4.3.3 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR PAID TO JEAN-DOMINIQUE SENARD, CHIEF EXECUTIVE OFFICER, IN RESPECT TO 2013 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 16, 2014 ANNUAL MEETING

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in section 4.3.1 of the 2013 Registration Document.

Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval *(in €)*	Presentation
Fixed compensation	900,000	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 Partners on April 24, 2012 based on the recommendation of CGEM's Compensation and Appointments Committee issued on February 6, 2012, and it remained unchanged in 2013.
Annual variable compensation	1,200,000 (1,150,000 + 50,000)	Based on the proposed profit-share allocation between the 2 General Partners, (SAGES and Mr. Senard) as provided for in the bylaws, Mr. Senard would receive a profit share from CGEM amounting to €1,150,000. This amount has been reviewed by the Compensation and Appointments Committee and approved by the Supervisory Board. **Provisions in the bylaws related to the share of profits** In accordance with the system defined in Article 30 of CGEM's bylaws (see the excerpt in section 5.1.2 e) of the 2013 Registration Document and the full version of the bylaws on Michelin's website at www.michelin.finance.com), and as has been the case since the system was put in place, the share of profits allocated to CGEM's General Partners (including the Chief Executive Officer) – must be approved by shareholders on an annual basis in the ordinary resolution related to the appropriation of net income. Article 30 states that the allocation between the 2 General Partners – *i.e.* Jean-Dominique Senard (Chief Executive Officer) and SAGES (Non-Managing General Partner) – shall be determined by the General Partners themselves, subject to the approval of the Supervisory Board concerning the amount allocated to Mr. Senard. The share of profit allocated to CGEM's General Partners corresponds to consideration for their unlimited joint and several personal liability for the Company's debts. Consequently, the share of CGEM's profits allocated to the General Partners for 2013 will be put to the vote at the Annual Shareholders Meeting of May 16, 2014 as part of the resolution concerning the appropriation of 2013 net income. Mr. Senard is Managing General Partner with unlimited personal liability of Compagnie Financière du Groupe Michelin "Senard et Cie" (CFM), which is the main holding company for the Michelin Group's international subsidiaries. A similar profit-share system is provided for in the bylaws of CFM, which is controlled by CGEM and is also a partnership limited by shares (*société en commandite par actions*). This system provides that in his capacity as Managing General Partner with unlimited personal liability for the debts of CFM, Mr. Senard should receive a profit share estimated at €50,000 based on CFM's earnings.

(1) In accordance with paragraph 24.3 of the AFEP/MEDEF Corporate Governance Code, pp. 31 and 32, and paragraph I of the Application Guide of the MEDEF High Committee on Corporate Governance, pp. 1 to 10.

Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval *(in €)*	Presentation
Annual variable compensation		**Review by the Compensation and Appointments Committee** In the same way as it has done each year since 2007, the Compensation and Appointments Committee of CGEM's Supervisory Board has reviewed all of the components of the compensation due, paid or payable for 2013 to Mr. Senard, *i.e.* his fixed compensation awarded by MFPM, the share of profit allocated to him by CGEM and CFM as described above, and his fringe benefits (a company car). As part of this annual review, the Committee in particular verifies that all of the sums paid or allocated to the Chief Executive Officer are proportionate and consistent in terms of (i) the Group's performance, and (ii) industry and market practices. The Committee also ensures that the components of the Chief Executive Officer's compensation are balanced. To that end, the Committee (i) particularly assesses the variable portion of his compensation (profit-share allocation) in relation to his fixed compensation, and (ii) ensures that the aggregate amount of his share of profit does not exceed a reasonable percentage of his fixed compensation, in accordance with the recommendations in the AFEP/MEDEF Code. The Compensation and Appointments Committee also factors into its assessment of the amounts of Mr. Senard's share of profit, (i) the intrinsic variability of earnings, (ii) earnings forecasts, and (iii) the very specific nature of the status of a General Partner who has unlimited joint and several personal liability for the Company's debts. In early 2014, the Compensation and Appointments Committee and the Supervisory Board observed that in an environment shaped by uneven demand and stable sales volumes, Michelin performed very well in 2013, with: ▶ very strong free cash flow, at €1,154 million; ▶ the fourth straight year of value creation, with ROCE of 11.9%; ▶ structurally high operating income before non-recurring items, at €2,234 million, representing 11% of net sales and up €41 million at constant scope of consolidation and exchange rates; ▶ net debt scaled back to a historic low of €142 million, representing 2% of equity. The Committee and the Board also reviewed the results of a comparative analysis performed by an independent firm based on a benchmark panel of comparable French industrial groups. This analysis showed that: ▶ Mr. Senard's compensation is significantly lower than that of the corporate officers included in the benchmark panel; ▶ this difference is exacerbated by the fact that Mr. Senard does not have a long-term compensation component; ▶ Mr. Senard's entitlement under the group pension plan of which he is a member is considerably lower than market practices. The Committee also noted that Mr. Senard's overall compensation had not increased since he was appointed as Managing General Partner in 2011 despite the fact that the Group recorded very good performances in both 2011 and 2012. As a result, the Supervisory Board approved the recommendation put forward by the Compensation and Appointments Committee to offer Mr. Senard a significant increase in the fixed and variable components of his compensation as from 2013. However, in light of the restructuring measures put in place within the Group in 2013, Mr. Senard refused to accept an increase in his compensation for 2013. Based on the proposed allocation of share of profit between the 2 General Partners (Jean-Dominique Senard and SAGES), the compensation payable to Mr. Senard in 2014 for his duties as Chief Executive Officer and General Partner in 2013 would amount to €1,150,000. Mr. Senard's compensation for 2013 would also include: ▶ the fixed compensation (€900,000) paid by MFPM for Mr. Senard's role as Non-General Managing Partner of that company in 2013 (see table in section 4.3.1 b), which was set on January 1, 2012 and has remained unchanged since that date; ▶ a share of the profits of Compagnie Financière du Groupe Michelin "Senard et Cie" (CFM) as provided for in that company's bylaws (and which has decreased to an estimated €50,000), due to Mr. Senard for 2013 for his duties as Managing General Partner of CFM (see the table in section 4.3.1 b). Mr. Senard's total fixed and variable compensation due or paid for 2013 would therefore be on a par with that for 2012, at €2,100,000.

Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval *(in €)*	Presentation
Annual variable compensation		**Approval by the Supervisory Board** In view of the findings of the Compensation and Appointment Committee's analysis, on February 6, 2014 the Board approved the total compensation due, paid or payable to Mr. Senard for 2013 by all Michelin Group companies, as presented above.
Deferred variable compensation	N/A	No multi-year variable compensation
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 granted No other long-term compensation awarded
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Valuation of fringe benefits	6,881	Company car
Benefits related to taking up office	N/A	No benefits paid for taking up office

Components of compensation due or paid for 2013 which have been submitted to 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	€0	In accordance with Article 13 of the bylaws, as amended by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard is 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 were not due to gross misconduct he may 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 compensation paid would not exceed the equivalent of Mr. Senard's total compensation (fixed and variable) for the 2 years preceding the year of his removal from office. This ceiling is also specified in Article 13 of the Company's bylaws. In accordance with the internal rules of both the Compensation and Appointments Committee and the Supervisory Board, the Committee would transmit to the Board its proposals relating to the determination and assessment of the performance criteria to be used for calculating the amount of the compensation payable. 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 2 years' compensation, as recommended in the AFEP/MEDEF Code. The key elements of this compensation for loss of office (*i.e.* its underlying principles and maximum amounts) were approved by shareholders at the Extraordinary Meeting on May 13, 2011 (eighth resolution).
Consideration for non-compete clause	€0	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 Managing General Partner. If the Company were to decide to apply this non-compete clause, for a 2-year period 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, as recommended in the AFEP/MEDEF Code, his aggregate severance package, including any non-compete consideration referred to above, did not exceed the equivalent of his last 2 years' aggregate compensation.
Supplementary pension benefits	€0	Mr. Senard is not a member of any pension plan set up specifically for corporate officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard is a member of the supplementary pension plan set up for MFPM senior executives, determined by reference to the fixed compensation paid to him by that company (reference compensation). The cost of this supplementary plan, which is not restricted to Non-General Managing Partners (corporate officers), is recognized as a liability in the balance sheet in accordance with IAS 19 – Employee Benefits. Its main characteristics are as follows: ▶ participants must have served for at least 5 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 for the 3 best years of compensation out of the last 5 years preceding Mr. Senard's retirement); ▶ the replacement rate including benefit entitlements under compulsory plans is capped at 35%. To be entitled to benefits under this plan, Mr. Senard must end his career with MFPM as an executive employee or corporate officer, in accordance with Article L. 137-11 of the French Social Security Code. Based on the general actuarial assumptions used to measure the Group's obligation in accordance with IAS 19, Mr. Senard's total benefit entitlement under the plans would represent a gross replacement rate of 11% of his reference compensation. As this reference compensation represents less than half of the aggregate amount received by Mr. Senard for 2013 (fixed compensation and variable profit share as stipulated in the bylaws), his actual gross replacement rate would be around one half of the above-mentioned replacement rate, and therefore well below the 45% ceiling recommended in the AFEP/MEDEF Code.

* *Unlike for joint stock companies (sociétés anonymes, or SAs) 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 SCA) 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 SAs concerning related-party commitments does not apply to SCAs 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 corporate officers", whereas this information is compulsory for SAs 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 the rules concerning public disclosures of the amounts and underlying principles relating to the compensation of the Company's corporate officers.

Review of the Chief Executive Officer's compensation as from 2014

Following the analyses performed and observations made in late 2013 concerning Mr. Senard's situation (see summary in sections 4.3.2 and 4.3.3 of the 2013 Registration Document) and at the request of the Supervisory Board, at its January 31, 2014 meeting, the Compensation and Appointments Committee once again reviewed the overall structure of the Chief Executive Officer's compensation.

Based on its review, the Committee recommended that Mr. Senard's fixed compensation be brought more in line with market practices.

Concerning Mr. Senard's variable compensation, the profit share that he currently receives pursuant to the bylaws of the companies' concerned is based on earnings for the year and is therefore entirely contingent on the Group's annual financial performance. This means that the Chief Executive Officer's interests are already closely aligned with shareholders' short-term interests. However, in order to strengthen this link, the Committee recommended that the basis for calculating Mr. Senard's variable compensation be changed in 2 ways as from 2014.

First, it recommended that a portion of his profit share be restructured so that the amounts payable to him in his capacity as Managing General Partner take into account performance criteria other than earnings. These new criteria – which would be assessed annually – could include criteria related to business growth, market share gains, level of overheads and movements in free cash flow.

Second, the Committee would like to set up a performance based multi-annual remuneration upon the profit-share system, assessed over a period of at least 3 years and based on additional performance conditions correlated with the Group's long-term strategy as expressed in the Ambitions 2020 objectives. These additional conditions could relate to Michelin's business growth and share performance.

If these changes were put in place it would mean that substantially all of the share of profit allocated to the Chief Executive Officer would depend on both earnings for the year and the achievement of other applicable criteria.

The Chairman of the Compensation and Appointments Committee and the Supervisory Board Chairman will present the above-described new compensation policy to the Company's shareholders at the Annual Shareholders Meeting on May 16, 2014, once it has been adjusted by the Committee and approved by the Non-Managing General Partner (SAGES).

Lastly, in line with Michelin's decision to apply the recommendation in the AFEP/MEDEF Code concerning shareholders' "say-on-pay", the above compensation components will be submitted to an advisory vote at the Annual Shareholders Meeting to be called to approve the 2014 financial statements.