

# NOTICE OF MEETING

2014

## ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING

Friday, May 16, 2014, 9 a.m.  
at the Polydome, place du 1<sup>er</sup> mai,  
Clermont-Ferrand (Puy-de-Dôme), France

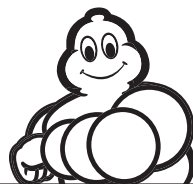
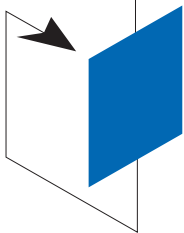
Agenda	4
2013 Business Review	6
Report of the Chief Executive Officer and Proposed Resolutions	13
Components of the compensation package payable or awarded to the Chief Executive Officer (Say on Pay) (sixth resolution)	36
Report of the Supervisory Board	43
Statutory Auditors' Reports	50
Five-year financial summary	54
Participating in the Shareholders' Meeting	55
Document request	59



**Notice of Meeting sent to joint owners of shares**

Pursuant to the provisions of Article R. 225-68 of the French Commercial Code, 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.



## **DEAR MICHELIN SHAREHOLDER,**

As in previous years, the resolutions presented at the forthcoming Annual Shareholders Meeting include both ordinary and extraordinary resolutions.

Among the ordinary resolutions, you will be asked to approve the 2013 financial statements and appropriate net income for the year.

This year, we are recommending a dividend of €2.50 per share, which is 4% higher than the 2012 dividend. It also corresponds to a dividend payout rate of around 35% of consolidated net income, before non-recurring items, compared with a rate of approximately 30% over the past three years.

In the other ordinary resolutions, you will be asked, as every year, to renew the authorization for the Company to carry out a share buyback program, which replaces a similar authorization granted at the May 17, 2013 Annual Meeting.

In addition, you will be asked to re-elect Laurence Parisot and Pat Cox to the Board and to elect a new member, Cyrille Poughon, who is an employee of a Group company.

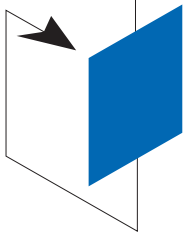
Among the extraordinary resolutions, you will be requested to renew a certain number of financial authorizations, which will allow us to provide the Company, if need be, with the financial resources required to realize our ambitious growth vision.

As always, the Annual Meeting represents an indispensable opportunity to meet with you, exchange views and talk with you in more detail about the life of your company, its results, its outlook and its strategy. I attach very great importance to this dialogue and to your votes, which express your confidence in your company. I hope that once again shareholder attendance will be high.

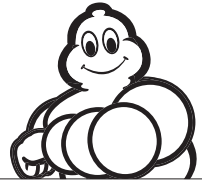
Sincerely yours,



**Jean-Dominique Senard**  
**Managing Partner**  
**Chief Executive Officer of the Michelin Group**



# AGENDA



Shareholders of Compagnie Générale des Établissements Michelin are hereby informed that the Annual Shareholders Meeting will be held on Friday, May 16, 2014 at 9:00 am at the Polydôme, Place du 1<sup>er</sup> Mai, Clermont-Ferrand (Puy-de-Dôme, France). The agenda of the Meeting is as follows:

- ▶ Report of the Chief Executive Officer.
- ▶ Report of the Supervisory Board.

## ORDINARY RESOLUTIONS

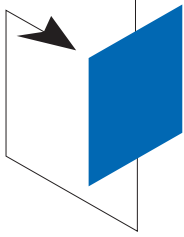
- ▶ Report of the Chairman of the Supervisory Board prepared in accordance with Article L. 226-10-1 of the French Commercial Code.
- ▶ Statutory Auditors' reports on the Company financial statements and the consolidated accounts for the year ended December 31, 2013, the Statutory Auditors' special report on the agreements governed by Article L. 226-10 of the French Commercial Code, and the Statutory Auditors' report on the Company's internal control and risk management procedures.
- ▶ Approval of the Company financial statements for the year ended December 31, 2013.
- ▶ Appropriation of income for the year ended December 31, 2013 and approval of the recommended dividend.
- ▶ Approval of the consolidated financial statements for the year ended December 31, 2013.
- ▶ Related party agreements.
- ▶ Authorization for the Chief Executive Officer to carry out a share buyback program, except during a public offer period, based on a maximum purchase price per share of €130.
- ▶ Advisory vote on the components of the compensation package due or awarded to Jean-Dominique Senard, Chief Executive Officer, in respect of 2013.
- ▶ Re-election of 2 Supervisory Board members.
- ▶ Election of a new Supervisory Board member.
- ▶ Supervisory Board compensation.
- ▶ Authorization for the Chief Executive Officer to issue bonds.

## EXTRAORDINARY RESOLUTIONS

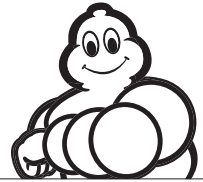
- ▶ Statutory Auditors' special reports.
- ▶ Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to shares, with pre-emptive subscription rights for existing shareholders.
- ▶ Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights for existing shareholders.



- ▶ Authorization for the Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer to increase the Company's capital by capitalizing reserves, income or additional paid-in capital.
- ▶ Authorization for the Chief Executive Officer 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 Chief Executive Officer 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, securities carrying rights to shares or debt securities.
- ▶ Authorization for the Chief Executive Officer to reduce the Company's capital by canceling shares.
- ▶ Authorization for the Chief Executive Officer to grant performance shares to employees of the Company and of its subsidiaries (other than the Chief Executive Officer), without pre-emptive subscription rights for existing shareholders.
- ▶ Powers to carry out formalities.



# 2013 BUSINESS REVIEW



## HIGHLIGHTS

- ▶ Volumes stable, as expected.
- ▶ Operating income before non-recurring items structurally high at €2,234 million, up €41 million at constant scope of consolidation and exchange rates, reflecting a margin discipline thanks to the positive €69 million impact of price/raw materials, an effective Competitiveness Plan and better balance among the contributions from each business, especially in the case of Truck tires
- ▶ €1,154 million in free cash flow, resulting from the Group's ability to structurally generate cash and the value creation target assigned to every unit.
- ▶ Fourth straight year of value creation, with an 11.9% return on capital employed.
- ▶ Net Debt lowered to €142 million
- ▶ Recommended dividend of €2.50 a share, submitted to shareholder approval at the Annual Meeting on May 16, 2014 and representing an increase in payout to 35% of net income before non-recurring items.

## MARKET REVIEW

### PASSENGER CAR AND LIGHT TRUCK TIRES

#### 2013

% change year-on-year  
(in number of tires)

	Europe*	North America	Asia (excluding India)	South America	Africa-India-Middle East	Total
Original equipment	+1%	+5%	+5%	+5%	-6%	+3%
Replacement	-0%	+5%	+6%	+10%	+4%	+3%

#### Fourth Quarter 2013

% change year-on-year  
(in number of tires)

	Europe*	North America	Asia (excluding India)	South America	Africa-India-Middle East	Total
Original equipment	+6%	+6%	+10%	-8%	-7%	+6%
Replacement	+1%	+4%	+5%	+8%	-1%	+3%

\* Including Russia and Turkey.



## Original equipment

- ▶ In Europe, OE tire demand edged up just 1% over the year, with an improvement in the second half, in line with the overall increase in vehicle output. This increase varied, however, between the broadline carmakers and the better performance by specialty and export-driven brands. Demand in the Eastern European countries contracted by 4%.
- ▶ The North American market gained 5% over the year, returning to pre-recession levels as buyers continued to replace their aging cars.
- ▶ In Asia (excluding India), demand rose by 5% overall but growth varied by market. In China, it surged by a strong 15%, with new momentum in the final quarter (up 21%). In all, the Chinese market has tripled over the past five years.
- ▶ Demand in South America rose by 5% over the year, shaped by the increasing percentage of vehicles produced locally and a slowdown in the second-half.

## Replacement

- ▶ The European replacement market ended the year unchanged, with a more favorable trend in the second half. In Western Europe, the flat growth reflected the increase in the summer segment and the expected contraction in the winter segment (down 4%), which was exacerbated by prevailing weather conditions. Demand for high-performance (17' and larger) tires remained robust, gaining a further 7% over the year. Retail inventories returned to normal levels in summer tires but are still a little high in winter tires due to the lack of snow. In the Eastern European countries, the market was also stable for the year, despite wide swings in demand from one month to the next.
- ▶ The 5% increase in North American demand was led by the rebound in Chinese imports after US customs duties were lifted and by sustained sales of winter tires in Canada.
- ▶ In Asia (excluding India), demand rose by 6% overall, with an 8% gain in China despite slowing economic growth, and a 3% increase in Japan, in line with long-term market trends.
- ▶ In South America, demand expanded by 10%, with significant growth in each market. In particular, Brazil saw an 14% increase in an inflationary environment.



## TRUCK TIRES

### 2013

% change year-on-year  
(in number of new tires)

	Europe**	North America	Asia (excluding India)	South America	Africa-India-Middle East	Total
Original equipment*	+4%	-7%	+12%	+40%	-13%	+6%
Replacement*	+8%	-2%	+5%	+10%	+8%	+5%

### Fourth Quarter 2013

% change year-on-year  
(in number of new tires)

	Europe**	North America	Asia (excluding India)	South America	Africa-India-Middle East	Total
Original equipment*	+17%	-2%	+17%	+36%	-18%	+11%
Replacement*	+6%	-2%	+7%	+17%	+9%	+6%

\* Radial market only.

\*\* Including Russia and Turkey.

## Original equipment

- ▶ Demand in Europe was lifted at year-end by truck purchases ahead of the introduction of Euro VI emissions standards on January 1, 2014.
- ▶ In North America, the market was flat for most of the year but showed some signs of improvement in the fourth quarter. The increase in truck orders during those final three months could support demand in early 2014.
- ▶ Demand in Asia (excluding India) rose by 12% overall. The market grew by 14% in China, with a sharp gain in the heavy-duty truck and coach segments. In Southeast Asia, demand for radial tires jumped 28% in the first half but ended the year down 4%, with a steep fall-off in Thailand in particular. The Japanese original equipment market rebounded by 5% over the year and by 27% in the final quarter, lifted by the upturn in exports and truck buying ahead of an increase in the VAT rate.
- ▶ The market climbed a steep 40% in South America, with a sustained upward trend driven by strong demand for heavy-duty trucks in the farming industry and by comparison with low prior-year figures impacted by the introduction of Euro V emissions standards in 2012.

## Replacement

- ▶ The European replacement market ended the year up 8%, but remains weak. Demand in Western Europe (up 7%) reflected the firm sell-out to fleets, the lack of retreadable casings and the decline in dealer inventory. In the Eastern European countries, replacement demand increased by 13% over the year, but slowed in the fourth quarter due to the 4% contraction in Russia.
- ▶ The North American market declined by 2% over the year, reflecting both dealer inventory drawdowns and more optimized trucking fleet management.
- ▶ Asian markets (excluding India) rose by 5% overall in 2013. The Chinese market grew 5% over the year and 7% in the final quarter, in line with the slight improvement in the economy. Demand in Southeast Asia, up 4% overall, is still being driven by the sustained shift to radial technology. The Japanese market saw another year of growth, up 7%.
- ▶ In South America, demand rose 10% overall, with a speed-up in the fourth quarter to 17%. All of the leading country markets experienced similar growth, with faster expansion in Brazil thanks to the buoyant farming industry.





## SPECIALTY TIRES

- ▶ **Earthmover tires:** demand for large mining tires rose slightly over the year, but fell sharply in the fourth quarter following inventory drawdowns by mining companies.

Original equipment markets dropped precipitously in Europe and North America, dragged down by weak demand and deep manufacturer destocking, which is now coming to an end.

Demand for tires used in Infrastructure and quarries contracted noticeably in mature markets, particularly North America, due to lower equipment sales and sustained high dealer inventories (albeit tapering down at year-end).

- ▶ **Agricultural tires:** Global demand for OE tires softened in mature markets, but is continuing to trend upwards for technical tires.

The replacement market is recovering in Europe, but remains down in North America.

- ▶ **Two-Wheel tires:** The motorcycle market was flat in Europe but down in North America, where it suffered from unfavorable weather conditions. Demand rose in the emerging markets.

- ▶ **Aircraft tires:** The commercial aviation market was stable, while defense markets are being dampened by government budget restrictions.



## 2013 NET SALES AND RESULTS

### NET SALES

**Net sales totaled €20,247 million** for the year, versus €21,474 million in 2012.

The stable volume performance reflected demand that was weak in the first half and more robust in the second, despite the slowdown in Earthmover tire markets over the year.

The negative price-mix reduced net sales by €516 million or 2.4%. This figure included the €550 million negative impact from contractual price reductions based on

raw materials indexation clauses and the carefully managed price repositionings targeted on certain tire sizes, as well as the €34-million positive impact from improvements in the product mix, led by the premium strategy in the Passenger car and Light truck tire business.

The very unfavorable currency effect, which reduced reported net sales by €716 million or 3.4%, primarily resulted from the stronger euro.

### EARNINGS

**Consolidated operating income before non-recurring items came to €2,234 million or 11.0% of net sales**, versus €2,423 million and 11.3% as reported in 2012. The €260 million in non-recurring expense primarily correspond to the restructuring costs incurred in the projects to improve manufacturing competitiveness.

Operating income for the year was mainly impacted by the sharply negative €230-million currency effect arising from the euro's appreciation after the summer.

As expected, volumes were stable year-on-year.

Tight pricing policy management helped to maintain a favorable balance between the negative €516 million price-mix effect and the positive €619-million impact from lower raw materials costs. The €275 million in gains from the competitiveness plan exceeded annual objectives and absorbed much of the €205-million increase in production and other costs and the €168 million in outlays to drive growth (start-up costs, the new business process management program and expenses in the new markets).

**In all, net income for the period came to €1,127 million.**

### NET FINANCIAL POSITION

During the year, Michelin generated **consolidated free cash flow of €1,154 million**, while maintaining a strong capital expenditure program.

At year-end, the Group was almost entirely debt-free, with **gearing of just 2%**, corresponding to net debt of €142 million, compared with 12% and €1,053 million at December 31, 2012.



## SEGMENT INFORMATION

(in € million)	Net sales		Operating income before non-recurring items		Operating margin before non-recurring items	
	2013	2012	2013	2012	2013	2012
Passenger car and Light truck tires and related distribution	10,693	11,098	1,086	1,033	10.2%	9.3%
Truck tires and related distribution	6,425	6,736	503	444	7.8%	6.6%
Specialty businesses	3,129	3,640	645	946	20.6%	26.0%
<b>GROUP</b>	<b>20,247</b>	<b>21,474</b>	<b>2,234</b>	<b>2,423</b>	<b>11.0%</b>	<b>11.3%</b>

### Passenger car and Light truck tires and related distribution

Net sales in the Passenger car and Light truck tires and related distribution segment declined to €10,693 million from €11,098 million in 2012, due to the combined net impact of the pricing policy, the sustained improvement in the product mix and the slight 1% increase in volumes, all in an unfavorable currency environment.

Lifted by the stronger performance by the MICHELIN brand, operating income before non-recurring items edged up to €1,086 million or 10.2% of net sales, compared with €1,033 million and 9.3% in 2012.

### Truck tires and related distribution

Net sales in the Truck tires and related distribution segment stood at €6,425 million, versus €6,736 million in 2012. The decline primarily reflected tight pricing

management and the unfavorable currency effect at a time of modest volume growth (up 1%). Note, however, that volumes picked up in the final quarter, with a 5% gain.

The focus on margins led to a significant improvement in operating income before non-recurring items, which rose to €503 million or 7.8% of net sales from €444 million or 6.6% the year before.

### Specialty businesses

Net sales by the Specialty businesses declined to €3,129 million from €3,640 million in 2012, due to price adjustments stemming from raw materials-based indexation clauses, the negative currency effect and the 7% fall-off in volumes caused by the contraction in the Infrastructure and OE Earthmover markets.

Operating income before non-recurring items came to €645 million or 20.6% of net sales, compared with €946 million and 26.0% in 2012.

## COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN

Compagnie Générale des Établissements Michelin reported a profit of €303 million in 2013.

The financial statements were presented to the Supervisory Board at its meeting on February 6, 2014. An audit was performed and the auditors' report was issued on February 10, 2014.

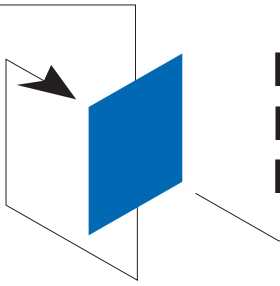
The Chief Executive Officer will call an Annual Shareholders Meeting on Friday, May 16, 2014 at 9:00 am in Clermont-Ferrand.

The Chief Executive Officer will ask shareholders to approve the payment of a dividend of €2.50 a share, representing the payout of 35% of consolidated net income before non-recurring items.

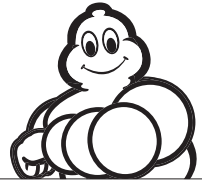


## OUTLOOK FOR 2014

- ▶ During the year, tire demand is expected to continue expanding quickly in the new markets, while moving back in line with economic activity in the mature regions.
- ▶ In this environment, Michelin is committed to increasing its sales volumes by around 3% over the year, in line with growth in the global tire market. This performance will be driven by the successful launch of products like the MICHELIN Premier All Season or the MICHELIN X Multi range, the ongoing deployment of the premium strategy, the structural robustness of the Specialty businesses, the MICHELIN brand's stronger positions and the ramp-up of the new production plants.
- ▶ Michelin is maintaining its margin discipline, which preserves a positive balance between pricing policy and raw materials costs. The benefits of the Competitiveness Plan should be strengthened by the growth in net sales.
- ▶ As a result, Michelin's objective for 2014 is to achieve a more than 11% ROCE and generate structural free cash flow exceeding €500 million, all while maintaining its capital expenditure program at around €2 billion.



# 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 entitled “Proposed resolutions submitted to the vote of shareholders of listed companies” (hereinafter referred to as the “MEDEF Guide” or the “Guide”), on which it worked in conjunction with the AFEP (French Association of Private Sector Companies), the ANSA (National Association of Joint Stock Companies) and various other parties.

This guide, which is currently available only in French, can be downloaded from the MEDEF website ([www.medef.com/medef-corporate/publications](http://www.medef.com/medef-corporate/publications)).

Issued on December 19, 2013, the MEDEF Guide is specifically targeted at shareholders – especially individual shareholders and foreign institutional shareholders – with a view to helping them to understand the underlying issues in the resolutions presented for their approval and the related procedures as specified in French company law.

It covers all types of proposed resolutions that are typically included in the agendas for Annual Shareholders Meetings.

The Guide was prepared for use by joint stock companies (*sociétés anonymes*) governed by a Board of Directors. As *Compagnie Générale des Établissements Michelin* is a partnership limited by shares (*société en commandite par actions*), the Guide’s recommendations must be adapted accordingly, in particular to reflect the existence of 2 distinct governance bodies, the Supervisory Board and Managing General Partners (the Company currently has one Managing General Partner, who is the Chief Executive Officer).

The Company considers the Guide’s recommendations – as adapted to the Company’s specific legal form – to be a useful supplement to the reports prepared by the Chief Executive Officer and the Supervisory Board on proposed shareholder resolutions, particularly those concerning authorizations to carry out corporate actions.

Consequently, for each such authorization to be submitted for approval at the May 16, 2014 Annual Shareholders Meeting, this report will refer to the corresponding information sheet in the Guide.

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



## ORDINARY RESOLUTIONS

### 1<sup>st</sup> and 2<sup>nd</sup> resolutions

#### **Approval of the Company financial statements for the year ended December 31, 2013**

#### **Appropriation of net income for the year ended December 31, 2013 and approval of the recommended dividend payment**

The first and second resolutions concern approval of the Company's 2013 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 €302,984,561.29.

After (i) allocating €646,586.20 to the legal reserve to increase it to one tenth of the Company's capital and (ii) deducting €6,764,667.36 attributable to the General Partners in accordance with the bylaws, the balance of €295,573,307.73 plus €229,156,507.45 in retained earnings brought forward from prior years represents a total of €524,729,815.18 available for distribution to shareholders.

We are recommending paying a 2013 dividend of €2.50 per share.

Unlike last year, we are not proposing a dividend re-investment option in order to avoid the dilutive impact that results from allocating shares in payment of dividends.

In order to qualify for the dividend payment, beneficiaries must be shareholders of record at 12:00 pm on May 22, 2014 (the record date).

The ex-dividend date will be May 20, 2014.

The dividend will be paid as from May 23, 2014.

The amount of 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, 2013)**

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, 2013 which show net income for the period of €302,984,561.29.

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, 2013 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	€302,984,561.29
▶ Amount appropriated to the legal reserve so that it represents one-tenth of the share capital	€646,586.20
▶ Share of profits attributed to the General Partners in accordance with the bylaws	€6,764,667.36
▶ Balance	€295,573,307.73
▶ Plus retained earnings brought forward from prior years	€229,156,507.45
▶ Total amount available for distribution	€524,729,815.18

And resolves:

▶ To pay an aggregate dividend of representing €2.50 per share	€464,474,107.50
▶ To appropriate the balance of to retained earnings	€60,255,707.68



### The dividend will be paid as from May 23, 2014.

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

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

- ▶ the progressive tax scale applied to personal income tax, after the application of the 40% allowance provided for under Article 158-3-2° of the French General Tax Code;
- ▶ a 21% compulsory withholding tax. This tax, which is withheld at source by the paying agent, corresponds to a prepayment of personal income tax and will be deducted from the shareholders' final income tax payment for the year or refunded in the case of an excess payment. *(However, shareholders filing a single tax return whose personal taxable income for 2012 was less than €50,000 (less than €75,000 for shareholders filing a joint tax return) may apply for an exemption from this withholding tax. In order to make such an application, eligible shareholders should have lodged a declaration of honor with the bank holding their shares, by November 30, 2013, stating that their personal taxable income is below the applicable threshold);*
- ▶ the applicable social security and additional contributions withheld at source by the paying agent at a rate of 15.5%, of which 5.1% is deductible for tax purposes.

In accordance with Article 119 *bis* of the French General Tax Code, dividends paid to shareholders not domiciled in France for tax purposes are subject to withholding tax at 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 3 years were as follows:

Year	Total dividend payout (in €)	Dividend per share* (in €)
2010	314,361,964.10	1.78
2011	378,039,683.70	2.10
2012	438,136,111.20	2.40

\* 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.

### 3<sup>rd</sup> resolution

#### –Approval of the consolidated financial statements for the year ended December 31, 2013

The purpose of the third resolution is to approve the consolidated financial statements for the year ended December 31, 2013, which show net income for the period of €1,127,445 thousand.

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

#### Third resolution (Approval of the consolidated financial statements for the year ended December 31, 2013)

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, 2013 which show net income for the period of €1,127,445 thousand.



## 4<sup>th</sup> resolution

### **—Related-party agreements**

As no related-party agreements were entered into during 2013, 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 2013.

### **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, the Ordinary Shareholders Meeting approves said report and places on record that no such agreements requiring shareholder approval were entered into in 2013.

## 5<sup>th</sup> resolution

### **—Authorization for the Chief Executive Officer to carry out a share buyback program, except during a public offer period, based on a maximum purchase price per share of €140**

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. The maximum purchase price per share under this authorization would be €140 and the maximum number of shares purchased would represent less than 10% of the total shares outstanding at the time of the transaction(s). This authorization would supersede the previous authorization granted for the same purpose at the Annual Shareholders Meeting held on May 17, 2013 and would not be able to be used while a takeover bid is in progress. During 2013, the Company used the previous authorization to buy back 2,685,194 shares, of which 1,809,260 were cancelled in December, resulting in a corresponding capital reduction.

The increase in the maximum per-share purchase price compared with that authorized at the May 17, 2013 Meeting reflects the increase in the Company's share price during 2013.

This type of proposed resolution is explained in detail in Information Sheet 4 of the MEDEF Guide (*Share buybacks*), on page 42.

### **Fifth resolution (Authorization for the Chief Executive Officer to carry out a share buyback program, except during a public offer period, based on a maximum purchase price per share of €140)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, as well as the description of the share buyback program drawn up in accordance with the requirements of the General Regulations of the AMF, the Ordinary Shareholders Meeting authorizes the Chief Executive Officer to buy back the Company's shares in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, at a maximum purchase price per share of €140.

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% of the total shares outstanding at the time of each transaction and the Company may not hold more than 10% of its own share capital at any time. The total number of shares 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.

The maximum amount that may be invested in the share buyback program, within the meaning of Article R. 225-151 of the French Commercial Code, is set at €2,601,054,400, corresponding to 18,578,960 shares bought back at the maximum purchase price per share of €140 and representing less than 10% of the Company's share capital at the date of this Meeting.





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) upon exercise of stock options, (ii) under performance share plans and (iii) in connection with employee rights issues;
- ▶ to maintain a liquid market for the Company's shares through a liquidity contract complying with a Code of Ethics approved by the AMF;
- ▶ to purchase shares for allocation upon 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 may not exceed 5% of the Company's share capital;
- ▶ to implement any other market practices that may be authorized in the future by the applicable laws and the AMF;
- ▶ to acquire shares for cancellation under a shareholder-approved capital reduction.

The purchase, sale or transfer of shares may be effected at any time, except during a public offer period, and by any method, on the basis and within the limits prescribed by the laws and regulations in force on the transaction date(s), via regulated markets, multilateral trading facilities, systematic internalisers 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 internalisers or over-the-counter, or (iv) the allocation of shares on conversion, redemption, exchange or exercise of securities carrying rights to the Company's shares or by any other means, either directly or via an investment services provider. The entire buyback program may be implemented through a block trade.

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

This authorization shall be valid for a period of 18 months from the date of this Meeting and supersedes the authorization granted for the same purpose in the seventeenth resolution of the Annual Shareholders Meeting held on May 17, 2013.

## 6<sup>th</sup> resolution

### **Advisory vote on the components of the compensation due or paid for 2013 to Jean-Dominique Senard, Chief Executive Officer**

As prescribed in Article L. 225-37 of the French Commercial Code, the Company bases its corporate governance framework on the Corporate Governance Code for listed companies published by the AFEP and MEDEF, as revised on June 16, 2013 (the AFEP/MEDEF Code).

Companies that elect to apply the recommendations in Article 24.3 of the AFEP/MEDEF Code are required to provide their shareholders with an advisory “say-on-pay” vote relating to the components of compensation due or paid for the year to each executive officer. Said components may include:

- ▶ the fixed portion of the executive officer's compensation;
- ▶ the annual variable portion, and where applicable, the multi-year 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 any other type of long-term compensation;
- ▶ benefits related to taking up or terminating office;
- ▶ supplementary pension benefits;
- ▶ any other benefits.



Michelin's Supervisory Board and Management have elected to apply this recommendation.

Consequently, on the recommendation of the Supervisory Board and with the approval of the Board and of the Non-Managing General Partner (SAGES), in the sixth resolution the Chief Executive Officer is asking shareholders to give a positive advisory vote on the components of the compensation due or paid for 2013 to Jean-Dominique Senard, who is the Company's Chief Executive Officer and sole executive officer.

Compensation packages and the related review procedures performed by the Compensation and Appointments Committee are described on pages 36 to 42.

#### **Sixth resolution (Advisory vote on the components of the compensation due or paid for 2013 to Jean-Dominique Senard, Chief Executive Officer)**

Having considered the report of the Supervisory Board and having noted the approval of the Non-Managing General Partner, the Ordinary Shareholders Meeting issues a positive advisory vote on the components of the compensation due or paid for 2013 to Jean-Dominique Senard, Chief Executive Officer, as presented in section 4.3.3 of the 2013 Registration Document.

#### **7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> resolutions: election and re-election of Supervisory Board members (including an employee representative member)**

##### **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, Laurence Parisot, Olivier Bazil, Pat Cox, Jean-Pierre Dupriez 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 2013 (91.6% 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 2013 is included in the report of the Chairman of the Supervisory Board on the Board's membership structure and practices, set out in section 4.5 of the 2013 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 (almost all 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 Managing General Partner (the Chief Executive Officer), nor the Non-Managing General Partner (SAGES), which is responsible for ensuring the Company's continuity of leadership.

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 please see sections 4.1 and 4.2 of the 2013 Registration Document ("Administrative, Management and Supervisory Bodies and Senior Management" and "Practices of the Administrative, Management and Supervisory Bodies").



### **–The Supervisory Board is recommending that shareholders re-elect 2 Supervisory Board members and elect one new member to represent employees**

The terms of office of 2 of the 8 current Supervisory Board members are due to expire at the close of the Annual Shareholders Meeting to be called to approve the financial statements for the year ended December 31, 2013, namely Laurence Parisot and Pat Cox.

In addition, the Supervisory Board has decided to put forward a new candidate for election selected from among the Group's employees.

The Supervisory Board Chairman was in charge of reviewing the profiles of the Board nominees and selecting the final candidates.

The candidate selection process, the criteria applied by the Compensation and Appointments Committee and the Supervisory Board, and a presentation of each candidate are set out in the report of the Supervisory Board on the proposed resolutions on pages 43 to 48.

Following this process the Board unanimously decided to ask the Chief Executive Officer to recommend at the Annual Meeting that shareholders approve:

- ▶ the re-election of Laurence Parisot and Pat Cox (who did not take part in the Supervisory Board votes on their respective nominations);
- ▶ the election of Cyrille Poughon, a Group employee, as an additional member of the Board.

These Supervisory Board members would be elected/re-elected for a 4-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, 2017.

#### **Seventh resolution (Re-election of Laurence Parisot as a member of the Supervisory Board)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting resolves to re-elect Laurence Parisot as a member of the Supervisory Board for a 4-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, 2017.

#### **Eighth resolution (Re-election of Pat Cox as a member of the Supervisory Board)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting resolves to re-elect Pat Cox as a member of the Supervisory Board for a 4-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, 2017.

#### **Ninth resolution (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 resolves to elect Cyrille Poughon as a member of the Supervisory Board for a 4-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, 2017.

### **10<sup>th</sup> resolution**

#### **–Supervisory Board compensation**

Based on a recommendation by the Supervisory Board, and with the Board's approval, the Chief Executive Officer is asking shareholders to approve a resolution to increase the aggregate compensation allocated to Supervisory Board members (in the form of attendance fees) to an annual amount of €420,000.

The reasons for this recommended increase are set out in the Supervisory Board's report on the proposed resolutions (see the Notice of Meeting for the 2014 Annual Shareholders Meeting and section 10.2 of the 2013 Registration Document).

#### **Tenth resolution (Supervisory Board compensation)**

Having considered the reports of the Chief Executive Officer and the Supervisory Board, the Ordinary Shareholders Meeting sets at €420,000 the aggregate annual amount of compensation allocated to Supervisory Board members, effective from January 1, 2014.



## 11<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer to issue bonds**

The purpose of the eleventh resolution is to authorize the Chief Executive Officer to issue up to €1 billion worth of bonds. This authorization would supersede the unused authorization granted for the same purpose and the same amount at the Annual Shareholders Meeting of May 11, 2012.

#### **Eleventh resolution (Authorization for the Chief Executive Officer to issue bonds)**

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

- ▶ authorizes the issue(s) of bonds representing a maximum nominal amount of €1 billion or the foreign currency equivalent;
- ▶ grants the Chief Executive Officer full powers to carry out the issue(s) and to determine the related characteristics, amounts, terms and conditions;
- ▶ grants the Chief Executive Officer full powers, which may be delegated, to use this authorization, and notably to determine the characteristics, terms and dates of the issue(s).

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

## EXTRAORDINARY RESOLUTIONS

All of the proposed extraordinary resolutions relate to the renewal, on the same or similar terms, of the financial authorizations previously given by shareholders, which the Group requires in order to continue to implement its overall business strategy.

A general description of this type of resolution is provided in the Introductory Information Sheet of the MEDEF Guide entitled "*Authorizations granted by shareholders for the Board of Directors to carry out capital increases*", on page 44.

## 12<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to the Company's shares, with pre-emptive subscription rights for existing shareholders**

In the twelfth resolution, shareholders are invited to authorize the Chief Executive Officer 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.

The total nominal amount by which the Company's capital may be increased pursuant to this authorization would not exceed €130 million, representing less than 35% of the Company's current share capital, and the maximum aggregate nominal value of debt securities issued with immediate or deferred rights to the Company's shares would be €1.5 billion.



This percentage share capital ceiling is the same as that set in the unused authorization granted for the same purpose in the fourth resolution of the May 11, 2012 Annual Shareholders Meeting. The only change this year concerns the specific ceiling on the issuance of debt securities carrying rights to the Company's shares, which has been raised to €1.5 billion. The blanket ceiling on the issuance of all debt securities, with or without rights to the Company's shares, remains unchanged (see the nineteenth resolution).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.1 of the MEDEF Guide, entitled "*Authorizations to carry out capital increases with pre-emptive subscription rights for existing shareholders*", on page 47.

### **Twelfth resolution (Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to the Company's 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, 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.* – the Extraordinary Shareholders Meeting:

- ▶ authorizes the Chief Executive Officer to issue, on one or more occasions, shares and/or securities carrying immediate and/or deferred rights to the Company's new or existing shares. 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;
- ▶ resolves 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 may not exceed €130 million, representing less than

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 in accordance with this authorization may notably consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, no preference shares or securities carrying rights to preference shares may be issued,
- the aggregate nominal amount of debt securities issued under this authorization may not exceed €1.5 billion or the equivalent at the issue date in the case of securities denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies,
- shareholders will have a pre-emptive right to subscribe the shares and/or debt securities issued under this authorization, *pro rata* to their existing shareholdings. The Chief Executive Officer 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 Chief Executive Officer may take one or more of the following courses of action, in the order of his choice: (i) limit the amount of the issue to the subscriptions received, provided that at least 3/4 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 Chief Executive Officer shall be authorized to decide that rights to fractions of securities shall be non-transferable and non-tradable and that the corresponding securities shall be sold,
- the Chief Executive Officer 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 amount, price, timing and 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 where deemed appropriate by the Chief Executive Officer, (v) place on record the amount of the capital increase(s) resulting from the subscription of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s); and, at the Chief Executive Officer's discretion, enter into any and all agreements for the purpose of completing the issue(s); charge the share issuance costs 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 and supersedes any authorization previously granted for the same purpose.

## 13<sup>th</sup> resolution

### **–Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to the Company's shares, through a public offer, without pre-emptive subscription rights for existing shareholders**

In the thirteenth resolution, shareholders are invited to authorize the Chief Executive Officer to increase the Company's capital by issuing ordinary shares and/or securities carrying rights to shares, without pre-emptive subscription rights for existing shareholders. 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 3 trading days preceding the issue pricing date, less a maximum discount of 5%.

The total nominal amount by which the Company's capital may be increased pursuant to this authorization would not exceed €37.15 million, representing less than 10% of the Company's current share capital, and the maximum aggregate nominal value of debt securities issued with immediate or deferred rights to the Company's shares would be €1 billion.

In the same way as in the twelfth resolution above, this percentage share capital ceiling is the same as that set in the unused authorization granted for the same purpose in the fifth resolution of the May 11, 2012 Annual Shareholders Meeting. The only change this year concerns the specific ceiling on the issuance of debt securities carrying rights to the Company's shares, which has been raised to €1 billion. However, the blanket ceiling on the issuance of all debt securities, with or without rights to the Company's shares, remains unchanged (see the nineteenth resolution).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.2 of the MEDEF Guide, entitled "*Authorizations to carry out capital increases without pre-emptive subscription rights for existing shareholders*", on page 50.



**Thirteenth resolution (Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to the Company's 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, 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.* – the Extraordinary Shareholders Meeting:

- ▶ authorizes the Chief Executive Officer to issue, on one or more occasions, and through a public offer, shares and/or securities carrying immediate and/or deferred rights to the Company's new or existing shares. 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;
- ▶ resolves:
  - 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 may not exceed €37.15 million, representing less than 10% of the Company's current share 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 the securities carrying rights to shares issued in accordance with this authorization may notably consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, no preference shares or securities carrying rights to preference shares may be issued,
  - that the aggregate nominal amount of debt securities issued under this authorization may not exceed €1 billion, or the equivalent in the case of securities denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies,
  - to waive shareholders' pre-emptive rights to subscribe any securities issued pursuant to this authorization,
  - that (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 NYSE Euronext Paris over the 3 trading days preceding the issue pricing date, less a maximum discount of 5%, 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,
  - that the Chief Executive Officer 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 amount, timing, terms and conditions of the issue(s), which may be carried out on one or more occasions in France or abroad and/or in the international market, as well as the price in accordance with the above limits, (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 where deemed appropriate by the Chief Executive Officer, (v) place on record the amount of the capital increase(s) resulting from the subscription of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s); and, at the Chief Executive Officer's discretion, enter into any and all agreements for the purpose of completing the issue(s); charge the share issuance





costs 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 and supersedes any authorization previously granted for the same purpose.

## 14<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer 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 fourteenth resolution is to give the Chief Executive Officer a separate authorization to increase the Company's capital by issuing shares and/or securities carrying rights to shares through private placements.

This authorization would enable the Company to take advantage of the flexibility offered to rapidly raise funds from qualified investors within the meaning of the applicable regulations.

The securities would be placed exclusively with the categories of individuals and entities set out in Article L. 411-2-II of the French Monetary and Financial Code, *i.e.* (i) individuals or entities providing portfolio management services and (ii) qualified investors or a restricted group of investors, provided that they are acting on their own behalf.

Any capital increases carried out pursuant to this authorization would be included in the ceiling for issues without pre-emptive subscription rights for existing shareholders provided for in the thirteenth resolution.

This authorization would supersede the unused authorization granted for the same purpose and with the same share capital ceiling in the sixth resolution of the May 11, 2012 Annual Shareholders Meeting. The only change concerns the specific ceiling on the issuance of debt securities carrying rights to the Company's shares, which has been raised to €1 billion to align it with that set in the thirteenth resolution above. However, the blanket ceiling on the issuance of all debt securities, with or without rights to the Company's shares, remains unchanged (see the nineteenth resolution).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.3 of the MEDEF Guide, entitled "*Authorizations to carry out capital increases through private placements*", on page 53.

### **Fourteenth resolution (Authorization for the Chief Executive Officer to issue shares and/or securities carrying rights to the Company's 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, 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.* – as well as paragraph II of Article L. 411-2 of the French Monetary and Financial Code, the Extraordinary Shareholders Meeting:

- ▶ authorizes the Chief Executive Officer, to issue, on one or more occasions, 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. 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;





► resolves:

- 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 may not exceed €37.15 million, representing less than 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,
- that the securities carrying rights to shares issued in accordance with this authorization may notably consist of debt securities or securities associated with the issue of debt securities or securities allowing the issue of intermediate debt securities. They may take the form of dated or undated, subordinated or unsubordinated notes. However, no preference shares or securities carrying rights to preference shares may be issued,
- that the aggregate nominal amount of debt securities issued under this authorization may not exceed €1 billion, or the equivalent in the case of securities denominated in a foreign currency or a monetary unit determined by reference to a basket of currencies,
- that any issues of shares and/or securities carrying rights to shares carried out under this authorization shall be included in the ceilings set for such issues in the thirteenth resolution above,
- to waive shareholders' pre-emptive rights to subscribe any securities issued pursuant to this authorization,
- that (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 NYSE Euronext Paris over the 3 trading days preceding

the issue pricing date, less a maximum discount of 5%, 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,

- that the Chief Executive Officer 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 amount, timing, terms and conditions of the issue(s), which may be carried out on one or more occasions in France or abroad and/or in the international market, as well as the price in accordance with the above limits, (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 where deemed appropriate by the Chief Executive Officer, (v) place on record the amount of the capital increase(s) resulting from the subscription of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the capital increase(s); and, at the Chief Executive Officer's discretion, enter into any and all agreements for the purpose of completing the issue(s); charge the share issuance costs 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 and supersedes any authorization previously granted for the same purpose.



## 15<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer to increase the number of securities to be issued in the event that an issue carried out either with or without pre-emptive subscription rights is oversubscribed**

In the fifteenth resolution, shareholders are asked to authorize the Chief Executive Officer to increase the number of securities issued in the event that any issues carried out under the twelfth, thirteenth or fourteenth resolutions are oversubscribed.

The additional securities would not exceed 15% of the original issue amount and would be issued at the same price as for the original issue, subject to the ceilings set in the twelfth, thirteenth and fourteenth resolutions.

This authorization would supersede the unused authorization granted for the same purpose in the seventh resolution of the May 11, 2012 Annual Shareholders Meeting.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.6 of the MEDEF Guide, entitled "*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 59.

### **Fifteenth resolution (Authorization for the Chief Executive Officer to increase the number of securities to be issued in the event that an issue carried out either 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, in accordance with Article L. 225-135-1 of the French Commercial Code, the Extraordinary Shareholders Meeting authorizes the Chief Executive Officer to increase the number of shares and/or other securities to be issued as part of a capital increase, carried out either with or without pre-emptive subscription rights under the twelfth, thirteenth or fourteenth resolutions. Any such additional shares and/or other securities (i) must be issued within 30 days of the end of the subscription period for the original issue, (ii) may not exceed 15% of the original issue and (iii) must be issued at the same price as for the original issue, subject to the ceilings set in the twelfth, thirteenth and fourteenth resolutions.

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

## 16<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer to increase the Company's capital by capitalizing reserves, income or additional paid-in capital**

The purpose of the sixteenth resolution is to authorize the Chief Executive Officer to increase the Company's capital by up to €80 million by capitalizing reserves, income or additional paid-in capital.

This authorization would supersede the unused authorization granted for the same purpose in the eighth resolution of the May 11, 2012 Annual Shareholders Meeting.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.7 of the MEDEF Guide, entitled "*Authorizations to increase capital by capitalizing reserves*", on page 61.



**Sixteenth resolution (Authorization for the Chief Executive Officer 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, in accordance with Articles L. 225-129 and L. 225-130 of the French Commercial Code, the Extraordinary Shareholders Meeting:

- ▶ authorizes the Chief Executive Officer to increase the Company's capital, on one or more occasions, by a maximum of €80,000,000 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;
- ▶ resolves that if new shares are issued as part of a capital increase, the Chief Executive Officer 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;
- ▶ resolves that the Chief Executive Officer 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 where deemed appropriate by the Chief Executive Officer, (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 the Chief Executive Officer's 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 and supersedes any authorization previously granted for the same purpose.

**17<sup>th</sup> resolution**

**Authorization for the Chief Executive Officer 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 for contributed assets**

In the seventeenth resolution, shareholders are invited to authorize the Chief Executive Officer 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 for contributed assets.

The amount of any capital increase(s) carried out using this authorization would be included in the ceiling set in the thirteenth resolution and any shares issued in payment of contributed assets would be subject to an additional ceiling representing 10% of the Company's capital.



This authorization would supersede the unused authorization granted for the same purpose in the ninth resolution of the May 11, 2012 Annual Shareholders Meeting.

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.5 of the MEDEF Guide, entitled "*Authorizations to increase capital in payment for contributed assets*", on page 57.

**Seventeenth resolution (Authorization for the Chief Executive Officer 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 for contributed assets)**

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:

- ▶ authorizes the Chief Executive Officer to issue ordinary shares:
  - 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 will be based on the report of the appointed Transaction Appraiser (*Commissaire aux apports*) and may not exceed 10% of the Company's capital.

The amount of any capital increase(s) carried out using this authorization shall be included in the ceiling set in the thirteenth resolution above.

- ▶ resolves that the Chief Executive Officer 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 terms

and conditions of the issue(s), (ii) determine the issue date(s), subscription period(s) and cum-rights date(s) as well as the method and timeframe for paying up shares, (iii) place on record the valuation of the contributed assets, (iv) apply for the listing of the new shares where deemed appropriate by the Chief Executive Officer, (v) place on record the amount of the capital increase(s) resulting from the subscription of shares, (vi) carry out – directly or through a representative – all operations and formalities related to the issue(s); and, at the Chief Executive Officer's discretion, charge the share issuance costs 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 and supersedes any authorization previously granted for the same purpose.

## 18<sup>th</sup> resolution

### **Authorization for the Chief Executive Officer to issue or sell shares to members of a Group Employee Shareholder Plan, without pre-emptive subscription rights for existing shareholders**

The purpose of the eighteenth resolution is to authorize the Chief Executive Officer to issue or sell shares to members of a Group Employee Shareholder Plan. The aggregate par value of any shares issued would not exceed €7.4 million, representing approximately 2% of the Company's current share capital.

This authorization would supersede the unused authorization granted for the same purpose and subject to the same percentage share capital ceiling in the tenth resolution of the May 11, 2012 Annual Shareholders Meeting.



A detailed explanation of this type of proposed resolution is provided in Information Sheet 6.3 of the MEDEF Guide, entitled “*Authorizations to carry out employee rights issues*”, on page 75.

**Eighteenth resolution (Authorization for the Chief Executive Officer to issue or sell shares to members of a Group Employee Shareholder Plan, 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:

- ▶ in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code and Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code, authorizes the Chief Executive Officer to issue shares, on one or more occasions, to members of an Employee Shareholder Plan of the Company or French or non-French entities related to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;
- ▶ resolves:
  - to waive the pre-emptive rights of existing shareholders to subscribe any shares to be issued under this authorization,
  - that the aggregate par value of the shares issued under this authorization may not exceed €7.4 million, 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,
  - that the issue price of the shares offered under this authorization shall be set by the Chief Executive Officer in accordance with Article L. 3332-19 of the French Labor Code and shall not reflect a discount of more than 20% on the average of the opening prices quoted for the Company’s shares on NYSE Euronext Paris over the 20 trading days preceding the date on which the opening date of the subscription period is decided. The Chief Executive Officer may reduce or abolish this discount if he deems it appropriate, in order to take into account, *inter alia*, locally applicable tax, labor law or accounting restrictions,
- that the Chief Executive Officer may also grant new or existing shares to employees free of consideration in place of the discount, in accordance with Article L. 3332-21 of the French Labor Code,
- that the Chief Executive Officer may also grant to employees, free of consideration, new or existing shares and/or securities carrying rights to shares, in place of employer matching payments, subject to the limits set out in Article L. 3332-21 of the French Labor Code,
- that the Chief Executive Officer 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 amount, price and terms and conditions of the issue(s), (ii) determine whether the issue(s) may be subscribed directly by beneficiaries or through collective investment vehicles, (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 where deemed appropriate by the Chief Executive Officer, (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 subscription of shares, (vii) carry out – directly or through a representative – all operations and formalities related to the capital increase(s); and, at the Chief Executive Officer’s discretion, charge the share issuance costs 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 and supersedes any authorization previously granted for the same purpose.

## 19<sup>th</sup> resolution

### **Blanket ceilings on issues of shares, securities carrying rights to shares, or debt securities**

The purpose of the nineteenth resolution is to set a blanket ceiling of €130 million on capital increases to be carried out pursuant to the twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions. This ceiling represents less than 35% of the Company's share capital, unchanged from the cap set in the unused authorization granted in the eleventh resolution of the May 11, 2012 Annual Shareholders Meeting.

The blanket ceiling for issues of debt securities, with or without rights to the Company's shares, that may be carried out under the eleventh, twelfth, thirteenth, fourteenth, fifteenth and seventeenth resolutions would be maintained at €2 billion, unchanged from the previous authorization.

An explanation of the ceilings set by shareholders for authorizations relating to corporate actions is provided in the Introductory Information Sheet of the MEDEF Guide, entitled "*Authorizations granted by shareholders for the Board of Directors to carry out capital increases*", on page 44.

### **Nineteenth resolution (Blanket ceilings on issues of shares, securities carrying rights to shares, or debt securities)**

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 the shares issued under the twelfth, thirteenth, fourteenth, fifteenth, sixteenth and seventeenth resolutions, either immediately or on conversion, exchange redemption or exercise of securities carrying rights to shares, may not exceed €130 million. However, 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, with or without rights to the Company's shares, issued under the eleventh, twelfth, thirteenth, fourteenth, fifteenth and seventeenth resolutions may not exceed €2 billion or the equivalent in the case of securities denominated 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 and supersedes any authorization previously granted for the same purpose.



## 20<sup>th</sup> resolution

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

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

This authorization is being sought for a period of 18 months and would supersede the authorization granted for the same purpose in the second resolution of the May 17, 2013 Annual Shareholder Meeting, which was used to cancel 1,809,260 shares with a corresponding capital reduction (see the Company's press release issued on December 12, 2013 as well as section 5.5.7 b) of the 2013 Registration Document concerning the decision to cancel shares).

A detailed explanation of this type of proposed resolution is provided in Information Sheet 5.10 of the MEDEF Guide, entitled "*Authorizations to carry out capital reductions*", on page 67.

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

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

- ▶ to authorize the Chief Executive Officer to:
  - cancel, at his sole discretion, on one or more occasions, all or some of the shares purchased under shareholder-approved buyback programs, provided that the number of shares cancelled does not exceed 10% of the Company's capital,
  - charge the difference between the cost of the cancelled shares and their par value against any available premium or reserve account;

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

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

## 21<sup>st</sup> resolution

### **Authorization for the Chief Executive Officer to grant new or existing shares to employees of the Company and other Group entities (excluding the Company's executive officers), subject to performance conditions and without pre-emptive subscription rights for existing shareholders**

The authorization being sought in the twenty-first resolution would cover a period of 38 months and would supersede that given in the fifteenth resolution of the May 13, 2011 Annual Shareholders Meeting, which was used to carry out 3 performance share plans. As required by law, disclosures concerning these plans are provided in sections 5.5.5 a) and 5.5.5 b) of the 2013 Registration Document, including in the form of the table recommended in the AFEP/MEDEF Code.

In the same way as the resolution approved in 2011, the twenty-first resolution concerns the grant of new or existing shares, subject to performance conditions, to employees of the Company and of its French and non-French subsidiaries (other than the Company's corporate officers). The Chief Executive Officer would determine the list of grantees, the number of shares to be granted to each one and the grant criteria, based on the recommendation of the Compensation and Appointments Committee.



The Chief Executive Officer would not be eligible for any performance share grants carried out pursuant to this authorization.

The Chief Executive Officer would set the vesting period, which would be at least 3 years.

The performance criteria will be based on the Michelin objectives for 2020.

The number of performance conditions would be increased from 2 in previous plans, to 3, and even 4 for executives with the highest levels of responsibility, including members of the Executive Committee. The applicable conditions would be as follows:

- ▶ at least 2% average annual growth in consolidated net sales, based on like-for-like data, accounting standards and exchange rates. The average would be assessed over a rolling 3-year period from the year of grant (e.g. for performance shares granted in 2014 it would be calculated over 2014, 2015 and 2016);
- ▶ at least an average annual €150-million increase in consolidated operating income (before non-recurring items and based on like-for-like accounting standards and exchange rates). The average would be assessed over a rolling 3-year period from the year of grant (e.g. for performance shares granted in 2014 it would be calculated over 2014, 2015 and 2016);
- ▶ at least a 12% arithmetic average consolidated ROCE per year, based on like-for-like data and accounting standards. The average would be assessed over a 3-year rolling period as from the year of grant (e.g. for performance shares granted in 2014 it would be calculated for 2014, 2015 and 2016);
- ▶ at least an average annual 72% employee engagement level, determined on a consolidated, like-for-like basis. The average would be assessed over a 3-year rolling period as from the year of

grant (e.g. for performance shares granted in 2014 it would be calculated for 2014, 2015 and 2016). Engagement levels, which reflect such factors as workplace satisfaction and employee determination to promote the Company, are measured by an annual satisfaction survey conducted by an independent firm.

The shares would only vest if the grantees were still with the Group at the vesting date, except in exceptional circumstances decided by the Chief Executive Officer or when early vesting is specifically permitted by law. The performance conditions would apply as follows:

- ▶ if the minimum performance condition is not met, no shares will vest;
- ▶ if the performance condition is met or if it is exceeded up to or beyond a predetermined ceiling, the shares will vest proportionally to the degree in which the condition was met or exceeded;
- ▶ for executives with the highest levels of responsibility, 25% of the shares granted would vest when each of the above 4 performance conditions are met;
- ▶ for other grantees, the ROCE performance condition would not apply. Between 25% and 75% of the shares granted would vest when the other 3 above-mentioned performance conditions are met, with the proportion increasing in line with the grantee's level of responsibility.

The number of shares granted under this authorization would not exceed 0.5% of the Company's capital at the date of this Meeting, i.e. 1,857,896 shares

A detailed explanation of this type of proposed resolution is provided in Information Sheet 6.2 of the MEDEF Guide, entitled "*Grants of free shares*", on page 72.





**Twenty-first resolution (Authorization for the Chief Executive Officer to grant new or existing shares to employees of the Company and other Group entities (excluding the Company's corporate officers), subject to performance conditions and 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 Chief Executive Officer, in accordance with Articles L. 225-197-1 *et seq.* of the French Commercial Code, to grant new or existing shares to selected employees of the Company and related entities within the meaning of Article L. 225-197-2 of the Code, other than the Company's corporate officers, on the basis defined below, and whose vesting would be subject to the achievement of pre-defined performance conditions;
  - ▶ that existing or new shares granted pursuant to this authorization may not represent more than an aggregate 0.5% of the Company's capital at the date of this Meeting. 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;
  - ▶ that the Chief Executive Officer shall prepare the list of grantees, the number of shares granted and the grant criteria, and that the grants shall be subject to performance conditions set in agreement with the Supervisory Board;
  - ▶ that the performance shares shall be subject to a vesting period set by the Chief Executive Officer, which must be at least 3 years and may be followed by a lock-up period set by the Chief Executive Officer for certain grantees;
- ▶ that the performance shares will vest before the end of the above vesting period and that all restrictions on their sale will be lifted in the event that the grantee is affected by a category 2 or 3 disability as defined in Article L. 341-4 of the French Social Security Code;
  - ▶ that, if the decision is made to issue new shares for the purpose of the performance share grant(s), the successive share issues carried out when the performance shares vest will be paid up by capitalizing reserves, income or additional paid-in capital, and that existing shareholders will waive their pre-emptive right to subscribe said shares;
  - ▶ that the Chief Executive Officer shall have the broadest powers, within the above-defined limits and the limits set by law, to:
    - provide for the possibility of temporarily suspending the performance share rights on the basis prescribed by the applicable laws and regulations,
    - place on record the dates on which the performance shares vest and the dates on which the restrictions on their sale are lifted, in accordance with this resolution and taking into account any applicable legal restrictions,
    - record the performance shares in a registered share account in the grantee's name,
    - provide for the possibility of adjusting the number of performance shares during the vesting period in order to protect the rights of grantees following any corporate actions carried out by the Company, and
    - generally, do everything useful or necessary to implement this authorization, carry out any and all filing and other formalities, place on record the resulting capital increases and amend the bylaws to reflect the new capital.

This authorization shall be valid for a period of 38 months from the date of this Meeting and supersedes any authorization previously granted for the same purpose.



## 22<sup>nd</sup> resolution

### **Powers to carry out formalities**

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

### **Twenty-second 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

<b>Corporate action</b>	<b>Applicable ceilings (nominal amount)</b>	<b>Duration (expiration date)</b>
Issuance of shares and/or securities carrying rights to shares, with pre-emptive subscription rights ( <i>twelfth resolution</i> )	<ul style="list-style-type: none"> <li>▶ shares: €130 million (less than 35% of current capital)</li> <li>▶ other securities: €1.5 billion</li> </ul>	26 months (July 2016)
Issuance of shares and/or securities carrying rights to shares, through a public offer, without pre-emptive subscription rights ( <i>thirteenth resolution</i> )	<ul style="list-style-type: none"> <li>▶ shares: €37.15 million (less than 10% of current capital)</li> <li>▶ other securities: €1 billion</li> </ul>	26 months (July 2016)
Issue 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 ( <i>fourteenth resolution</i> )	<ul style="list-style-type: none"> <li>▶ shares: €37.15 million <sup>(1)</sup></li> <li>▶ other securities: €1 billion <sup>(1)</sup></li> </ul>	26 months (July 2016)
Increase in the number of securities to be issued under issues with or without pre-emptive subscription rights ( <i>fifteenth resolution</i> )	15%, subject to the ceilings applicable for the issues concerned	26 months (July 2016)
Increase in the Company's capital by capitalizing reserves, income or additional paid-in capital ( <i>sixteenth resolution</i> )	€80 million (less than 22% of current capital)	26 months (July 2016)
Issuance of shares for a stock-for-stock offer or in payment for contributed assets ( <i>seventeenth resolution</i> )	€37.15 million <sup>(1)</sup>	26 months (July 2016)
Employee rights issue(s) ( <i>eighteenth resolution</i> )	€7.4 million (less than 2% of current capital)	26 months (July 2016)
Blanket ceilings <sup>(2)</sup> ( <i>nineteenth resolution</i> )	<ul style="list-style-type: none"> <li>▶ shares: €130 million (less than 35% of current capital)</li> <li>▶ other securities: €2 billion</li> </ul>	26 months (July 2016)
Share cancellations ( <i>twentieth resolution</i> )	10% of capital	18 months (November 2015)
Share buyback program ( <i>fifth resolution</i> )	18.58 million shares at a maximum per-share purchase price of €140	18 months (November 2015)
Issuance of bonds ( <i>eleventh resolution</i> )	€1 billion	26 months (July 2016)
Performance share grants ( <i>twenty-first resolution</i> )	<ul style="list-style-type: none"> <li>▶ 0.5% of capital</li> <li>▶ Excluding the Chief Executive Officer</li> <li>▶ Subject to performance conditions</li> </ul>	38 months (July 2017)

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

(2) These blanket ceilings apply to issues carried out pursuant to all of the authorizations sought except for share issues carried out under the sixteenth and eighteenth resolutions.



## COMPONENTS OF THE COMPENSATION PACKAGE PAYABLE OR AWARDED TO THE CHIEF EXECUTIVE OFFICER IN RESPECT TO 2013 (SIXTH RESOLUTION)

The compensation components concerned and the related reviews performed by the Compensation and Appointments Committee are presented in the table below (all of the information shown is 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 share of profit 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.com](http://www.michelin.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.



Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval (in €)	Presentation
Annual variable compensation		<p>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.</p> <p>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 (<i>société en commandite par actions</i>). 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 share of profit estimated at €50,000 based on CFM's earnings.</p> <p><b>Review by the Compensation and Appointments Committee</b></p> <p>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>i.e.</i> 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).</p> <p>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.</p> <p>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.</p> <p>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.</p>



## REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

### COMPONENTS OF THE COMPENSATION PACKAGE PAYABLE OR AWARDED TO THE CHIEF EXECUTIVE OFFICER IN RESPECT TO 2013 (SIXTH RESOLUTION)

Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval (in €)	Presentation
Annual variable compensation		<p>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:</p> <ul style="list-style-type: none"><li>▶ very strong free cash flow, at €1,154 million;</li><li>▶ the fourth straight year of value creation, with ROCE of 11.9%;</li><li>▶ 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;</li><li>▶ net debt scaled back to a historic low of €142 million, representing 2% of equity.</li></ul> <p>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.</p> <p>This analysis showed that:</p> <ul style="list-style-type: none"><li>▶ Mr. Senard's compensation is significantly lower than that of the corporate officers included in the benchmark panel;</li><li>▶ this difference is exacerbated by the fact that Mr. Senard does not have a long-term compensation component;</li><li>▶ Mr. Senard's entitlement under the group pension plan of which he is a member is considerably lower than market practices.</li></ul> <p>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.</p> <p>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.</p>



COMPONENTS OF THE COMPENSATION PACKAGE PAYABLE OR AWARDED TO THE CHIEF EXECUTIVE OFFICER IN RESPECT TO 2013 (SIXTH RESOLUTION)

Compensation due or paid for 2013	Amounts (or accounting value) submitted to shareholder approval (in €)	Presentation
Annual variable compensation		<p>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.</p> <p>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.</p> <p>Mr. Senard's compensation for 2013 would also include:</p> <ul style="list-style-type: none"> <li>▶ 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;</li> <li>▶ 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).</li> </ul> <p>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.</p> <p><b>Approval by the Supervisory Board</b></p> <p>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.</p>
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



## REPORT OF THE CHIEF EXECUTIVE OFFICER AND PROPOSED RESOLUTIONS

### COMPONENTS OF THE COMPENSATION PACKAGE PAYABLE OR AWARDED TO THE CHIEF EXECUTIVE OFFICER IN RESPECT TO 2013 (SIXTH RESOLUTION)

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	<p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p>
Consideration for non-compete clause	€0	<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, 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.</p> <p>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.</p> <p>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.</p>





**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**

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 share of profit 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 share of profit 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 share of profit 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

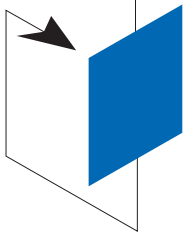
annually – could include criteria related to business growth, market share gains, level of overheads and movements in free cash flow.

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.

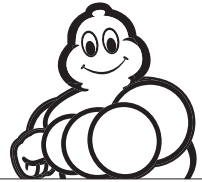
If these changes were put in place it would mean that substantially all of the share of profit allocated to the Chief Executive Officer would depend on both earnings for the year and the achievement of other applicable criteria.

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.



# REPORT OF THE SUPERVISORY BOARD



To the shareholders,

You will find below our report to the 2014 Annual Shareholders Meeting, which primarily includes information concerning the election and re-election of members of the Supervisory Board.

## RECOMMENDATIONS ON THE ELECTION AND RE-ELECTION OF SUPERVISORY BOARD MEMBERS

The terms of office of Laurence Parisot and Pat Cox are due to expire at the close of the May 16, 2014 Annual Shareholders Meeting.

As well as recommending the re-election of these 2 Supervisory Board members the Board is recommending that a Group employee be elected as an additional member.

In addition, Louis Gallois tendered his resignation as Supervisory Board member to the Chairman of the Board on February 11, 2014.

Mr. Gallois indicated that the evolution of his activities resulted in a change to the extent that he was no longer able to pursue his commitment to Michelin as intensely as he would like.

This decision does not call into question the findings of the 2013 review of his independence as a member of the Board.

Because the resignation came so soon before the May 16, 2014 Annual Meeting, the Compensation and Appointments Committee will review future candidates for replacement afterwards, so as to conduct the selection procedure in the best possible conditions and in line with best practices, notably the recommendations of the AFEP/MEDEF Corporate Governance Code.

### Re-elections

Laurence Parisot and Pat Cox have informed the other Supervisory Board members that they wish to stand for re-election.

Following a reorganization of the Board's work and a complete restructuring of its Committees, Laurence Parisot and Pat Cox joined the Compensation and Appointments Committee in 2013. To avoid any conflicts of interest, the Board therefore decided to review the situation of these 2 Board members without the involvement of the Compensation and Appointments Committee.

The main criteria used for the Board's review were the members' skills, experience, independence, availability (*i.e.* that they do not hold too many other directorships), and the commitment to promoting Board diversity in terms of both culture and background.

When examining the individual situations of Laurence Parisot and Pat Cox, the Board notably considered:

- ▶ the advantages of re-electing them;
- ▶ the skills and experience that they bring to the Board;
- ▶ their availability and involvement in the work carried out by the Board and its Committees;
- ▶ their independence and the absence of any conflicts of interest;
- ▶ their contribution to the diversity of the Board in terms of gender equality and cultural backgrounds.



### Laurence Parisot



Groupe Ifop Immeuble  
Millénaire 2 – 35, rue de la Gare  
75019 Paris France

Laurence Parisot was born in 1959 and is a French national. She is Vice-Chairman of the Management Board of IFOP, a Director of BNP Paribas and

Coface SA, and a member of the Supervisory Board of FIVE. Until July 2013 she was also President of the French employers' federation, the MEDEF.

Ms. Parisot owns 511 Michelin shares and has been a member of the Supervisory Board since 2005.

Following the latest review of the independence of its members, the Board classified Ms. Parisot as independent 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 is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin;
- ▶ she has not been an auditor of Michelin in any of the past 5 years;
- ▶ she is not a shareholder or a corporate officer of SAGES, which is one of Michelin's General Partners.

The Board examined Ms. Parisot's candidature for re-election for a 4-year term based on the above-mentioned criteria, and particularly took into account:

- ▶ her in-depth expertise in marketing, brand management policies and brand reputation strategy;
- ▶ her major contribution to the Board's work on the Group's overall corporate strategy;
- ▶ her strong knowledge of the business environment both in France and abroad.

On October 28, 2013, Laurence Parisot was appointed as Chairman of the Compensation and Appointments Committee as part of an overhaul of its organizational and membership structure. Ms. Parisot did not take part in the Supervisory Board's discussions or decision concerning her potential re-election.

Following the assessment process described above, the Supervisory Board decided to recommend Ms. Parisot's re-election for a 4-year term (with Ms. Parisot abstaining from the related vote).

### Pat Cox



7 Maretimo Gardens East  
Blackrock County Dublin  
Ireland

Pat Cox was born in 1952 and is an Irish national. He is currently President of the European Parliament Former Members Association and European

Coordinator for the Scandinavian-Mediterranean Corridor transportation infrastructure project.

He was formerly a Member of the Irish Parliament, President of the European Parliament, President of the European Movement International and a member of the European Advisory Councils of Pfizer and Microsoft.

Mr. Cox owns 259 Michelin shares and has been a member of the Supervisory Board since 2005.

The Board considers that Mr. Cox is an independent member. This is 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 5 years;
- ▶ he is not a shareholder or a corporate officer of SAGES, which is 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.

The Board examined Mr. Cox's candidature for re-election for a 4-year term based on the above-mentioned criteria, and particularly took into account:

- ▶ his contribution to the work carried out by the Board;
- ▶ his knowledge of the international environment and his geopolitical skills;
- ▶ his experience in European affairs;
- ▶ his personal involvement in humanitarian causes.

As part of the overhaul of the organizational and membership structure of the Compensation and Appointments Committee carried out in 2013, Mr. Cox was appointed as a member of the Committee at its meeting held on December 2 and 3, 2013. He did not participate in the decisions taken by the Supervisory Board in relation to his potential re-election.

In view of the above, the Supervisory Board decided to recommend that Mr. Cox be re-elected for a 4-year term (with Mr. Cox abstaining from the related vote).

As the new provisions of the Supervisory Board's internal rules state that Board members are required to hold a minimum of 400 Michelin shares, if he is re-elected Pat Cox will acquire the necessary remaining shares.

## Election of an employee representative member of the Supervisory Board

### –The French LSE Act

The French Act on Employment Security – Act 2013-504 of June 14, 2013 (the "LSE Act") introduced in application of a national inter-professional agreement dated January 11, 2013 – brought in new rules requiring companies to appoint employee representative members on their Boards of Directors or Supervisory Boards. A summary of the rules relating to partnerships limited by shares is provided below.

Article 9 of the LSE Act introduces a new Article (L. 225-79-2) to the French Commercial Code which provides that companies with Supervisory Boards are required to appoint (without the involvement of the Ordinary Shareholders Meeting) one or more employee representative members on their Boards, and that said members must have voting rights.

Boards with up to 12 members are required to have at least one employee representative member and Boards with more than 12 members are required to have at least 2 such members. However, specific rules apply to current members not elected by shareholders, who are not included in the calculation of the 12-member threshold.

The Supervisory Board is required to select one of the following methods for appointing its employee representative member(s): (i) election by employees of the Company and its French subsidiaries, (ii) nomination by the group or Company works council, (iii) nomination by the most representative trade unions, or (iv) when at least 2 members are being nominated, the nomination of one member using one of the methods described in (i) to (iii) above with the second member nominated by the European works council where such a works council exists.

An Extraordinary Shareholders Meeting must then be held before December 31, 2014 in order to amend the company's bylaws to incorporate provisions related to the selected appointment method. This Extraordinary Shareholders Meeting must be preceded by a consultation process with the employee representative bodies. The actual appointment of the employee representative member(s) concerned must then take place within 6 months of the Extraordinary Shareholders Meeting.

### –Compagnie Générale des Établissements Michelin (CGEM) does not fall within the scope of application of the LSE Act

Joint stock companies (*sociétés anonymes*), partnerships limited by shares (*sociétés en commandite par actions*) and European companies whose shares may or may not be listed only fall within the scope of application of the LSE Act when they meet all of the following conditions:

- ▶ at the close of 2 consecutive financial years, at least 5,000 people were employed by the company and its French subsidiaries, or at least 10,000 people were employed by the company and its French and non-French subsidiaries;
- ▶ the company is legally required to set up a works council, *i.e.* in practice companies with more than 50 employees;



- ▶ the Board does not already have one or more members nominated by employees using a different representative system.

Subsidiaries do not have to appoint employee representative members on their Board when their parent company is already subject to the requirement.

Concerning Michelin, for many years now CGEM has had very few employees and has therefore not been required to set up a works council. Consequently, CGEM does not meet one of the above-listed criteria and is therefore automatically excluded from the scope of application of the LSE Act.

A voluntary application of the regime provided for in this Act would not be legally possible for CGEM because it would be an exception – without any legitimate legal grounds – to the principle that members of the Supervisory Board must be elected by shareholders.

#### **– Proposal by the Supervisory Board for the election by shareholders of an employee representative Board member**

The Supervisory Board discussed this issue during several of its meetings and reviewed the situation in light of the main factors described below.

First, the Board noted that due to CGEM's specific characteristics – particularly the level of employee share ownership and its extremely low number of employees – it is not legally required to appoint a Supervisory Board member to represent the employees of the Company and/or its subsidiaries.

Moreover it would not be possible to put in place the voluntary system for appointing employee representatives on the Board as provided for in Article L. 225-27 of the Commercial Code because this system only applies to joint stock companies.

However, the Board expressed a wish for one of its members to be an employee, as this could only help to further the Michelin Performance and Responsibility

approach (focused on sustainable development and corporate social responsibility). The appointment of an employee representative would also be in line with the "Moving Forward Together" program and the commitment to employee well-being and development, which is one of the Ambitions 2020 objectives announced in 2013 by the Chief Executive Officer.

Lastly, in agreement with the Chief Executive Officer, the Board felt that it would be good practice to take voluntary and pro-active measures to achieve the objective set in the LSE Act and reiterated in the AFEP/MEDEF Code, which for Michelin would mean having a representative of the Group's employees on the Supervisory Board of CGEM, the Group's parent company.

This position adopted by the Board will not, however, result in an exemption from the LSE Act requirements for Manufacture Française des Pneumatiques Michelin, which is a subsidiary of CGEM and the Group's main manufacturing company in France. Manufacture Française des Pneumatiques Michelin falls within the scope of application of the LSE Act and will therefore appoint an employee representative member of its Supervisory Board.

In order to respect the essential role that CGEM's shareholders play in electing members of the Supervisory Board, the Board ultimately decided to put in place a voluntary alternative process. Consequently, the Board has resolved that at the Annual Shareholders Meeting of May 16, 2014 it will put forward a Group employee for election to the Board.

The Board considered that the fairest and most effective process for selecting such a candidate would be for Executive Management to contact Michelin's most significant employee representative body at Group level. Therefore, the Chairman of the Board asked the Chief Executive Officer to request the secretary of Michelin's European Works Council, Cyrille Poughon, to stand for election as a Supervisory Board member at the Annual Shareholders Meeting. Mr. Poughon agreed to this request.



### **Cyrille Poughon**

MFPM

23, place des Carmes Déchaux  
63000 Clermont-Ferrand

Cyrille Poughon was born in 1975 and is a French national. He has 18 years' experience with the Michelin Group, where he

has worked successively as a sales assistant in several Group companies, a technician in the Agricultural Tires business and then Export Manager with Manufacture Française des Pneumatiques Michelin.

He holds a higher-education diploma (BTS) in sales team management as well as a vocational diploma earned after successfully completing an internal training program within Michelin. He has also followed a number of other training courses, including in communications.

Mr. Poughon owns 24 Michelin shares.

Mr. Poughon's candidature has been examined by the Compensation and Appointments Committee, whose members interviewed him during the Committee meeting held on January 30, 2014. The criteria generally used for assessing candidates were, of course, adapted to the context of this particular situation and the main factors taken into account were:

- ▶ Mr. Poughon's international employee relations outlook, as evidenced by his numerous trips abroad and participation in several conferences in South America and Asia, notably on behalf of a trade union as part of international confederations;
- ▶ his knowledge of the manufacturing industry, thanks to his ongoing contacts with operations staff and his working relations with the Group's various employee representative bodies;
- ▶ his familiarity with the Group's organizational structure and committed involvement in his duties as secretary of Michelin's European Works Council.

The Chairman of the Compensation and Appointments Committee reported back to the Supervisory Board on its assessment process and recommended that Cyrille Poughon be put forward at the Annual Shareholders Meeting on May 16, 2014 for election as a new member of the Supervisory Board.

If he is elected, the attendance fees payable to Mr. Poughon will be determined proportionately to the date from which he takes up his seat on the Board. He will also gradually acquire the minimum number of Michelin shares he would be required to hold as a member of the Supervisory Board in accordance with the Board's internal rules.

At its meeting on February 6, 2014, the Supervisory Board decided to recommend that Cyrille Poughon stand for election as a new Supervisory Board member, and that Laurence Parisot and Pat Cox be re-elected.



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

#### EXPIRATION DATES OF SUPERVISORY BOARD MEMBERS' TERMS OF OFFICE

	2015	2016	2017	2018
Barbara Dalibard	X			
Anne-Sophie de La Bigne		X		
Jean-Pierre Duprieu		X		
Olivier Bazil			X	
Michel Rollier			X	
Laurence Parisot (standing for re-election at the 2014 Annual Shareholders Meeting)				X
Pat Cox (standing for re-election at the 2014 Annual Shareholders Meeting)				X
Cyrille Poughon (standing for election at the 2014 Annual Shareholders Meeting)				X
<b>NUMBER OF EXPIRATIONS BY YEAR</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>

## OTHER RESOLUTIONS – APPROVAL OF THE FINANCIAL STATEMENTS, FINANCIAL AUTHORIZATIONS, INCREASE IN SUPERVISORY BOARD ATTENDANCE FEES

Concerning the other ordinary resolutions, the Chief Executive Officer's report and the accounting and financial information communicated to you present the Group's operations and results for 2013.

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

2013 was another year of progress for Michelin. Operating income excluding the currency effect rose to a record high, the Group created value for the fourth year in a row and, even more importantly, generated enough free cash flow to enable a historic reduction in debt.

This performance means that we can look to the future with a great deal of confidence.

Based on these results, the Supervisory Board approves the Chief Executive Officer's recommendation to set the dividend at €2.50 per share.

The Company wishes to renew its share buyback program based on a maximum purchase price of €140 per share, which is slightly higher than the price set under the current authorization in order to reflect the increase in the Michelin share price in 2013. An authorization to cancel shares bought back under the program is also being sought to replace the authorization granted in 2013 which was used by the Company during the year.

The Board is also recommending that the overall amount of compensation paid to members of the Supervisory Board (attendance fees) be increased in order to reflect:

- ▶ the fact that this amount was set 8 years ago;
- ▶ the requirement for Board members to be increasingly specialized and involved;
- ▶ the 37.5% increase in the number of Board and Committee meetings between 2006 and 2013; and





- ▶ the Board's higher workload following the extension of its responsibilities voted at the 2011 Annual Shareholders Meeting;

The Board is asking for the aggregate amount of attendance fees to be increased from €320,000 to €420,000 as from 2014 (*i.e.* for the attendance fees that will be paid in 2015).

In accordance with the Supervisory Board's internal rules (as amended in February 2014), a significant portion of the attendance fees allocated to its members will be contingent on their actual attendance at Board and Committee meetings.

The Board is also proposing a number of extraordinary resolutions which renew – on the same or very similar terms and with the same blanket percentage share capital ceilings – the financial authorizations granted at the May 11, 2012 Annual Shareholders Meeting, which continue to be required in order for the Group to implement its overall business strategy.

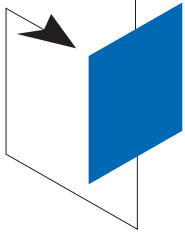
Lastly, shareholders will be asked to renew the authorization given at the May 13, 2011 Annual Shareholders Meeting to grant performance shares to Michelin employees (excluding corporate officers of the Company). These grants would be subject to new and supplementary performance conditions (see the presentation of the twenty-first resolution in the Chief Executive Officer's report), which have been reviewed and approved by the Compensation and Appointments Committee.

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

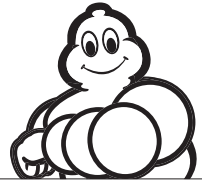
February 6, 2014

**Michel Rollier**

Chairman of the Supervisory Board



# STATUTORY AUDITORS' REPORTS



## STATUTORY AUDITORS' REPORT ON THE ISSUE OF SHARES AND/OR MARKETABLE SECURITIES WITH AND/OR WITHOUT PRE-EMPTIVE SUBSCRIPTION RIGHTS

### COMBINED SHAREHOLDERS' MEETING OF MAY 16, 2014 (12<sup>TH</sup>, 13<sup>TH</sup>, 14<sup>TH</sup>, 15<sup>TH</sup> AND 17<sup>TH</sup> RESOLUTIONS)

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

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie Générale des Établissements 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 Partner to issue shares and/or marketable securities, which you will be asked to approve.

Your Managing Partner is seeking, on the basis described in their report, a 26-month authorization to decide on the following securities issues and set the final terms of the issues and, if appropriate, to cancel existing shareholders' pre-emptive subscription rights:

- ▶ issues of ordinary shares and/or marketable securities carrying rights, by any means, immediately or in the future, to existing shares or shares to be issued, with pre-emptive subscription rights for existing shareholders (12<sup>th</sup> resolution),
- ▶ issues of ordinary shares and/or marketable securities carrying rights, by any means, immediately or in the future, to existing shares or shares to be issued, with waiver of pre-emptive subscription rights for existing shareholders, through a public offer (13<sup>th</sup> resolution),
- ▶ issues of ordinary shares and/or marketable securities carrying rights, by any means, immediately or in the future, to existing shares or shares to be issued and/or debt securities, representing no more than 20% of the Company's capital per year, with waiver of pre-emptive subscription rights for existing shareholders, through an offer governed by paragraph II of Article L. 411-2 of the French Monetary and Financial Code (14<sup>th</sup> resolution).
- ▶ issues of ordinary shares and/or marketable securities carrying rights to ordinary shares through an exchange offer for securities initiated by your Company or through contributions in kind made to your Company (17<sup>th</sup> resolution).



The aggregate nominal amount of shares likely to be issued immediately or in the future may not exceed €130,000,000 under the 12<sup>th</sup> to 17<sup>th</sup> resolutions, bearing in mind that these issues shall be limited to €130,000,000 under the 12<sup>th</sup> resolution and €37,150,000 globally under the 13<sup>th</sup> and 14<sup>th</sup> resolutions.

The aggregate nominal amount of debt securities likely to be issued may not exceed €2,000,000,000 under the 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup> and 17<sup>th</sup> resolutions, bearing in mind that these issues shall be limited to €1 500,000,000 under the 12<sup>th</sup> resolution, and €1 000,000,000 under each of the 13<sup>th</sup> and 14<sup>th</sup> resolutions.

These ceilings take into account the additional shares and/or marketable securities to be issued under the 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> resolutions in accordance with Article L. 225-135-1 of the French Commercial Code, if shareholders also adopt the 15<sup>th</sup> resolution.

The Managing Partner is responsible for drawing up a report on the proposed issues in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code. Our responsibility 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 concerning the issues.

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 Partner'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 terms of any issues decided by the Managing Partner, we have nothing to report concerning the proposed method of determining the issue price of the shares under the 13<sup>th</sup> and 14<sup>th</sup> resolutions, as described in the Managing Partner's report.

As the Managing Partner's report does not describe the method to be used to determine the issue price of shares under the 12<sup>th</sup> and 17<sup>th</sup> resolutions, we do not express a conclusion on the choice of calculation base.

As the final issue terms have not yet been set, we do not express a conclusion on the latter and, consequently, on the proposed waiver of shareholders' pre-emptive subscription rights under the 13<sup>th</sup> and 14<sup>th</sup> resolutions.

As required by Article R. 225-116 of the French Commercial Code, we will issue a further report if and when the Managing Partner decides to use these authorizations to issue marketable and/or debt securities or to issue shares with waiver of pre-emptive subscription rights.

Neuilly-sur-Seine, February 10, 2014

**PricewaterhouseCoopers Audit**

Éric Bulle

**Deloitte & Associés**

Dominique Descours

The Statutory Auditors



## STATUTORY AUDITORS' REPORT ON THE SHARE CAPITAL INCREASE RESERVED FOR MEMBERS OF A COMPANY SAVING PLAN

### COMBINED SHAREHOLDERS' MEETING OF MAY 16, 2014 (18<sup>TH</sup> RESOLUTION) \_\_\_\_\_

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

To the Shareholders,

In our capacity as statutory auditors of Compagnie Générale des Établissements Michelin and pursuant to Articles L. 225-135 *et seq.* of the French Commercial Code (*Code de Commerce*), we hereby report to you on the proposed delegation to the Managing Chairman of the authority to decide a share capital increase through the issue of ordinary shares with cancellation of pre-emptive subscription rights, reserved for employee members of a company saving plan of your Company up to a maximum amount of €7,400,000, that is less than 2% of the current share capital, on which you are asked to vote.

Shareholders are asked to approve this share capital increase pursuant to Article L. 225-129-6 of the French Commercial Code and Article L. 3332-18 *et seq.* of the French Labor Code (*Code du travail*).

Your Managing Chairman recommends that, based on his report and for a period of 26 months, you delegate to him the authority to decide a share capital increase and cancel your pre-emptive subscription rights to the ordinary shares to be issued. The Managing Chairman would also decide the final terms of the issue, if appropriate.

The Managing Chairman is responsible for preparing a report on the proposed issue in accordance with Articles R. 225-113 and R. 225-114 of the French Commercial Code. Our role is to express a conclusion on the fairness of the quantified data extracted from

the financial statements, on the proposed cancellation of pre-emptive 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 governing the determination of the issue price of shares.

Subject to a subsequent review of the final terms of any share capital increase that may be decided, we have nothing to report concerning the proposed method of determining the issue price of the shares, as described in the Managing Chairman's report.

As the final terms and conditions of the share capital increase have not been determined, we do not express a conclusion thereon and, consequently, on the proposed cancellation of pre-emptive 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 further report if and when the Managing Chairman decides to use this authorization.

Neuilly-sur-Seine, February 10, 2014

**PricewaterhouseCoopers Audit**

Éric Bulle

**Deloitte & Associés**

Dominique Descours

The Statutory Auditors



## STATUTORY AUDITORS' REPORT ON THE CAPITAL REDUCTION

### COMBINED SHAREHOLDERS' MEETING OF MAY 16, 2014 (20<sup>TH</sup> RESOLUTION) \_\_\_\_\_

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

To the Shareholders,

In our capacity as Statutory Auditors of Compagnie Générale des 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.

Your Managing Chairman has proposed that you delegate to him, for a period of 18 months as of the date of this meeting, the powers to cancel, for up to 10% of its share capital, the bought-back

shares, as authorized by your company under the aforementioned article.

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

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

## STATUTORY AUDITORS' REPORT ON THE AUTHORIZATION TO GRANT PERFORMANCE SHARES, EXISTING OR TO BE ISSUED

### COMBINED SHAREHOLDERS' MEETING OF MAY 16, 2014 (21<sup>ST</sup> RESOLUTION) \_\_\_\_\_

To the Shareholders,

In our capacity as statutory auditors of Compagnie Générale des Établissements Michelin and pursuant to Article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report to you on the authorization sought to grant performance shares, existing or to be issued, to employees of your company and the companies affiliated to it within the meaning of Article L. 225-197-2 of the French Commercial Code, with the exception of corporate officers of your company, on which you are asked to vote.

Your Managing Chairman recommends that, based on his report and for a period of 38 months, you authorize him to grant performance shares, existing or to be issued.

The Managing Chairman is responsible for preparing a report on the proposed transaction. Our role is to report to you on the information provided to you on the proposed transaction.

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 primarily consisted in verifying that the methods proposed and the information in the Managing Chairman's report comply with the applicable legal provisions.

We have nothing to report concerning the information in the Managing Chairman's report on the proposed authorization to grant performance shares.

Neuilly-sur-Seine, February 10, 2014

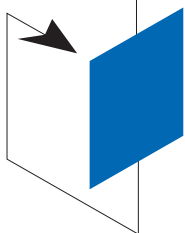
**PricewaterhouseCoopers Audit**

Éric Bulle

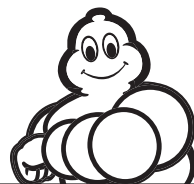
**Deloitte & Associés**

Dominique Descours

The Statutory Auditors



# FIVE-YEAR FINANCIAL SUMMARY

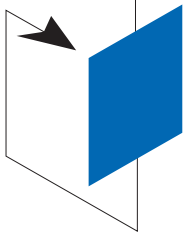


## FINANCIAL STATEMENTS OF COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN (PARENT COMPANY)

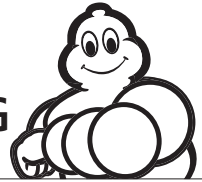
(in € thousands and in € per share,  
unless otherwise specified)

	2009	2010	2011	2012	2013
<b>I – Capital at December 31</b>					
a) Share capital	294,873	353,216	360,038	365,113	371,579
b) Number of common shares outstanding	147,436,357	176,607,845	180,018,897	182,556,713	185,789,643
<b>II – Results of operations</b>					
a) Net revenue	355,783	479,974	532,552	566,610	545,071
b) Earnings before tax, depreciation, amortization and provisions (EBTDA)	118,118	214,443	382,027	477,181	331,917
c) Income tax	974	29,187	21,646	(7,993)	12,741
d) Net income	115,592	184,932	360,146	465,119	302,985
<b>III – Per share data</b>					
a) Earnings per share after tax, before depreciation amortization and provision expenses (EBDA)	0.79	1.05	2.00	2.66	1.72
b) Basic earnings per share	0.78	1.05	2.00	2.55	1.63
c) Dividend per share	1.00	1.78	2.10	2.40	2.50 <sup>(1)</sup>
<b>IV – Employee data</b>					
a) Average number of employees	20	18	14	10	8
b) Total payroll	2,027	2,706	4,245	1,434	485
c) Total benefits	726	824	1,436	648	(119)

(1) Subject to approval by shareholders at the Annual Meeting on May 16, 2014.



# PARTICIPATING 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

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To attend the Meeting in person, participate by proxy or vote online or by post, your shares must be recorded in the Company's share register in your name as of no later than 12:00 am CET on the third business day preceding the Meeting (*i.e.* 12:00 am CET on May 13, 2014).

Only shareholders that fulfill this requirement by 12:00 am CET on May 13, 2014 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

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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 3 days before the date of the Meeting, *i.e.* no later than May 13, 2014;
  - cast your vote online prior to the Meeting:
    - if you opted for the e-Notice of Meeting, you will receive an email with the Notice of Meeting and a link to the secure online voting site [www.voteassemblee.com/michelin](http://www.voteassemblee.com/michelin). You will need to use the login indicated in the email and the password sent to you in a separate email the same day,
    - other shareholders may also opt to vote online by mailing a request at least 35 days before the Meeting to Société Générale, Service Assemblées, 32 rue du Champ-de-Tir, BP 81236, 44312 Nantes Cedex 03, indicating your name, address and date of birth. In reply, Société Générale will email a link to the secure voting site, followed by another email with the password to vote.



The website will be open from 9:00 am on April 1, 2014 until 3:00 pm on May 15, 2014, 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 email to [mandatAG2014@fr.michelin.com](mailto:mandatAG2014@fr.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 13, 2014 will be taken into account. The address should be used only to send emails giving or withdrawing proxies. Requests or notifications concerning other matters will not be taken into account or processed.

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

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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. Such requests should be sent to Compagnie Générale des Établissements Michelin, for the attention of Jacques Engasser, 12 cours Sablon, 63000 Clermont-Ferrand, France, by registered letter with return receipt requested, within twenty days of publication of this Notice of Meeting, *i.e.* no later than March 23, 2014.

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

For the proposed resolutions or agenda items to be discussed at the Meeting, your shares must be recorded in the Company's share register as of no later than 12:00 am CET on the third business day preceding the Meeting date (*i.e.* 12:00 am CET on May 13, 2014 at the latest).

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





2. In accordance with Article R. 225-84 of the French Commercial Code, written questions should be submitted to Compagnie Générale des Établissements Michelin, for the attention of 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 12, 2014.

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 March 3, 2014, *i.e.* well before the twenty-first day preceding the Meeting.

**Jean-Dominique Senard**

Managing Partner

Chief Executive Officer of the Michelin Group

**TOGETHER,  
WE CAN REDUCE PAPER AND INK CONSUMPTION  
AND CUT POSTAL EXPENSES!**

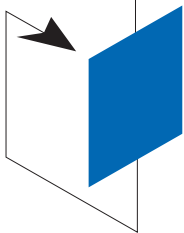
All our documents are available in digital format.

To be browse online or downloaded from our

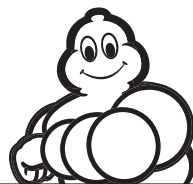
[www.michelin.com/actionnaires](http://www.michelin.com/actionnaires)  
website.

*We thank you for your contribution to this approach.*





# DOCUMENT REQUEST



**(to be sent with the voting form)**

Mr., Mrs, Miss: .....

Address: .....

ZIP code: ..... Town/country: .....

E-mail : .....@ .....

- Pursuant to Article R. 225-88 of the French Commercial Code, wishes to receive the documents and information concerning the Annual Shareholders Meeting to be held on May 16, 2014, listed under Article R. 225-83 of the French Commercial Code.
- Wishes to receive the new Michelin Shareholder Booklet (only in French) combines a presentation of the Group together with practical information you should find useful to manage my shares

Preferred format (by default, digital format sent by e-mail):

- by e-mail                       by post

This documentation is also available from the [www.michelin.com/shareholder](http://www.michelin.com/shareholder) website, under the "Documents" section.

Made in ..... Date .....

Signature



**COMPAGNIE GÉNÉRALE DES  
ÉTABLISSEMENTS MICHELIN**

12, cours Sablon  
63040 Clermont-Ferrand Cedex 9 – France  
Phone: +33 (04) 73 98 59 00  
Fax: +33 (04) 73 98 59 30

**Website: [www.michelin.com](http://www.michelin.com)**

Partnership limited by shares with the capital of €371,579,286  
855 200 887 R.C.S. Clermont-Ferrand

