4.3.3 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO JEAN-DOMINIQUE SENARD, CHIEF EXECUTIVE OFFICER, IN RESPECT OF 2015 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 13, 2016 ANNUAL MEETING [(1)]

As in 2015, Michelin has decided to apply the recommendations of the AFEP/MEDEF Code concerning an advisory "say-on-pay" shareholder vote on the individual compensation awarded to executive officers.

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 2015 and recommends that the shareholders cast a favorable advisory vote thereon.

These components of Mr. Senard's compensation will be presented to shareholders at the Annual Meeting on May 13, 2016.

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.3.1 and 4.3.2 of the 2015 Registration Document.

Compensation due or awarded for 2015	**Amounts (or accounting value) submitted for shareholder approval** *(in €)*	**Presentation**
Fixed compensation	1,100,000	**Unchanged from the previous year.** This corresponds to the gross annual fixed compensation due by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, as consideration for the duties performed by Mr. Senard in his capacity as Non-General Managing Partner of that company. Its amount was set by MFPM's General Partner on April 29, 2014, then confirmed on April 9, 2015 following Mr. Senard's re-election, based on the recommendation of CGEM's Compensation and Appointments Committee.
Annual variable compensation	1,276,975	**Details of the method to be used to calculate 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 7, 2015.** **Shared features** 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. In accordance with the compensation policy detailed in section 4.3.2 a) of the 2015 Registration Document, and in application of Article 30, paragraph 3, of CGEM's bylaws, the Profit Share is: ▶ Set at 12% of the Company's net income for the year, net of dividend income corresponding to distributions of profits or reserves by MFPM and Compagnie Financière du groupe Michelin (CFM). ▶ Capped at 0.6% of the Group's consolidated net income. Taking into account the legal provisions specifically applicable to partnerships limited by shares and the provisions of the bylaws, as described above, the Compensation and Appointments Committee made proposals to the Supervisory Board about the various components of the performance criteria. After discussing the matter, the Supervisory Board made recommendations to the Non-Managing General Partner (SAGES) about the different criteria to be applied to the Profit Share payable to the Chief Executive Officer. For 2015, the Profit Share payable to the General Partners amounts to €6,980,407, as recommended in the resolution concerning the appropriation of net income to be put to the Annual Shareholders Meeting of May 13, 2016. Since 2015, as decided by the General Partners on the recommendation of the Supervisory Board, the basis used to calculate the Annual Variable Components (the Consolidated Calculation Basis) has been set at 0.6% of the Group's consolidated net income, and not the net income of the holding company, CGEM, in the interest of aligning the said Basis with the objectives of the Group as a whole. Consequently, for 2015, based on consolidated net income of €1,163,401,238, the Compensation and Appointments Committee has noted that the Consolidated Calculation Base amounts to €6,980,407. Given the mutually agreed division of the Profit Share between the General Partners, and the performance achieved in 2015 with respect to the conditions governing the Annual Variable Component, as described below, the total amount payable to Mr. Senard represents €1,276,975.

(1) Based on the terminology used in paragraph 24.3 of the AFEP/MEDEF Corporate Governance Code (p. 31 and 32) and in the Application Guide of the MEDEF High Committee on Corporate Governance (p. 12 to 22), November 2015 versions, available on their respective websites www.afep.com and www.medef.com.

Compensation due or awarded for 2015	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Annual variable compensation (cont.)		**Single-Criterion Annual Variable Component** This component is equal to 8% of the Consolidated Calculation Base. The Compensation and Appointments Committee has noted that, based on a Consolidated Calculation Base of €6,980,407, the Single-Criterion Annual Variable Component amounts to €508,432 for 2015. This amount is net of the sum payable by CFM as compensation for Mr. Senard's role as General Managing Partner of this subsidiary, estimated at €50,000. **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. **These performance conditions are as follows:** **Three quantitative criteria** – the same as those applied to determine the 2015 variable compensation of the Executive Committee members and Group managers – which together account for up to 100/150ths: ▶ Annual growth in unit sales, accounting for up to 50/100ths, with performance in relation to the target measured by reference to the observed increase; ▶ Annual savings from the Efficiency project to reduce overheads, measured on the basis of an appropriate SG&A/gross margin ratio; this criterion accounts for up to 25/100ths, with performance in relation to the target based on the improvement compared to a minimum ratio; ▶ Annual level of structural free cash flow, accounting for up to 25/100ths, with performance in relation to the target based on the improvement compared to a minimum level; 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. **Four qualitative criteria,** together accounting for up to 50/150ths and concerning: ▶ Quality of research and development strategies and the digital transformation strategy. ▶ Quality of management; ▶ Quality of investor relations. ▶ Quality of operational control. In addition: ▶ If the cumulative achievement rate for the seven criteria is less than 50/150ths, Mr. Senard will not be entitled to any Multi-Criteria Annual Variable Compensation; ▶ He will be awarded the maximum 14% of the Consolidated Calculation Base for this component only if the cumulative achievement rate for the seven criteria is 150/150ths. **Observation and analysis of performance against the criteria** The Compensation and Appointments Committee carefully reviewed each of the quantitative and qualitative criteria. Regarding the three quantitative criteria, the Committee noted the achievement rate in 2015 for each of the objectives set by the Supervisory Board, which together gave an overall achievement rate of 87.1 out of 100. The Committee then evaluated the achievement rate for qualitative criteria. After discussing the matter, the Committee decided that the overall performance against qualitative criteria was good, and awarded an achievement rate of 33 out of 50. Following this analysis, having noted that for the Multi-Criteria Annual Variable Component: ▶ the cumulative achievement rate for the quantitative criteria was 87.1/150ths; ▶ the cumulative achievement rate for the qualitative criteria was 33/150ths; ▶ the cumulative achievement rate for the quantitative and qualitative criteria was 120.1/150ths; The Compensation and Appointments Committee observed that, based on a Consolidated Calculation Base of €6,980,407, the application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board would result in a Multi-Criteria Annual Variable Component of €768,543. After discussing the matter during its meeting on February 11, 2016, the Supervisory Board approved the Compensation and Appointments Committee's recommendations. The Chair of the Compensation and Appointments Committee then submitted its recommendation to the General Partners (SAGES and Mr. Senard), which approved them.

Compensation due or awarded for 2015	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Deferred variable compensation	No deferred variable compensation was due for 2015	This long-term incentive bonus was announced by the Supervisory Board in a press release posted on the Company's website on July 7, 2015. The long-term incentive bonus is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares. The calculation structure for the long-term incentive bonus was unchanged in 2015 compared to that used in the previous year. 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 the three years 2015-2017. The amount obtained by applying the adjustment clause will be modulated by the application of three criteria set by the Supervisory Board and applicable over the above three-year period. The criteria are as follows: ▶ Michelin's stock market performance in relation to that of the CAC 40 index, accounting for up to 33.3%, with the target gradually met from the point at which Michelin's stock market performance exceeds that of stocks in the third quartile; ▶ Average annual growth in consolidated net revenue, accounting for up to 33.3%, with the target gradually met based on growth in relation to a fixed starting point; ▶ Average annual return on capital employed (ROCE), accounting for up to 33.3%, with the target gradually met once observed ROCE is significantly greater than the weighted average cost of capital employed. The targets for the second and third criteria concern like-for-like growth in net revenue and ROCE (*i.e.* based on a comparable structure and at constant exchange rates, excluding any changes in accounting policies and any non-recurring items), and may be revised following the occurrence of any exceptional events. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. The final amount receivable under the long-term incentive plan will be: ▶ Capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 2015, 2016 and 2017. ▶ Paid out of the Profit Shares allocated to the General Partners in respect of 2017 and payable in 2018 after the 2017 financial statements have been approved: – Subject to the availability of Profit Shares payable in 2018 in respect of 2017 profit; and – Up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2017. As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2015. There is no way of reliably simulating the amount to be paid with respect to this incentive plan in 2018, as the plan: – Is not paid by Michelin and, as such, is not recorded in the Company's financial statements; – Is subject to the achievement of highly uncertain conditions and criteria, as indicated above, over a period of three years, of which only one has passed. As was the case for his 2014 compensation, by virtue of the law and the Company's bylaws, if the Chief Executive Officer were to cease to be a General Partner before the end of the performance assessment period, he would forfeit his rights to the long-term incentive bonus. Note that in return, Jean-Dominique Senard is required to invest 20% of the long-term incentive bonus in Michelin shares at the end of the three-year period and to retain these shares for as long as he remains in office, after which the shares may be sold on a phased basis over four years.
Exceptional compensation	N/A	No exceptional compensation
Stock options, performance shares and other long-term compensation	Stock options = N/A Performance shares = N/A Other long-term compensation = N/A	No stock options granted No performance shares awarded No other long-term compensation awarded
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	6,894	Company car
Signing bonus	N/A	Mr. Senard was not paid any signing bonus

Components of compensation due or awarded for 2015 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments*	Amounts submitted to the vote *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2015	**The detailed information in this section is unchanged from 2014.** In accordance with Article 13-2 of the bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office. It would be subject to the performance conditions decided by the Supervisory Board in 2014, according to which the final compensation would depend on the average performance in relation to the targets set for the Multi-Criteria Annual Variable Component of his allocated share of profit for the three years preceding his removal from office (Three-Year Average), as follows: ▶ Three-year Average of less than 40%: no compensation for loss of office. ▶ Three-year Average of between 40% and 60%: compensation for loss of office equal to 50% of the Reference Base. ▶ Three-year Average of between 60% and 100%: compensation for loss of office equal to 100% of the Reference Base. Where the Reference Base is equal to the aggregate compensation paid for the two years preceding the year of his removal from office. The compensation for loss of office would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code.
Non-compete indemnity	No indemnity was due under a non-compete clause in 2015	**The detailed information in this section is unchanged from 2014.** 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, which was signed on July 26, 2011 after prior approval by the Supervisory Board. This clause replaced the one contained in his employment contract that was terminated following his election as General Managing Partner. If the Company were to decide to apply this non-compete clause, over a period of up to two years it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The Company is, however, entitled to waive the application of this clause. Any compensation for loss of office that would be due to Mr. Senard in the event of a change of control or strategy would be reduced or withheld entirely if necessary so that his aggregate severance package, including the non-compete indemnity referred to above, did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code.

Components of compensation due or awarded for 2015 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments*	Amounts submitted to the vote *(in €)*	Presentation
Supplementary pension benefits	No supplementary pension benefits were due for 2015	**The pension plan structure and rules, as described below, are unchanged from 2014.** 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 2015. Based on the assumptions set out in the above-mentioned legislation of February 23, 2016, the estimated amount of annual income he will receive under this plan is €108,500. The benefits will be taxed at the rate of 32%. As the reference compensation represents less than half of the aggregate amount received by Mr. Senard for 2015 (fixed compensation and variable share of profit as stipulated in the bylaws), his actual gross replacement rate would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

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