman and Chief Executive Officer of Bostik Findley, the new entity resulting from the merger of Total’s and Elf Atochem’s Adhesives divisions.

In January 2003, he joined Atofina’s Executive Committee, and in 2004 he joined the Executive Committee of Total Chemicals.

In addition to serving on the Boards of Arkema Group subsidiaries, he has also been a director of Eramet.

Thierry Le Hénaff has been Chairman and Chief Executive Officer of Arkema since the Company was floated on the Paris stock exchange in 2006. The Compensation and Appointments Committee considers that he would contribute to the Supervisory Board:

- His managerial experience within a major international group.
- His proven ability to support the transformation of an industrial group, while making it a global leader in its main activities.
- Complementary skills and experience to those of other Board members.
- Sufficient availability and involvement in the work of the Board and its Committees.
- An absence of conflicts of interest with the Company.
- A desire to actively participate in the work of the Supervisory Board.

The Supervisory Board considers that Thierry Le Hénaff qualifies as an independent member 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 a corporate officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which a corporate 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.

(1) Listed company.

REPORT OF THE SUPERVISORY BOARD

Election/Re-election of Supervisory Board Members (9th, 10th and 11th Resolutions)

His election to the Board would increase the number of independent members to seven, representing a high 77% of the total.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided to recommend that Thierry Le Hénaff be elected for a four-year term.

Mr. Le Hénaff has agreed to stand for election to the Supervisory Board. He held 90 Michelin shares as of March 9, 2018. He has given a commitment to acquire the necessary number of shares to hold the 400 shares required under the Supervisory Board's internal rules within a few weeks of his election.

/ Expiration dates of Supervisory Board members' terms of office

After the Annual Shareholders Meeting, the expiration dates of the Supervisory Board members' terms of office will be effectively staggered, as follows:

	2019 AGM	2020 AGM	2021 AGM	2022 AGM
Olivier Bazil			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	
Thierry Le Hénaff				X
NUMBER OF EXPIRATIONS BY YEAR	2	2	2	3

ELECTION OF NEW MANAGING PARTNERS (12TH AND 13TH RESOLUTIONS)

Jean-Dominique Senard's term as Chief Executive Officer will expire at the close of the Annual Shareholders Meeting to be called in 2019 to approve the 2018 financial statements.

Mr. Senard has announced that he does not intend to stand for re-election.

The participants in the Company's governance system agreed that management continuity should be secured immediately, in line with Michelin's values.

To plan his replacement in line with corporate governance best practices and in the Group's best interests, the Non-Managing General Partner, SAGES, engaged in a rigorous, thorough selection process several months ago in full cooperation with Michelin's Supervisory Board and Jean-Dominique Senard, General Managing Partner, himself.

As part of this process, and in accordance with the Company's Bylaws, at the Company's Supervisory Board meeting on February 9, 2018, SAGES proposed that two candidates should be put forward for election as Managing Partners.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board issued a unanimous opinion in favor of SAGES' proposal, which was subsequently also approved by Jean-Dominique Senard in his capacity as General Managing Partner⁽¹⁾.

The Chief Executive Officer will ask shareholders to:

- ▶ Elect Florent Menegaux as General Managing Partner (thirteenth extraordinary resolution) for a four-year term.



- ▶ Elect Yves Chapot as Managing Partner (twelfth ordinary resolution) for a four-year term.



Biographical details for each of these candidates are provided in the Chief Executive Officer's report on the respective resolutions submitted to the May 2018 Annual Shareholders Meeting (see section 10.1.1 of the 2017 Registration Document and the Notice of Meeting).

The Supervisory Board believes that the two candidates have considerable strengths, including:

- ▶ Their respective experience.
- ▶ Their deep knowledge of the Group's businesses.
- ▶ Their involvement in the current transformation of the Group's organization.
- ▶ Their complementary career paths and their essential skills in managing the large-scale change that will be necessary to support the Group's growth.
- ▶ The guarantee of management continuity and permanence.

The Supervisory Board unanimously recommends that shareholders elect Florent Menegaux as General Managing Partner and Yves Chapot as Managing Partner.

If the twelfth and thirteenth resolutions are adopted and in accordance with the Company's Bylaws, SAGES will act on the Supervisory Board's recommendation and appoint Jean-Dominique Senard as Chief Executive Officer for the remainder of his term, to be succeeded by Florent Menegaux at the close of the 2019 Annual Shareholders Meeting.

(1) See the press release published on February 9, 2018.

"SAY-ON-PAY" ADVISORY VOTE ON THE CHIEF EXECUTIVE OFFICER'S COMPENSATION FOR 2017 (6TH RESOLUTION)

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 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 corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should 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 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chief Executive Officer⁽¹⁾, in line with the AFEP/MEDEF Code recommendation⁽²⁾ which provides for a mandatory shareholder vote.

In line with this recommendation in the AFEP/MEDEF Code and the implementation guidelines dated December 2016, shareholders are asked to express an advisory "say-on-pay" vote on the components of compensation due or awarded for the previous year to the Chief Executive Officer and the Chairman of the Supervisory Board. Said components may include:

- ▶ The fixed portion.
- ▶ 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.

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 of the 2016 Registration Document are described in the presentation of the sixth resolution in the Chief Executive Officer's report (section 10.1.1 of the 2017 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 2017 to Jean-Dominique Senard, Chief Executive Officer and the Company's sole executive officer.

(1) In connection with the compensation policy described in section 4.4.1 a) and in the Notice of Meeting for the May 18, 2018 Annual Shareholders Meeting.

(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.

"SAY-ON-PAY" ADVISORY VOTE ON THE COMPENSATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD FOR 2017 (7TH RESOLUTION) —

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 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 corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should 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 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board⁽¹⁾, in line with the AFEP/MEDEF Code recommendation⁽²⁾ which provides for a mandatory shareholder vote.

In line with this recommendation in the AFEP/MEDEF Code and the implementation guidelines dated December 2016, shareholders are asked to express an advisory "say-on-pay" vote on the components of compensation due or awarded for the previous year to the Chief Executive Officer and the Chairman of the Supervisory Board. Said components may include:

- ▶ The fixed portion.
- ▶ 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.

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 of the 2016 Registration Document are described in the presentation of the seventh resolution in the Chief Executive Officer's report (section 10.1.1 of the 2017 Registration Document).

Consequently, the Supervisory Board recommends that shareholders issue a positive advisory vote on the components of the compensation due or awarded for 2017 to Michel Rollier, Chairman of the Supervisory Board and sole non-independent non-executive director.

(1) In connection with the compensation policy described in section 4.4.1 b) and in the Notice of Meeting for the May 18, 2018 Annual Shareholders Meeting.

(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.

APPROVAL OF THE FINANCIAL STATEMENTS, THE FINANCIAL AUTHORIZATIONS, AN AMENDMENT TO THE BYLAWS AND THE CHANGE OF ADDRESS OF THE COMPANY'S HEAD OFFICE (4TH, 5TH, 8TH AND 14TH TO 24TH RESOLUTIONS)

Concerning the other ordinary resolutions, the accounting and financial information communicated to shareholders and the Chief Executive Officer's report presenting the Group's operations and results for 2017 (for the purposes of the first and second 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 2017, you are asked to place on record that there are no such agreements to approve (fourth resolution).

Before asking shareholders to approve the financial statements of the Company, the consolidated financial statements and the proposed appropriation of net income, we would like to underscore last year's growth progression, record high earnings, and free cash flow robustness, which were in line with our ambitions.

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 €3.55 per share (second resolution).

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

An authorization to cancel shares bought back under the program is also being sought to replace the authorization granted at the 2017 Meeting which was used by the Company during the year (twenty-fourth extraordinary resolution).

We are also proposing a number of extraordinary resolutions (fifteenth to nineteenth, twenty-first and twenty-second resolutions) which renew – on the same or very similar terms – the financial authorizations granted at the May 13, 2016 Annual Shareholders Meeting. The new resolutions have a higher ceiling for debt issues. They continue to be required in order for the Group to implement its overall business strategy.

In addition, shareholders will be asked to renew the previous authorization to carry out rights issues for members of a Group Employee Shareholder Plan (twentieth resolution).

The twenty-third resolution concerns the transfer of the Company's head office to a different building in Clermont-Ferrand and the resulting amendment to the corresponding Article of the Bylaws.

Lastly, the twenty-fourth resolution concerns an alignment of Article 19 of the Bylaws concerning agreements subject to the Supervisory Board's authorization with Articles L. 225-38 and L. 225-39 of the French Commercial Code (referred to in Article L. 226-10 of the Code).

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, 2018

The Supervisory Board



STATUTORY AUDITORS' REPORTS



STATUTORY AUDITORS REPORT ON THE ISSUE OF SHARES AND SECURITIES WITH OR WITHOUT PRE-EMPTIVE RIGHTS

Combined Shareholders Meeting of May 18, 2018 14th, 15th, 16th, 17th and 21st resolutions

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

To the Compagnie Générale des Etablissements Michelin Shareholders' meeting

In our capacity as Statutory Auditors of Compagnie Générale des Etablissements Michelin ("the Company") and pursuant to Articles L.228-92 and L.225-135 et seq. of the French Commercial Code (Code de commerce), we hereby present our report on the shareholder authorizations sought by the Managing Chairman, with a proposed delegation to the Managing Partners, or to one of them, to issue shares and/or marketable securities, which you will be asked to approve.

Your Managing Chairman, with a proposed delegation to the Managing Partners, or to one of them, is seeking, on the basis described in his report, a 26-month authorization, from the date of this meeting, to decide, except during the period of a public offer, on the following securities issues and set the final terms of the issues and, if appropriate, to cancel existing shareholders' pre-emptive subscription rights:

- ▶ The issue with pre-emptive subscription rights (14th resolution) of shares and/or securities, under the form of equity and/or debt securities, carrying immediate and/or deferred rights to new or existing shares in the Company.
- ▶ The issue through a public offer without pre-emptive subscription rights (15th resolution) of shares and/or securities carrying immediate and/or deferred rights to new or existing shares in the Company.
- ▶ The issue, without pre-emptive subscription rights, through an offer governed by paragraph II of Article L.411-2 of the French Monetary and Financial Code, within the limit of 20% of the Company's share capital per year (16th resolution), of shares and/or securities carrying immediate and/or deferred rights to new or existing shares in the Company.

The aggregate par value of shares issued under the 14th, 15th, 16th, 17th and 19th resolutions, either immediately or on conversion, exchange, redemption or exercise of securities shall not, under the 21st resolution exceed €126,000,000, it being stipulated that the aggregate par value of shares issued or to be issued shall not exceed:

- ▶ €126,000,000 under the 14th resolution,
- ▶ €36,000,000 under each of the 15th and 16th resolutions or globally under the 15th, 16th and 19th resolutions in aggregate.

STATUTORY AUDITORS' REPORTS

Statutory Auditors Report on the Issue of Shares and Securities with or without Pre-Emptive Rights and the Change of Address of the Company's Head Office (4th, 5th, 8th and 14th to 24th Resolutions)

The aggregate nominal amount of debt securities issued under the 14th, 15th, 16th and 17th resolutions shall not, under the 21st resolution, exceed €2,500,000,000.

These ceilings take into account the additional securities to be issued under the 14th, 15th and 16th resolutions in accordance with Article L.225-135-1 of the French Commercial Code, if you also adopt the 17th resolution.

The Managing Chairman is responsible for preparing a report on the proposed issues in accordance with Articles R.225-113 et seq. of the French Commercial Code. Our role is to express a conclusion on the fairness of accounting information contained in his report, on the proposed waiver of shareholders' pre-emptive subscription rights and on certain other information pertaining to the issues as presented in his report.

We performed the procedures that we considered necessary in accordance with the professional standards issued by our professional body, Compagnie nationale des commissaires aux comptes, for this type of engagement. Those procedures consisted of reviewing the contents of the Managing Chairman's report concerning the proposed issues and the proposed method of determining the issue price of the shares.

Subject to a subsequent examination of the final conditions of any issues decided by the Managing Partners, or one of them, we have nothing to report concerning the proposed method of determining the issue price of the shares under the 15th and 16th resolutions, as described in the Managing Chairman's report.

As the Managing Chairman's report does not describe the method to be used to determine the issue price of shares under the 14th resolution, we do not express a conclusion thereon.

As the final issue terms have not yet been set, we do not express a conclusion thereon and, consequently, on the proposed waiver of shareholders' pre-emptive subscription rights under the 15th and 16th resolutions.

As required by Article R.225-116 of the French Commercial Code, we will issue a further report if and when the Managing Partners, or one of them, decide to use these authorizations to issue equity instruments carrying rights to other equity instruments or debt securities, in the event of the issue of securities carrying rights to shares to be issued and in the event of the issue of shares without pre-emptive subscription rights.

Neuilly-sur-Seine, February 26, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bulle

Deloitte & Associés

Pascale Chastaing-Doblin

STATUTORY AUDITOR'S REPORT ON THE SHARE CAPITAL INCREASE WITH CANCELLATION OF PREFERENTIAL SUBSCRIPTION RIGHTS RESERVED FOR EMPLOYEES

Combined Shareholders' meeting of May, 18, 2018– 20th resolution

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

To the Compagnie Générale des Etablissements Michelin Shareholders' meeting,
In our capacity as Statutory Auditors of your company and in accordance with Articles L.225-135 et seq. of the French Commercial Code (*Code de commerce*), we hereby present our report on the proposed delegation to the Managing Partners, or one of them, the authority to decide a share capital increase by issuing ordinary shares, with cancellation of preferential subscription rights, reserved for employees who are members of a saving plan of your company and its affiliated French and foreign companies within the meaning of Article L. 225-180 of the French Commercial Code (*Code de commerce*) and Article L. 3344-1 of the French Labor Code (*Code du travail*) for a maximum amount of € 7,000,000, a transaction on which you are being asked to vote. This share capital increase is submitted to your approval pursuant to Article L.225-129-6 of the French Commercial Code (*Code de commerce*) and Articles L.3332-18 et seq. of the French Labor Code (*Code du travail*).

Your Managing Chairman proposes, on the basis of his report, the proposed delegation to the Managing Partners, or one of them, for a period of twenty-six months, as from the date of this Shareholders' meeting, to decide on whether to proceed with a share capital increase and to cancel your preferential subscription rights. If applicable, they shall determine the final conditions of this transaction.

It is the Managing Chairman's responsibility to prepare a report in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code (*Code de commerce*). Our role is to express an opinion on the fairness of the data extracted from the financial statements, on the proposed cancellation of preferential subscription rights and on certain other information pertaining to the issuance as presented in this report.

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*) applicable to this engagement. Such procedures consisted in verifying the content of the Managing Chairman's report as it relates to this transaction and the terms and conditions of the proposed issue price of the equity securities.

Subject to our subsequent review of the terms and conditions of the proposed issues, we have no comments to make on the procedures for determining the issue price of the equity securities presented in the Managing Chairman's report.

As the final terms and conditions under which the issues will be carried out have not yet been set, we express no opinion on them and, consequently, on the proposed cancellation of the preferential subscription rights on which you are being asked to vote.

In accordance with Article R. 225-116 of the French Commercial Code, we will issue a supplementary report, where necessary, when this delegation of authority is utilized by your Managing Partners.

Neuilly-sur-Seine, February 26, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Eric Bulle

Deloitte & Associés

Pascale Chastaing-Doblin

STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

Combined Shareholders' meeting of May 18, 2018 - 22th resolution

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

To the Compagnie Générale des Établissements Michelin Shareholders' meeting

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

Your Managing Chairman has proposed that you delegate to the Managing Partners, or to one of them, for a period of 18 months as of the date of this meeting, the authority to cancel, for up to 10% of the share capital, the bought-back shares of your company, as authorized 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 the fairness of the reasons for and whether the terms of the proposed capital reduction(s), which do not undermine shareholders' equality, were compliant.

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

Neuilly-sur-Seine, February 26, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Éric Bulle

Deloitte & Associés

Pascale Chastaing-Doblin

OTHER STATUTORY AUDITORS' REPORTS

The Statutory Auditors' reports to the Annual Shareholders Meeting of May 18, 2018 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 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 6.6.

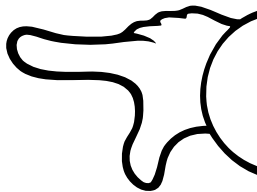
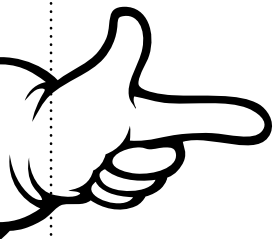
FIVE-YEAR FINANCIAL SUMMARY OF COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

(in € thousands and in € per share, unless otherwise specified)

	2013	2014	2015	2016	2017
I – Capital at December 31					
a) Share capital	371,579	371,452	363,804	360,132	359,042
b) Number of common shares outstanding	185,789,643	185,726,200	181,902,182	180,066,121	179,520,987
II – Results of operations					
a) Net revenue	545,071	503,954	564,550	537,617	681,188
b) Earnings before tax, depreciation, amortization and provisions (EBTDA)	331,917	598,149	653,701	1,430,254	1,058,933
c) Income tax	12,741	22,365	40,511	24,284	(16,054)
d) Net income	302,985	555,428	589,684	1,415,894	1,029,300
III – Per-share data					
a) Earnings per share after tax, before depreciation, amortization and provision expenses (EBDA)	1.72	3.10	3.37	7.80	5.99
b) Basic earnings per share	1.63	2.99	3.24	7.86	5.73
c) Dividend per share	2.50	2.50	2.80	3.25	3.55 ⁽¹⁾
IV – Employee data					
a) Average number of employees	8	8	7	0	0 ⁽²⁾
b) Total payroll	485	318	670	34	28
c) Total benefits	(119)	139	199	(4)	95

(1) Subject to approval by shareholders at the Annual Meeting on May 18, 2018.

(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

THIS DOCUMENT IS AVAILABLE AT

www.michelin.com

in the "Finance" section under "Documents".

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 18, 2018, 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

Town/city Date

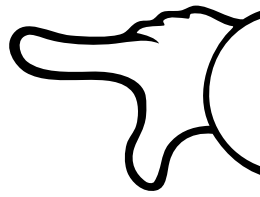
Signature

(to be sent with the voting form)





NOTES



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**COMPAGNIE GÉNÉRALE DES
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