4.4.3 e) Pension benefits

The pension plan's structure and rules are described in section 4.4.1 a) 5 of this document. The description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.

The plan rules are unchanged from 2016.

Mr. Senard's reference compensation for 2017 was made up solely of the fixed compensation paid by MFPM and amounted to €1,100,000.

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%.

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 would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

4.4.3 f) Compensation for loss of office

No compensation for loss of office was paid in 2017.

4.4.3 g) Non-compete clause

No non-compete indemnity was paid in 2017.

4.4.4 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO JEAN-DOMINIQUE SENARD, CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2017 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 18, 2018 ANNUAL MEETING

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 the recommendation of the Compensation and Appointments Committee, the Supervisory Board has issued a favorable opinion on the total compensation due or awarded to Mr. Senard in respect of 2017 and recommends that the shareholders cast a favorable advisory vote thereon.

The components of Mr. Senard's compensation will therefore be presented to shareholders at the Annual Meeting on May 18, 2018 (6th resolution).

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 above.

(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.

<table>
<tr><th>Compensation due or awarded for 2017</th><th>Amounts (or accounting value) submitted for shareholder approval (in €)</th><th>Presentation</th></tr>
<tr><td>Fixed compensation</td><td>1,100,000</td><td>Unchanged from the previous year.

This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Senard in his capacity as Non-General Managing Partner of that company.

Its amount was set by MFPM's General Partner in 2014 and has not been changed since then.

For more information, see sections 4.3.2 a) Fixed compensation and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 112 and 310 respectively).</td></tr>
<tr><td>Annual variable compensation</td><td>1,696,328</td><td>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.

Shared features
The basis used to calculate the Annual Variable Components (the Consolidated Calculation Base) corresponds to 0.6% of the Group's consolidated net income.

The Annual Variable Components of Mr. Senard's compensation are paid out of the share of profit (Profit Shares) allocated to the two General Partners of CGEM – Jean-Dominique Senard and SAGES – that is now split between them on a mutually agreed basis.

The consolidated net income to be presented at the Annual Shareholders Meeting on May 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.

Given the mutually agreed division of the Profit Share between the General Partners, and the performance achieved in 2016 with respect to the conditions governing the Annual Variable Components, as described below, the total amount payable to Mr. Senard represents €1,696,328 (before applicable withholding tax), as follows:

Single-Criterion Annual Variable Component
This component is equal to 8% of the Consolidated Calculation Base. The Compensation and Appointments Committee noted that the Single-Criterion Annual Variable Component amounts to €812,612.16 for 2017.

Multi-Criteria Annual Variable Component
This component corresponds to between 0% and 14% of the Consolidated Calculation Base, depending on achievement rates for seven criteria.

The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria applicable to this component.(1)

Based on this review, the Committee concluded that the overall achievement rate for the three quantitative criteria (which are the same as those applied to determine the 2017 variable compensation of the Executive Committee members and Group managers) was 62/100, compared to a maximum rate of 100/100.

Concerning the two qualitative criteria, the Committee concluded that:
▶ 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.

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.

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 MultiCriteria Annual Variable Component of €883,715.72 for 2017.

For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).</td></tr>
</table>

(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 cash-settled deferred variable compensation was due for 2017	**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.** 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). The amount obtained by applying the adjustment clause will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the above three-year period: ▶ Share performance. ▶ Environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF). ▶ Growth in operating income.(1) These criteria are the same as the ones applicable to the 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. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. The long-term incentive bonus is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares. The final amount receivable under the long-term incentive plan will be: ▶ Capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 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: – 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. 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. 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). In this case, the incentive bonus will be paid at the end of said three-year period, for an amount prorated to the actual period served as Chief Executive Officer during the period. 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. As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2017. 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 respectively), and section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).

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

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred incentive bonus awarded in 2015 and due in 2018 in respect of 2017	994,860	**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 (6th resolution).** 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: ▶ 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%. 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). 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. For more information, see Table 1.1 in section 4.4.3 c) of this Registration Document (page 133).
Stock options, performance shares and other long-term compensation	N/A	No stock options granted No performance shares awarded No other share-based payments
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	8,470	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 for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2017	**The detailed information in this section is unchanged from 2016.** In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office. It would be subject to the performance conditions decided by the Supervisory Board in 2014. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).
Non-compete indemnity	No indemnity was due under a non-compete clause in 2017	**The detailed information in this section is unchanged from 2016.** In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause. The Company is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Senard's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).

(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.

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 for shareholder approval *(in €)*	Presentation
Supplementary pension benefits	No supplementary pension benefits were due for 2017	**The pension plan structure and rules are unchanged from 2016.** This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to Non-General Managing Partners (executive officers), has the following main features: ▶ Participants must have served for at least five years as a senior executive. ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). ▶ The replacement rate including benefit entitlements under compulsory plans is capped at 35%. ▶ An evaluation is carried out in accordance with Group accounting policies. ▶ Benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code. ▶ 70% of the prior year's benefit obligation funded through a contribution to an insured plan. Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM and amounts to €1,100,000 for 2017. 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%. 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 would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

(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.

4.4.5 AMOUNTS ALLOCATED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD

The Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Michel Rollier, Chairman of the Supervisory Board and sole non-independent non-executive director, pursuant to the compensation policy described in the Supervisory Board's report presented in section 10.2.1.2 of the 2016 Registration Document.

4.4.5 a) Attendance fees

In 2017, Michel Rollier received total attendance fees of €90,000 in respect of 2016.

Based on the allocation and payment policy decided by the Supervisory Board in 2016, attendance fees totaling €90,000 have been awarded to Mr. Rollier for 2017, payable in 2018.

4.4.5 b) Other components of compensation

No other compensation was paid or awarded to Michel Rollier for 2017.