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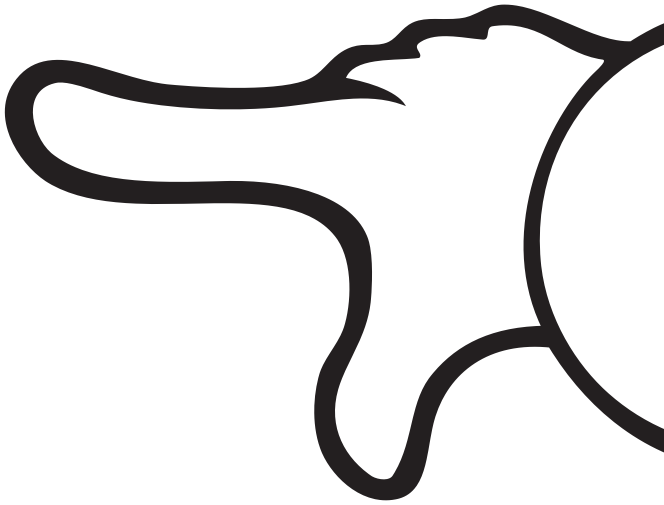
CORPORATE GOVERNANCE REPORT



This report has been prepared by the Supervisory Board in application of Article L. 226-10-1 of the French Commercial Code modified by Government order 2017-1162 dated July 12, 2017 introducing various measures to simplify and clarify companies' obligations. This report was approved by the Supervisory Board on February 9, 2018.

4.1 DIRECTORSHIPS AND OTHER POSITIONS HELD BY THE MANAGING PARTNERS AT DECEMBER 31, 2017

Biographical details of the Managing Partners are presented in section 2.15.4 of this Registration Document.

4.1.1 MANAGING PARTNERS

Michelin is led by Jean-Dominique Senard, Chief Executive Officer and General Partner.

The Chief Executive Officer's role is described in section 2.15.1 of this Registration Document.

Information about the Executive Committee's members is presented in section 2.15.1 b) of this Registration Document.

JEAN-DOMINIQUE SENARD
Born in 1953
17,487 shares owned as of December 31, 2017
First elected: May 13, 2011
(General Managing Partner)

Directorships and other positions hold

Chief Executive Officer

2013	2014-2017
Managing Partner of Compagnie Financière Michelin SCmA Director of Groupe SEB Director of Saint-Gobain	Managing Partner of Compagnie Financière Michelin SCmA Director of Saint-Gobain*, Chairman of its Audit and Risk Committee

* *Listed company.*

4.1.2 SUPERVISORY BOARD

4.1.2 a) Members

As of December 31, 2017, the Supervisory Board comprised nine members, six of whom were qualified as independent.

OLIVIER BAZIL
Born in 1946 – French national
1,010 shares owned as of December 31, 2017
First elected: May 17, 2013
Current term expires: 2021

Directorships and other positions hold

Independent member

Chairman of the Audit Committee

2013-2014
Director of Legrand and member of the Board's Strategy Committee and Nominating and Compensation Committee
Director of Firmenich International S.A. and Chairman of its Audit Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec, Chairman of its Audit Committee and member of its Strategy Committee

2015-2016
Director of Legrand and member of the Board's Strategy Committee and Nominating and Governance Committee
Director of Firmenich International S.A. and Chairman of its Audit Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec, Chairman of its Audit Committee and member of its Strategy Committee

2017
Director of Legrand* and member of the Board's Strategy Committee and Nominating and Governance Committee
Member of the Supervisory Board of Société Civile du Château Palmer
Chairman of Fritz S.A.S.
Director of Vallourec*, Chairman of its Audit Committee and member of its Strategy Committee (until May 2017)

* *Listed company.*

PAT COX
Born in 1952 – Irish national
491 shares owned as of December 31, 2017
First elected: May 20, 2005
Current term expires: 2018

Directorships and other positions hold

Non-independent member (non-executive)

Member of the Compensation and Appointments Committee

2013
Member of the Board of Trustees of Friends of Europe
Director of UCD Michael Smurfit Graduate School of Business
Member of the President's Consultative Board, University College Cork
Patron of the Blue Box Creative Learning Centre
President of the European Parliament Former Members Association

2014-2015
Member of the Board of Trustees of Friends of Europe
Patron of the Blue Box Creative Learning Centre

2016
President of *Fondation Jean Monnet pour l'Europe,* Switzerland
Member of the Board of Trustees of Friends of Europe, Belgium
Leader of Needs Assessment Mission on parliamentary reform for the European Parliament and the *Verkhovna Rada,* Kyiv, Ukraine
European Coordinator of the Scandinavian-Mediterranean TEN T Core Network (transportation) Corridor, European Union
President of *Alliance Française* Dublin
Honorary Vice President of the European Movement Ireland
Member of the Board of the Institute of International and European Affairs, Dublin
Member of the Board, Third Age Foundation, Ireland
Member of the European Advisory Council, Liberty Global, Netherlands
Member of the Yalta European Strategy (YES) forum, Ukraine
Chairman of the Public Interest Committee, KPMG, Ireland

2017
President of *Fondation Jean Monnet pour l'Europe,* Switzerland
Member of the Board of Trustees of Friends of Europe, Belgium
Leader of Needs Assessment Mission on parliamentary reform for the European Parliament and the *Verkhovna Rada,* Kyiv, Ukraine
European Coordinator of the Scandinavian-Mediterranean TEN T Core Network (transportation) Corridor, European Union
President of *Alliance Française* Dublin
Honorary Vice President of the European Movement Ireland
Member of the Board of the Institute of International and European Affairs, Dublin
Member of the Board, Third Age Foundation, Ireland
Member of the Yalta European Strategy (YES), Ukraine
Chairman of the Public Interest Committee, KPMG, Ireland
Member of the Board of Appian Asset Management Ltd, Dublin

BARBARA DALIBARD
Born in 1958 – French national
485 shares owned as of December 31, 2017
First elected: May 16, 2008
Current term expires: 2019

Directorships and other positions hold

Independent member

Senior independent member

Chair of the Compensation and Appointments Committee

2013-2014
Chief Executive Officer of SNCF Voyageurs
Chairman of VSC Group
Director of Nuovo Trasporto Viaggiatori S.p.A. (NTV)
Member of the Supervisory Board of Wolters Kluwer
Director of Eurostar International Limited

2015
Chief Executive Officer of SNCF Voyageurs
Chairman of VSC Group
Director of Nuovo Trasporto Viaggiatori S.p.A. (NTV)
Member of the Supervisory Board of Wolters Kluwer
Director of Eurostar International Limited
Member of the Board of Directors of Société Générale

2016
Chief Executive Officer of SNCF Voyageurs, then Chief Executive Officer of SITA
Chair of VSC Group
Director of Eurostar International Limited
Member of the Board of Directors of Société Générale

2017
Chief Executive Officer of SITA

ANNE-SOPHIE DE LA BIGNE
Born in 1960 – French national
903 shares owned as of December 31, 2017
First elected: May 17, 2013
Current term expires: 2020

Directorships and other positions hold

Independent member

Member of the Audit Committee

Member of the Compensation and Appointments Committee

2013-2017
No other directorships

JEAN-PIERRE DUPRIEU
Born in 1952 – French national
510 shares owned as of December 31, 2017
First elected: May 17, 2013
Current term expires: 2020

Directorships and other positions hold

Independent member

Member of the Audit Committee

2013-2015
Executive Vice President of the Air Liquide group
Director of Air Liquide Santé International
Chairman of the Board of Directors of Air Liquide Eastern Europe
Director of Air Liquide Welding

2016
Executive Vice President of the Air Liquide group
Director of Air Liquide Santé International
Chairman of the Board of Directors of Air Liquide Eastern Europe
Director of Air Liquide Welding
Director of Korian

2017
Director of Air Liquide Welding
Director of Korian*

* *Listed company.*

ARUNA JAYANTHI
Born in 1962 – Indian national
400 shares owned as of December 31, 2017
First elected: May 22, 2015
Current term expires: 2019

Directorships and other positions hold

Independent member

2013
Chairman of the Board of Directors of Capgemini India Private Limited
Director of Capgemini Business Services India Limited
Director of Pune Software Park Private Limited
Director of Capgemini Technology Services Maroc S.A.

2014
Director of Capgemini Technology Services Maroc S.A.
Chair of the Board of Directors of Capgemini India Private Limited
Director of Capgemini Business Services India Limited Director of Pune Software Park Private Limited
Director of Capgemini Sverige AB
Director of IBX Norge
Director of Capgemini Norge AS

2015-2016
Director of Capgemini Norge AS
Director of Capgemini Technology Services Maroc S.A.
Chair of the Board of Directors of Capgemini India Private Limited
Director of Capgemini Business Services India Private Limited (formerly Capgemini Business Services India Limited)
Director of Pune Software Park Private Limited
Chair of the Board of Directors of Capgemini Sverige AB

2017
Director of Capgemini Norge AS
Chair of the Board of Directors of Capgemini Sverige AB
Director of Espire AS
Chair of the Supervisory Board of Capgemini Polska Sp. Z.o.o.
Director of Capgemini Technology Services India Limited

MONIQUE LEROUX
Born in 1954 – Canadian national
1,000 shares owned as of December 31, 2017
First elected: October 1, 2015
Current term expires: 2018

Directorships and other positions hold

Independent member

Member of the Audit Committee

2013
Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins
Chief Executive Officer of Desjardins Sécurité Financière
Chief Executive Officer of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Fédération des Caisses Desjardins du Québec/Mouvement des Caisses Desjardins
Vice Chair of the Executive Committee and Director of the International Confederation of Popular Banks (CIBP)
Member of the Executive Committee and Director of the European Association of Cooperative Banks

2014
Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins
Chief Executive Officer of Desjardins Sécurité Financière
Chief Executive Officer of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Fédération des Caisses Desjardins du Québec/Mouvement des Caisses Desjardins
Vice Chair of the Executive Committee and Director of the International Confederation of Popular Banks (CIBP)
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation

2015
Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins
Chief Executive Officer of Desjardins Sécurité Financière
Chief Executive Officer of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Fédération des Caisses Desjardins du Québec/Mouvement des Caisses Desjardins
Vice Chair of the Executive Committee and Director of the International Confederation of Popular Banks (CIBP)
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA)
Member of the Board of Directors of the University of Montreal
Member of the Board of Directors of Alimentation Couche-Tard

2016
Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins
Chief Executive Officer of Desjardins Sécurité Financière
Chief Executive Officer of Desjardins Groupe d'Assurances Générales
Chair of the Board of Directors of Invest Quebec
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA)
Member of the Board of Directors of Alimentation Couche-Tard
Member of the Board of Directors of Bell/BCE (since April 2016)
Member of the Board of Directors of S&P Global (since October 2016)

2017
Chair of the Board of Directors of Invest Quebec
Member of the Executive Committee and Director of the European Association of Cooperative Banks
Member of the Board of Directors of Crédit Industriel et Commercial (CIC) (until May 2017)
Member of the Board of Directors of the Rideau Hall Foundation
President of the International Cooperative Alliance (ICA) (until November 2017)
Member of the Board of Directors of Alimentation Couche-Tard
Member of the Board of Directors of Bell/BCE (since April 2016)
Member of the Board of Directors of S&P Global (since October 2016)
Member of the Board of Lallemand (privately owned company) (since June 2017)
Strategic Advisor, Fiera Capital (since June 2017)

CYRILLE POUGHON
Born in 1975 – French national
410 shares owned as of December 31, 2017
First elected: May 16, 2014
Current term expires: 2018

Directorships and other positions hold

Non-independent member (non-executive)

2013-2014
Secretary of the Michelin European Works Council

2015-2017
No other directorships

MICHEL ROLLIER
Born in 1944
24,392 shares owned as of December 31, 2017
First elected: May 17, 2013
Current term expires: 2021

Directorships and other positions hold

Non-independent member (non-executive)

Chairman of the Supervisory Board

Member of the Compensation and Appointments Committee

2013
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy
Director of Lafarge
Member of the AFEP/MEDEF High Committee on Corporate Governance

2014-2015
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy
Director of Lafarge
Member of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)

2016
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy SA
Chairman of the Remunerations Committee of Somfy SA
Director of Lafarge
Member of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)
Chairman of *Plateforme de la Filière Automobile* (PFA)

2017
Chairman of the Board of Directors of Siparex Associés
Chairman of the Supervisory Board of Somfy SA*
Chairman of the Remunerations Committee of Somfy SA*
Chairman of the AFEP/MEDEF High Committee on Corporate Governance
Chairman of *Association Nationale des Sociétés par Actions* (ANSA)
Chairman of *Plateforme de la Filière Automobile* (PFA)

* *Listed company.*

4.1.2 b) Terms of office of Supervisory Board members at December 31, 2017

Name	First elected/ re-elected(1)	Current term expires(2)	Independent(3)
Olivier Bazil	May 17, 2013		
	May 19, 2017	2021	yes
Pat Cox	May 20, 2005		
	May 7, 2010		
	May 16, 2014	2018	no
Barbara Dalibard	May 16, 2008		
	May 17, 2013		
	May 22, 2015	2019	yes
Anne-Sophie de La Bigne	May 17, 2013		
	May 13, 2016	2020	yes
Jean-Pierre Duprieu	May 17, 2013		
	May 13, 2016	2020	yes
Aruna Jayanthi	May 22, 2015	2019	yes
Monique Leroux	October 1, 2015(4)	2018	yes
Cyrille Poughon	May 16, 2014	2018	no
Michel Rollier (Président)	May 17, 2013		
	May 19, 2017	2021	no

(1) *At the Annual Meeting of May 15, 2009, shareholders voted to reduce the term of Supervisory Board members from five years to four.*
(2) *At the Annual Meeting of May 17, 2013, shareholders voted to elect Supervisory Board members for terms of two, three or four years, so that their terms do not all expire at the same time.*
(3) *Based on the criteria set in the Supervisory Board's internal rules which correspond to those recommended in the AFEP/MEDEF Corporate Governance Code for listed companies.*
(4) *Monique Leroux was appointed as a member of the Supervisory Board on October 1, 2015 to replace Laurence Parisot, who had resigned, for the remainder of Ms. Parisot's term of office.*

4.1.3 STATEMENTS

There are no family relationships between Michelin's Chief Executive Officer, any Supervisory Board members and the Chairman of SAGES (CGEM's Non-Managing General Partner).

To the best of the Company's knowledge, neither Michelin's Chief Executive Officer nor the Chairman of SAGES nor any Supervisory Board member has, in the past five years, been (i) convicted of fraud, (ii) associated with a bankruptcy, receivership or liquidation, (iii) the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer.

Neither Michelin's Chief Executive Officer nor the Chairman of SAGES nor any Supervisory Board member has a service contract with the Company or any of its subsidiaries.

There are no:

- Arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which they were selected as a Chief Executive Officer or as a member of the Supervisory Board or as Chairman of SAGES.
- Conflicts of interest between the duties to the Company of the Chief Executive Officer, the Supervisory Board members or the Chairman of SAGES and their private interests and/or other duties.
- Restrictions accepted by these persons on the disposal of their Michelin shares within a certain period of time, except for those resulting from market abuse regulations and the specific rules applicable to the Chief Executive Officer.

4.2 MEMBERSHIP STRUCTURE OF THE SUPERVISORY BOARD AND APPLICATION OF THE PRINCIPLE OF GENDER EQUALITY

In accordance with the applicable law and the Company's Bylaws, the Supervisory Board may have no less than three and no more than ten members elected by the Annual Shareholders Meeting for a term of four years(1). All Supervisory Board members must be shareholders.

The General Partners (including the Chief Executive Officer) may not take part in the vote. Supervisory Board members may be re-elected. According to the Bylaws, no more than one-third of Supervisory Board members may be aged over 75.

The Supervisory Board currently has nine members, whose names are listed below along with details of their current position. This information is disclosed in accordance with Article L. 226-4-1 of the French Commercial Code introduced by French Act 2011-103 of January 27, 2011 concerning the balanced representation of men and women on Boards of Directors and Supervisory Boards and gender equality in the workplace:

- **Olivier Bazil,** Director of Legrand(2) and Vallourec(2).
- **Pat Cox,** President of *Fondation Jean Monnet pour l'Europe,* European Coordinator for the Scandinavian-Mediterranean Corridor transportation infrastructure project, former President of the European Parliament and former member of the Irish Parliament.
- **Barbara Dalibard,** Chief Executive Officer of SITA.
- **Anne-Sophie de La Bigne,** Vice-President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus group(2).
- **Jean-Pierre Duprieu,** Director of Korian(2), former Executive Vice-President of the Air Liquide group(2).
- **Aruna Jayanthi,** Chief Executive Officer of Capgemini India.
- **Monique Leroux,** Chair of the Board of Directors of Invest Quebec, former President of the International Cooperative Alliance, former Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins.
- **Cyrille Poughon,** Leader of the Head Office Security and Safety Program, Manufacture Française des Pneumatiques Michelin.
- **Michel Rollier,** Chairman of the Supervisory Board, Chairman of the AFEP/MEDEF High Committee on Corporate Governance.

The following additional information about Supervisory Board members is provided in the sections indicated:

- Biographical details are provided in section 2.15.4 b) of this Registration Document.
- Details of their compensation are provided in sections 4.4.1 b), 4.4.2, 4.4.5, 4.4.6 and 4.4.7 of this report.
- The list of directorships and other positions held, together with the dates on which they were first elected and their current term expires are provided in section 4.1 of this report.

In summary, the Supervisory Board's diversity in terms of experience and backgrounds is illustrated by the fact that, in 2017:

- 45% of the Board members were women.
- 67% of the Board members were independent.
- 34% of the Board members were foreign nationals.

(1) Five years for members elected prior to 2009. Certain members may be elected for a two- or three-year period in order to effectively stagger the terms of office of Supervisory Board members.

(2) Listed company.

4.3 SUPERVISORY BOARD PRACTICES

4.3.1 ROLE OF THE SUPERVISORY BOARD

The Supervisory Board exercises permanent oversight of the Company's management and assesses its quality on behalf of the shareholders, presenting a report thereon at each Annual Shareholders Meeting.

The recommendation provided under Article 4 of the AFEP/MEDEF Code, according to which material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors, cannot apply in this instance, because of the Company's legal form as a partnership limited by shares. With this type of partnership, the General Managing Partner (Chief Executive Officer) has unlimited personal liability and his powers are completely separate from those of the Supervisory Board, with the result that the Supervisory Board has no authority to become involved in managing the Company.

However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws[(1)] as well as the Supervisory Board's internal rules.

Pursuant to the internal rules, the Chief Executive Officer must submit to the Supervisory Board details of any planned capital projects, new commitments, asset disposals or business acquisitions representing material amounts before any final decision is made.

This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate.

This exception to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 4.3.2 i) prepared in accordance with the "comply or explain" rule.

Lastly, in application of the Bylaws, the Supervisory Board's internal rules and the internal rules of the Compensation and Appointments Committee, the Supervisory Board must be consulted or express an opinion (depending on the case) on all decisions concerning the Managing Partners (election, re-election and removal from office of the General Managing Partner and Chief Executive Officer or any other Managing Partner) and the determination of the Chief Executive Officer's compensation package and that of any other Managing Partner.

To enable the Supervisory Board to effectively fulfill its oversight role, its members receive quarterly reports presenting key performance indicators, as well as regular information such as copies of the Group's main press releases, research reports published by analysts who follow Michelin, and updates on the Group's business environment.

Supervisory Board meetings may be held by videoconference on the basis stipulated in the Board's internal rules.

The Supervisory Board is assisted in its oversight role by two committees, the Audit Committee and the Compensation and Appointments Committee.

4.3.2 THE SUPERVISORY BOARD'S ACTIVITIES DURING 2017

4.3.2 a) General activities

At its meetings on February 9 and July 24 respectively, the Board reviewed (i) the statutory and consolidated financial statements for the year ended December 31, 2016 and (ii) the interim financial statements for the six months ended June 30, 2017. It also examined and expressed its opinion on the financial information communicated to the markets.

The issues examined by the Supervisory Board – based in some cases on presentations made by the Chief Executive Officer or by members of business line management – were as follows:

- Quarterly financial information and interim and annual results – based in part on a review of the management scorecards used by the Executive Committee – and the corresponding press releases, including a discussion of investor relations.
- The planning process and budget assumptions.
- The Audit Committee's report.
- Capital allocation policy between the Company and shareholders.
- Internal control and risk management, and the Chairman's report on these topics and on Supervisory Board practices.
- The High-Tech Materials strategy.
- The strategic plan for the Group and the plans for each major business unit.
- Competitor analysis.
- The Experience business.
- The practical benefits of the Industrial Competitiveness program in France.
- Proposed acquisitions.
- Project to streamline the Group's organization and business processes.
- Report of the Compensation and Appointments Committee.
- The Supervisory Board's membership.
- Preparation of recommendations on the re-election of existing Supervisory Board members or the election of new members.
- Changes in the membership of the Committees of the Board.
- Annual assessment of Supervisory Board members' independence.
- Annual self-assessment of the Board's work.
- Chief Executive Officer succession plan.
- Compensation policies.
- Preparation of the Annual Shareholders Meeting.

(1) *Article 17 of the Bylaws states that "(...) The Supervisory Board is jointly and regularly informed about the Company's situation and the key issues listed in the Supervisory Board's internal rules. The Supervisory Board reports to the Shareholders Meeting on the fulfillment of its duties (...)".*

Part of each Supervisory Board meeting takes place behind closed doors, without the Chief Executive Officer or any representatives of Executive Management being present.

In addition, the independent members of the Board held a closed session.

The Supervisory Board continued the process initiated in 2015 to enable the member representing employees to act as a neutral observer of the Group's social dialog processes in order to make an informed contribution to the Board's discussions.

During 2017, Cyrille Poughon, the member representing employees, visited Group facilities in Mexico, India and the United Kingdom (Scotland). He subsequently presented to the Supervisory Board a summary of the challenges and opportunities identified during his conversations with the local team in each country, along with his observations.

In addition, in line with legal requirements, the Company decided that the Supervisory Board of its main French subsidiary, Manufacture Française des Pneumatiques Michelin, should also continue to include an employee representative, appointed by the Company's Central Works Council.

4.3.2 b) Supervisory Board members' attendance rates

The Supervisory Board met seven times in 2017 – on February 9, April 21, May 19, July 24, October 5, December 1 and December 18 – with an average attendance rate (including unscheduled Board meetings and meetings of Board Committees) of 95.4%.

The attendance rates of the individual Board members are presented in the table below:

	Participation at meetings held in 2017		
Supervisory Board members	**Supervisory Board (7 meetings)**	**Audit Committee (4 meetings)**	**Compensation and Appointments Committee (3 meetings)**
Olivier Bazil	7/7	4/4	N/A
Pat Cox	6/7	N/A	3/3
Barbara Dalibard	7/7	N/A	3/3
Anne-Sophie de La Bigne(1)	7/7	4/4	1/1
Jean-Pierre Duprieu	6/7	4/4	N/A
Aruna Jayanthi	5/7	N/A	N/A
Monique Leroux(2)	7/7	2/2	N/A
Cyrille Poughon	7/7	N/A	N/A
Michel Rollier	7/7	N/A	3/3

(1) Anne-Sophie de La Bigne participated in the only meeting of the Compensation and Appointments Committee held after her appointment to the Committee on May 19, 2017.
(2) Monique Leroux participated in all the meetings of the Audit Committee held after her appointment to the Committee on May 19, 2017.
N/A: Not applicable.

4.3.2 c) Training for Supervisory Board members

As part of its training policy for Supervisory Board members, during the year the Company once again organized a special training program on the Group's operations. The program gave all of the members an opportunity to acquire or refresh their hands-on insight into how Michelin's various businesses are run.

The Supervisory Board held one of its meetings in 2017 at a major plant in France, attending a presentation about the plant's history and its production activities which use the very latest technologies.

In addition, the members spent half a day visiting this site and the various specialized workshops, and conversing with a certain number of managers.

These topic-specific presentations, along with those made during the year at Supervisory Board meetings by members of Executive Management and their teams, are welcomed by Supervisory Board members as a means of enhancing their understanding of all the challenges facing the Michelin Group.

4.3.2 d) Changes in the membership of the Supervisory Board in 2017

A major part of the Board's work in 2017 entailed preparing for the expiration of Supervisory Board members' terms of office.

The Compensation and Appointments Committee reviewed the proposed re-election of Olivier Bazil and Michel Rollier as Supervisory Board members.

The General Partners were not involved in the processes for the election of members of the Supervisory Board.

Olivier Bazil and Michel Rollier informed the other Supervisory Board members that they wish to stand for re-election.

In reviewing their proposed re-election, the Compensation and Appointments Committee took into account the main candidate assessment criteria, covering their skills, experience, independence and 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 Olivier Bazil and Michel Rollier, the Board notably considered:

- The pros and cons of re-electing them.
- The skills and experience they bring to the Board.

- Their availability and involvement in the work of the Board and its Committees.
- Their independence and the absence of any conflicts of interest.
- Their contribution to the complementary nature of the Board's membership.

Olivier Bazil is a Director of Legrand[1] and a member of its Board's Strategy and Social Responsibility Committee and Nominating and Governance Committee.

He has been a member of Michelin's Supervisory Board and Chairman of its Audit Committee since 2013 and is considered by the Supervisory Board as being an independent member[2] 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 an executive officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board.
- He is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.
- He has not been an auditor of Michelin in any of the past five years.
- He is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners.

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

- His contribution to the work of the Board, as reflected in his availability and attendance rate.
- His experience in the areas of accounting, finance and internal control.
- The efficient organization of the Audit Committee.
- His excellent understanding of the challenges facing the Group.
- His executive management experience and familiarity with French and international industrial strategies.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Olivier Bazil be re-elected for a further four-year term. Mr. Bazil did not take part in the Board's discussion or vote. He was re-elected at the Annual Shareholders Meeting of May 19, 2017.

Michel Rollier is Chairman of the AFEP/MEDEF High Committee on Corporate Governance.

He has been Chairman of Michelin's Supervisory Board, and member of the Compensation and Appointments Committee of the Board since 2013.

- 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 an executive officer of a company in which Michelin directly or indirectly has a seat on the Board, or in which an executive officer of Michelin has a seat on the Board.
- He has not been an auditor of Michelin in any of the past five years.
- He is not a shareholder or an executive officer of SAGES, one of Michelin's General Partners.
- He is not a customer, supplier or banker that is material for Michelin or that derives a significant portion of its business from Michelin.

The Supervisory Board decided to maintain his qualification as a non-independent member despite the fact that he had not held an executive position at Michelin during the past five years.

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

- The continuous improvements in Michelin's governance achieved jointly with the Chief Executive Officer and the General Partners.
- The efficient organization and effectiveness of the Supervisory Board, whose good practices were recognized in the results of the assessment performed in 2016 by an independent firm of consultants.
- His availability and attendance rate at Board and Audit Committee meetings.
- His excellent understanding of the challenges facing the Group.
- His experience in finance.
- His executive management experience.
- His knowledge of Michelin's markets and the automotive industry.

On the recommendation of the Compensation and Appointments Committee, the Supervisory Board decided to recommend that Michel Rollier be re-elected for a further four-year term. Mr. Rollier did not take part in the Board's discussion or vote. He was re-elected at the Annual Shareholders Meeting of May 19, 2017.

4.3.2 e) Preparing recommendations for re-electing Supervisory Board members and other resolutions to be presented at the 2018 Annual Shareholders Meeting

The Supervisory Board asked the Compensation and Appointments Committee to review the situation of members whose term was due to expire at the 2018 Annual Shareholders Meeting, and the Chief Executive Officer succession plan.

The Committee's procedures and recommendations are presented in the Supervisory Board's report on the resolutions to be submitted to the 2018 Annual Shareholders Meeting (see section 10.2 of this Registration Document).

(1) Listed company.
(2) See the detailed review of Supervisory Board members' independence in the Report of the Chairman of the Supervisory Board on the membership of the Supervisory Board (section 4.5.1 b) of the 2016 Registration Document).

4.3.2 f) Designation of a senior independent Supervisory Board member

The Supervisory Board members decided to designate a senior independent member responsible notably for leading the group of independent members and organizing meetings of this group.

Following this decision, Barbara Dalibard, Chair of the Compensation and Appointments Committee, was designated as Senior Independent Member.

4.3.2 g) Review of Supervisory Board members' independence and any conflicts of interest

The Supervisory Board has chosen to refer to all the criteria listed in the AFEP/MEDEF Code to assess its members' independence and obtain assurance that a majority of the members are independent and without any vested interests (*i.e.* with no relationship of any kind whatsoever with the Company or its management which might risk coloring the member's judgment[1]).

The Supervisory Board's internal rules also explicitly stipulate that its members are required to inform the Board of any potential or existing conflict of interest and are banned from taking part in the discussion and vote on the matters concerned.

In the first phase, the Compensation and Appointments Committee checks that each Supervisory Board member has formally declared, in relation to the provisions and abstention obligations of the Board's internal rules, that:

- They have no close family ties with the Managing Partner or their fellow Supervisory Board members.
- They have not been convicted of fraud during the past five years, or been associated with a bankruptcy, receivership or liquidation during the past five years, or been the subject of any official public incrimination and/or sanctions by statutory or regulatory authorities or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer during the past five years.
- They do not have a service contract with the Company or any of its subsidiaries.
- They have not been selected to serve as a Supervisory Board member pursuant to any arrangement or agreement with a principal shareholder, customer, supplier or other stakeholder.
- To the best of their knowledge, there are no restrictions on the disposal within a certain period of time of their Michelin shares, except for those resulting from insider dealing rules.
- To the best of their knowledge, there are no conflicts of interest between their obligations towards the Company in their capacity as Supervisory Board member and their personal interests and/or other obligations.

Where applicable, the Committee also checks any notifications given to the Board by its members.

In the second phase, to complete the earlier statements and observations, the Committee:

- Checks that none of the Board members had been an auditor of the Company during the past five years.
- Reviews the period served on the Board by members since they were first elected, in particular for members who have served on the Board for 12 or more years.
- Checks that no Board member has received any variable compensation in cash or shares or any other performance-based compensation from the Company or the Group.

In addition, the Committee examines whether any Board member:

- Is or has been in the past five years an employee or executive officer of the Company, or an employee or executive director of its parent or a company that the latter consolidates.
- Is an executive director of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive director of the Company (currently in office or having held such office for less than five years) is a director.
- Is a customer, supplier, investment banker or commercial banker:
  - that is material to the Company or the Group; or
  - that depends on the Company or the Group for a significant part of its business.

In the third phase, the Committee reviews the situation of Board members who may personally conduct significant amounts of business with the Company or be involved with undertakings that may maintain significant business relations with the Company.

In each case, the Committee starts by examining the nature of the Board member's duties in the undertaking concerned, particularly whether they hold a non-executive position such as member of the Board of Directors or Supervisory Board, whether they are qualified as independent by that undertaking and whether they share any cross-directorships with an executive officer of the Company.

Where a Board member holds an executive or management position, the Committee examines the nature and scope of the member's duties and, if the undertaking is a material competitor, customer or supplier of the Company, assesses whether the position may give rise to a conflict of interest between that undertaking and the Company.

When considered necessary, the Committee then analyses individual situations based on (i) the type of relationship that exists between the Company and the undertaking concerned and (ii) the amounts represented by financial transactions between the Company and the undertaking, applying different materiality thresholds depending on the type of relationship (revenues in relation to consolidated revenues, purchase volumes, etc.).

The Compensation and Appointments Committee conducted an independence review in 2017. Its conclusions were presented to the Supervisory Board, which discussed and then adopted them. The review process can be summarized as follows:

The Committee also examined the situation of **Anne-Sophie de La Bigne** in light of her position with Airbus group as Vice President in charge of Civil Affairs in the Public Affairs Division France. The Committee noted that (i) Ms. de La Bigne does not hold an executive position at Airbus with responsibility for purchasing or selling products or services and (ii) her area of responsibility is limited to France.

The Committee nevertheless decided to examine the volume of business conducted between Michelin and the Airbus group, as some of the latter's subsidiaries purchase products and/or services from Michelin.

(1) When the Compensation and Appointments Committee assesses the independence of one of its members, that member does not take part in the Committee's discussion and analysis of his or her situation nor in the Supervisory Board's decision regarding his or her independence.

Due to the structure of the aerospace markets served by Michelin and the companies operating in these markets, the Committee examined the revenues earned by Michelin in 2016 from the sale of products and services not only to Airbus group companies but also to these companies' customers that own or lease aircraft. The sales figure was then compared to Michelin's consolidated sales for 2016.

The comparison showed that the sales in question represented significantly less than 1% of the Group's consolidated sales for the year.

Consequently, the Committee proposed considering that Anne-Sophie de La Bigne's indirect business relationship with Michelin by virtue of her position with the Airbus group was not material.

The Committee also examined the business relationship between Michelin and the Capgemini group, whose Indian subsidiary is headed by **Aruna Jayanthi.**

Worldwide transactions between the Capgemini group and Michelin represent only a small proportion of Michelin's purchases of IT services, and do not account for a significant portion of Capgemini's revenue.

Consequently, the Committee proposed considering that Aruna Jayanthi's indirect business relationship with Michelin by virtue of her position with the Capgemini group was not material.

The Committee examined the situation of **Pat Cox,** in light of the rules in the AFEP/MEDEF Code concerning the calculation of the time served on the Supervisory Board for the purpose of assessing members' independence. The Committee decided that, based on the above rules, Pat Cox no longer qualified as independent as from May 20, 2017, corresponding to the date on which he had served for 12 years on the Supervisory Board. Pat Cox, who is a member of the Committee, did not take part in the discussion of his situation and was not involved in determining the Committee's conclusions.

Cyrille Poughon, who was elected to the Supervisory Board for the first time on May 16, 2014, is an employee of Manufacture Française des Pneumatiques Michelin, one of the Group's largest operating companies and its largest French subsidiary. Despite his independent mindset and conspicuous participation in Supervisory Board meetings, the Board considered that Mr. Poughon could not be qualified as independent because of the implicit requirement for him, as a Michelin employee, to demonstrate loyalty to the Group.

The Compensation and Appointments Committee decided that, to avoid any ambiguity and in the Company's interests, **Michel Rollier,** Chairman of the AFEP/MEDEF High Committee on Corporate Governance, should continue to be qualified as a non-independent member of the Supervisory Board, despite the fact that he had stepped down from his executive position at Michelin more than five years ago. Michel Rollier, who is a member of the Committee, did not take part in the discussion of his situation and was not involved in determining the Committee's conclusions.

Having reviewed the Compensation and Appointments Committee's analyses, the Supervisory Board decided that all of its members with the exception of Pat Cox, Cyrille Poughon and Michel Rollier are independent based on the criteria in the AFEP/MEDEF Code. These independent members represent just under 67% of total Supervisory Board members, a significantly higher proportion than that recommended in the AFEP/MEDEF Code, which states that half of the Board members of widely-held corporations without controlling shareholders should be independent.

4.3.2 h) Assessment of the Supervisory Board's practices

In 2016, the Supervisory Board retained the services of a firm of consultants to assess its overall practices and the contributions of individual members.

The assessment was carried out during the fourth quarter of 2016 and the results were presented in the Report of the Chairman of the Supervisory Board (section 4.5.1 b) of the 2016 Registration Document, pages 129-130).

In 2017, a self-assessment was performed by the Chairman of the Supervisory Board and the Senior Independent Member.

This self-assessment consisted in interviewing each Board member individually based on a questionnaire that they had received beforehand.

As is the case every year, an exchange of views and a discussion of Board practices among its members will be included on the agenda of an upcoming Supervisory Board meeting in spring 2018.

Last year's self-assessment concerned the following matters:

- The Board's role and organization.
- The choice of topics addressed and the time allocated to them.
- Governance.
- The Board's overall qualifications.
- The quality and quantity of information received.
- Performance management.
- The Committees' practices.

The self-assessment confirmed the Board members' high level of satisfaction, which was on par with that of previous years.

In particular, members appreciated the quality of the presentations made to the Board, and their very frank and open discussions with Group management.

The areas for improvement suggested by members concerned their desire to better understand the Group's corporate social responsibility and environmental challenges, as well as the processes deployed to identify key executives who have the potential to join the executive management team.

4.3.2 i) Implementation of the "comply or explain" rule

In accordance with Article L. 225-68 of the French Commercial Code and paragraph 25.1 of the AFEP/MEDEF Code and the corresponding implementation guidance, the Supervisory Board considers that it complies with the recommendations of the AFEP/MEDEF Code, as adapted to the Company's structure as a French partnership limited by shares (S.C.A.), which was adopted at the time of its formation in 1863, except as explained below:

Code recommendation	Explanation
Material transactions outside the scope of the firm's stated strategy should be subject to prior approval by the Board of Directors (Recommendation 3.2)	This recommendation, provided under Article 4 of the AFEP/MEDEF Code, is not directly applicable because of the Company's legal form as a partnership limited by shares. With this type of partnership, the General Managing Partner (Chief Executive Officer) has unlimited personal liability and his powers are completely separate from those of the Supervisory Board, with the result that the Supervisory Board has no authority to become involved in managing the Company. However, to (i) ensure that the Supervisory Board exercises effective oversight of the Company's management and (ii) adhere to the spirit of the AFEP/MEDEF recommendation, since 2011 the Company has amended its Bylaws[1] as well as the Supervisory Board's internal rules. Pursuant to the internal rules, the Chief Executive Officer must submit to the Supervisory Board details of any planned capital projects, new commitments, asset disposals or business acquisitions representing material amounts before any final decision is made. This means that the Supervisory Board is automatically consulted about all projects that are material for the Group. Moreover, as it expresses an opinion on such projects, it is clearly able to report to shareholders thereon if appropriate. This approach complies with the spirit and aims of the recommendation.
Appointment to the Compensation Committee of a Director representing employees (Recommendation 17.1)	The Company chose to recommend that employees should be represented on the Supervisory Board and an employee of a Group company was elected to the Supervisory Board at the 2014 Annual Shareholders Meeting. However, the Compensation and Appointments Committee does not include any member representing employees. In view of (i) the limited number of Committee members, which helps to guarantee its efficiency, and (ii) the amendment in the AFEP/MEDEF Code of the method of calculating the 12-year limit on the period served on the Board for a member to be qualified as independent, the inclusion on the Committee of the Supervisory Board of a member representing employees would have the effect of reducing the proportion of independent members to less than half, versus the majority required by the AFEP/MEDEF Code.

(1) Article 17 of the Bylaws states that "(...) The Supervisory Board is jointly and regularly informed about the Company's situation and the key issues listed in the Supervisory Board's internal rules. The Supervisory Board reports to the Shareholders Meeting on the fulfillment of its duties (...)".

4.3.2 j) Audit Committee

/ Members

The Audit Committee has at least three members appointed for their full term as Supervisory Board members. At least two-thirds of the members must be independent. Since May 19, 2017, the Audit Committee has comprised the following members:

- Olivier Bazil, independent member and Committee Chairman.

  Olivier Bazil was born in 1946 and is a French national. He is a Director of Legrand[1] and a member of Legrand's Strategy and Social Responsibility Committee and Nominating and Governance Committee. In 2017, he was also a Director of Vallourec[1], Chairman of Vallourec's Audit Committee and a member of its Strategy Committee.

  He has spent his entire career with Legrand[1], which he joined in 1973 as Deputy Company Secretary before going on to become Chief Financial Officer (1979), a Director (1989), Deputy Chief Executive Officer and a member of the Executive Committee (1994), and then Vice Chairman of the Board of Directors and Chief Operating Officer.

  Mr. Bazil is a graduate of HEC and holds an MBA from Harvard Business School.

- Jean-Pierre Duprieu, independent member.

  Jean-Pierre Duprieu was born in 1952 and is a French national. He is a Director of Korian[1] and the former Executive Vice President of the Air Liquide group[1]. He was a member of Air Liquide's Executive Management team from 2010 until 2016, in charge of supervising the group's European and Healthcare activities as well as corporate functions, including information systems and Efficiency/Purchasing programs.

- Anne-Sophie de La Bigne, independent member.

  Anne-Sophie de La Bigne was born in 1960 and is a French national. Since 2008, she has been Vice President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus group[1].

  She began her career in 1983 as a financial controller with the Matra group before joining the Strategy & Business Development Department of the Lagardère group, where she worked from 1985 to 1999. She subsequently became Head of the Strategic Analysis Department at Aerospatiale Matra/EADS, a position she held until 2001.

  Between 2001 and 2006, she served as Vice President, Strategy and European Affairs, at Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) and from 2006 to 2007, she was responsible for international corporate relations in the EADS[1] Public Affairs Division.

- Monique Leroux, independent member.

  Monique Leroux is currently Chair of the Board of Invest Quebec and Chair of the Quebec Government's Advisory Committee on the Economy and Innovation. From 2008 to 2016, she was Chair of the Board, President and Chief Executive Officer of Mouvement des Caisses Desjardins, Canada's largest cooperative financial group. She has been a member of the Board of Directors

(1) Listed company.

of the International Cooperative Alliance since 2013, serving as its President from 2015 to 2017. In 2017, she was appointed by Canada's Prime Minister as a member of the Canada-United States Council for Advancement of Women Entrepreneurs and Business Leaders. She is also Chair of the Board of Governors of the Society for the Celebration of Montreal's 375th Anniversary. She sits on the Board of Directors of Bell (BCE), Couche-Tard (ATD), Michelin (ML-France) and S&P Global (United States), and is a Strategic Advisor to Fiera Capital.

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

Due to the extensive experience acquired during their careers, notably as part of the executive management and strategic advisory teams of large corporations, the Audit Committee's four members have a deep understanding of financial and accounting matters.

/ Role and responsibilities

The main provisions of the Audit Committee's internal rules are outlined below.

The Audit Committee assists the Supervisory Board in fulfilling its oversight role. It operates as a specialized committee tasked with addressing issues related to the preparation and control of accounting and financial information in accordance with Articles L. 823-19 and L. 823-20-4 of the French Commercial Code.

The Audit Committee's role includes:

- Reviewing the annual and interim financial statements, as approved by the Chief Executive Officer and audited by the Statutory Auditors, as well as the quarterly financial information.
- Obtaining assurance that the Group's accounting methods and policies are appropriate and are applied consistently, and overseeing the quality of information given to the shareholders.
- Reviewing off-balance sheet commitments.
- Assessing the effectiveness of internal control and risk management systems.
- Reviewing all of the Group's risks, assessing the effectiveness of measures taken to control these risks and examining their accounting treatment and the related disclosures in the Group's communications.
- Reviewing the Statutory Auditors' annual audit programs.
- Reviewing the Quality, Audit and Risk Management Department's internal audit programs and recommending internal audits of specific financial risks.
- Verifying the Statutory Auditors' independence and objectivity and expressing an opinion about their appointment or re-appointment.

/ Committee practices

The Committee's work program and meeting schedule are decided by the Supervisory Board, in agreement with the Management.

In view of the distance they may have to travel to attend meetings and the other business commitments not only of the Supervisory Board and Audit Committee members but also of the members of Executive Management, the Audit Committee conducts its formal review of the financial statements half a day before they are examined by the Supervisory Board.

However, to enable the Committee to perform its work as efficiently as possible:

- The documents concerning the financial statements are made available to the Committee members several days in advance.
- The Chairman of the Audit Committee meets with the Group's Chief Financial Officer in advance to review the financial statements and prepare the Committee's meeting.

This process ensures that the discussion of the financial statements by the Committee and the Board is both efficient and of a high quality, in accordance with the recommendations in the AFEP/MEDEF Code on the organization of the Audit Committees' work.

The Committee may also call on the services of independent experts. In addition, the Committee meets with the Statutory Auditors once a year without any members of management being present.

The Committee chooses the location of its meetings and may decide to conduct meetings by videoconference.

The Committee's Chairman reports on the Committee's work to the Supervisory Board several times a year.

The Audit Committee monitors issues relating to the preparation and control of accounting and financial information, in accordance with Articles L. 823-19 and L. 823-20-4° of the French Commercial Code.

The Committee met four times in 2017 – on February 8, April 20, July 24 and November 30 – with a 100% attendance rate.

/ Activities

During its meetings, the Audit Committee made inquiries of:

- The Chief Financial Officer.
- The Deputy Chief Financial Officer.
- The Executive Vice President, Accounting.
- The Executive Vice President, Materials Product Line.
- The Senior Vice President, Internal Control.
- The Executive Vice President, Quality, Audit and Risk Management.
- The Senior Vice President, Internal Audit.
- The Senior Vice President, Risk Management.
- The Executive Vice President, Group Information Systems.
- The Senior Vice President, Data Center and Application Platform.
- The Chief Safety Officer.
- The Senior Vice President, Information Systems.
- The Head of the OPE Business Process Management System.
- Both Statutory Auditors.

The main purpose of the meetings held in 2017 was to review:

- The audited separate and consolidated financial statements for the year ended December 31, 2016, and the projections prepared in accordance with French law. In particular, the Audit Committee analyzed the accounting treatment of acquisitions, employee benefits, 2016 consolidated key figures and significant events of the year, material changes in consolidated income statement and balance sheet items, the main components of consolidated free cash flow, and the main items in the separate financial statements of the Company. It noted that the audit of the accounts had gone smoothly. The Statutory Auditors reported to the Committee on their audit, noting that they would be issuing an unqualified opinion, without any emphasis of matter, on both the separate and consolidated financial statements.
- The interim consolidated financial statements for the six months ended June 30, 2017. The Committee mainly reviewed the changes in accounting methods and in the scope of consolidation, restructuring cost estimates, free cash flow and working capital. The Statutory Auditors reported to the Committee on their limited review of the interim financial statements for the six months ended June 30, 2017. Their limited review report did not contain any qualifications or emphasis of matter. The Auditors also presented their audit plan for 2017.

- Update of risk mapping and risk management plan, and the internal audit program. The Executive Vice President, Quality, Audit and Risk Management, the Senior Vice President, Internal Audit and the Senior Vice President, Risk Management reported to the Committee on the internal auditors' activities in 2017, including details of the audits in progress and the action taken to implement the internal auditors' recommendations.
- The new organization's reporting and management processes. The Deputy Chief Financial Officer presented the new organization, together with the supporting management, internal reporting and external reporting principles.
- Cyber risk management. The Chief Safety Officer and the Senior Vice President, Information Systems presented the Group's information systems security policy.
- Impact of new IFRS accounting standards. The Executive Vice President, Accounting presented the three new standards (IFRS 9, IFRS 15 and IFRS 16) and commented on the work needed for their application by the Group.
- The Statutory Auditors' new audit report and report to the Audit Committee. The Statutory Auditors presented the impact of the European audit reform on their reports.
- Procurement risk management. The Executive Vice President, Materials Product Line, presented to the Committee the Group's policy for managing procurement risk (interruption of external supplies, internal production stoppages).
- IT infrastructure organization and choices. The Executive Vice President, Group Information Systems and the Senior Vice President, Data Center and Application Platform presented the Group's IT infrastructure choices to the Committee.
- Organization of the subsidiaries' control structures. The Executive Vice President, Tax and Excise Duties presented to the Committee the proposals to change these structures.
- Guarantees of the Michelin customer promise. The Executive Vice President, Quality, Audit and Risk Management presented the changes made to the Quality function with the aim of improving customer satisfaction levels.
- The OPE Business Process Management System Program. The Executive Vice President responsible for this program updated the Committee on the program's status.
- Internal control. The Senior Vice President, Internal Control and the Deputy Chief Financial Officer reported to the Committee on the performance of the internal control system in 2016 and on changes to the system made during the year.

The Chairman of the Audit Committee reported to the Supervisory Board on the Committee's work on February 9, April 21, July 24, and December 1, 2017.

4.3.2 k) Compensation and Appointments Committee

/ Members

The Compensation and Appointments Committee has at least three members, appointed for their full term as Supervisory Board members. The Chairman and a majority of the members must be qualified as independent.

The current members of the Compensation and Appointments Committee are:

- Barbara Dalibard, an independent member of the Supervisory Board since her election, Chair of the Committee since October 2015 and Senior Independent Member of the Supervisory Board since May 2017. Barbara Dalibard was born in 1958 and is a French national. She is currently Chief Executive Officer of SITA. Her previous positions included Chief Executive Officer of SNCF Voyageurs, member of the France Telecom group Management Committee in charge of enterprise communication solutions, and various management positions within France Telecom and the Alcatel group.
- Pat Cox, a non-executive non-independent member of the Supervisory Board, who was born in 1952 and is an Irish national. He is a former member of the Irish Parliament and of the European Parliament. He served as President of the European Parliament from January 2002 to June 2004. He is President of *Fondation Jean Monnet pour l'Europe,* European Coordinator for the Scandinavian-Mediterranean Corridor transportation infrastructure project, Chairman of the KPMG Ireland Public Interest Committee and Chairman of the Board of *Alliance Française* Dublin.
- Anne-Sophie de La Bigne, independent member of the Supervisory Board and member of the Audit Committee. Anne-Sophie de La Bigne was born in 1960 and is a French national. Since 2008, she has been Vice President in charge of Civil Affairs in the Public Affairs Division, France, at Airbus group[1].

  Anne-Sophie de La Bigne began her career in 1983 as a financial controller with the Matra group before joining the Strategy & Business Development Department of the Lagardère group, where she worked from 1985 to 1999.

  She subsequently became Head of the Strategic Analysis Department at Aerospatiale Matra/EADS, a position she held until 2001.

  Between 2001 and 2006, she served as Vice President, Strategy and European Affairs, at Groupement des Industries Françaises Aéronautiques et Spatiales (GIFAS) and, from 2006 to 2007, she was responsible for international corporate relations in the EADS' Public Affairs Division.
- Michel Rollier, a non-executive non-independent member. Michel Rollier was born in 1944 and is a French national. He is Chairman of the AFEP/MEDEF High Committee on Corporate Governance. He began his career at Aussedat-Rey (part of the International Paper group) in 1971, initially occupying the post of Financial Controller before going on to head up a business unit. He then held the position of Chief Financial Officer between 1987 and 1994 and subsequently Deputy Chief Executive Officer from 1994 to 1996. He joined Michelin in 1996 as Vice President, Financial & Legal Affairs and then served as Chief Financial Officer and a member of the Executive Council from 1999 to 2005. He was elected General Managing Partner by Michelin's shareholders on May 20, 2005, serving alongside Édouard Michelin until Mr. Michelin's tragic death in 2006. Mr. Rollier stepped down as General Managing Partner in May 2012.

The Company chose to recommend that employees should be represented on the Supervisory Board and an employee of a Group company was elected to the Supervisory Board at the 2014 Annual Shareholders Meeting. However, the Compensation and Appointments Committee does not include any member representing employees. In view of the limited number of Committee members and their current situation in relation to the AFEP/MEDEF Code's independence rules, the inclusion on the Committee of the Supervisory Board member representing employees would have the effect of reducing the proportion of independent members to just half of the members, versus the majority required by the AFEP/MEDEF Code.

(1) Listed company.

This exception to the full application of the AFEP/MEDEF Code's recommendations is mentioned in the table in section 4.3.2 i) prepared in accordance with the "comply or explain" rule.

The main provisions of the Compensation and Appointments Committee's internal rules are outlined below.

/ Role and responsibilities

The Committee's role encompasses:

- Senior management compensation policy, including the criteria used to determine:
  - Fixed and variable compensation paid to members of the Executive Committee.
  - Variable compensation paid to other senior executives.
- The stock option and performance share allocation policy.
- Senior management appointments policy; senior management career and succession plans.
- The policy concerning the appointment of Managing Partners, including career and succession plans, developed jointly with the Non-Managing General Partner (SAGES).

Concerning the specific issue of the compensation paid to the Chief Executive Officer (the only Managing Partner), in light of the legal provisions specifically applicable to partnerships limited by shares and the provisions of the Bylaws, the Committee makes proposals to the Supervisory Board about the various components of the Chief Executive Officer's package which currently includes (i) variable profit shares that depend on one or several performance criteria and (ii) fixed compensation paid by a subsidiary in respect of his duties within the subsidiary.

The Committee's proposals help the Supervisory Board to formulate recommendations to the Non-Managing General Partner about the different components of the profit share payable to the Chief Executive Officer.

The Committee also reviews all amounts and benefits awarded or to be awarded to the Chief Executive Officer for the previous year by Group companies.

As part of the review, the Committee particularly verifies that the amounts paid or awarded to the Chief Executive Officer are proportionate and consistent in terms of (i) the Group's performance and (ii) industry and market practice.

The Committee also ensures that the components of the Chief Executive Officer's compensation are balanced, by (i) assessing the components of his variable compensation (profit-share allocation) calculated over one year and several years, and (ii) ensuring that his profit shares never exceed a reasonable percentage of his fixed compensation.

In assessing the level of his variable compensation, the Committee considers (i) the inherent variability of the Company's profits, (ii) projected future profits and (iii) the fact that General Partners are in an unusual situation to the extent that they have unlimited joint and personal liability for the Company's debts.

In addition to working on this review process and issuing the corresponding recommendations for the Board, the Committee prepares and submits to the Board and the Non-Managing General Partner its conclusions on the components of the compensation due or paid by the Company to the Chief Executive Officer for the previous year, in order to help the Board prepare its report to the Annual Shareholders Meeting for the advisory vote on the Chief Executive Officer's compensation.

/ Committee practices

The Committee chooses the location of its meetings and may decide to conduct meetings by videoconference.

The Committee's Chairman reports on the Committee's work to the Supervisory Board several times a year.

The Compensation and Appointments Committee may invite the Executive Vice President, Personnel or any internal or external expert to attend its meetings, depending on the agenda items.

Meetings of the Committee are attended by the Chief Executive Officer, except when his compensation or succession plan, or the succession plans of the Supervisory Board members, are being discussed, in accordance with AFEP/MEDEF Code recommendation 17.1.(1)

/ Activities

The Compensation and Appointments Committee met three times in 2017 – on January 26, April 21 and October 30 – with a 100% attendance rate.

The Committee's work mainly consisted in reviewing the following issues:

Chief Executive Officer's compensation

In early 2017, the Committee analyzed and submitted to the Board its conclusions about the achievement rates for the performance conditions used to determine the variable compensation due or awarded by the Company to the Chief Executive Officer for 2016, so that the Board could submit its own conclusions to the Non-Managing General Partner (SAGES) for approval.

This compensation was presented at the Annual Shareholders Meeting of May 19, 2017 and was approved by a majority of 96.32% of the votes cast (6th resolution).

The Compensation and Appointments Committee also proposed the components of the Chief Executive Officer's 2017 variable compensation for approval by the Non-Managing General Partner.

In early 2018, the Committee analyzed the various components of the Chief Executive Officer's compensation and noted the achievement rates for the applicable performance criteria.

With the agreement of the Non-Managing General Partner, the Supervisory Board prepared and recommended the components to be submitted to the Annual Shareholders Meeting of May 18, 2018 ("say-on-pay" advisory vote on the compensation due or awarded to the Chief Executive Officer (sole executive director) for 2017, 6th resolution).(2)

On the recommendation of the Committee, the Supervisory Board, with the agreement of the General Partners, also confirmed the compensation policy applicable to the Chief Executive Officer, including the adjustments needed to take account of the implementation of the Chief Executive Officer succession plan.(3)

(1) This rule also results from the legal ban on a General Partner becoming involved in appointing the members of the Supervisory Board of a partnership limited by shares (see Article L. 226-4, paragraph 3 of the French Commercial Code, the Company's Bylaws and the Supervisory Board's internal rules, as well as the detailed explanations provided in section 10.2 of the 2016 Registration Document concerning the resolutions presented at the Annual Shareholders Meeting of May 19, 2017).

(2) See detailed description in sections 4.4.4 and 10.2.3 of this Registration Document.

(3) See detailed description in section 4.4.1 a) of this Registration Document.

Compensation of the Chairman of the Supervisory Board

The Supervisory Board examined the compensation awarded to its Chairman and prepared and recommended the components of his compensation to be submitted to the Annual Shareholders Meeting of May 19, 2017. The "say-on-pay" advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board for 2016 (7th resolution) was approved by a majority of 99.49% of the votes cast.

The Supervisory Board examined the compensation awarded to its Chairman and prepared and recommended the components to be submitted to the Annual Shareholders Meeting of May 18, 2018 for the 2017 financial year (7th resolution).(1)

Supervisory Board members' independence and any conflicts of interest

The Committee performed its annual review of the Supervisory Board members' independence, by examining in particular whether there were any business relationships between the members and Michelin that could be qualified as material.(2)

Chief Executive Officer succession plan

The Compensation and Appointments Committee of the Supervisory Board periodically reviews the succession plans and career plans of the Group's executive management team, Managing Partners and current or potential future members of the Executive Committee, in order to ensure a smooth succession to these positions when the time comes or to deal with any crisis situation. The review is also designed to enable the Committee to express an opinion on the proposed candidate to succeed the Managing Partner to be submitted for approval at the Annual Shareholders Meeting.

To the above ends, for several years now the Compensation and Appointments Committee, led by its Chair who is also the Senior Independent Supervisory Board Member, has analyzed the performance appraisals of key executives prepared by management with the assistance of an independent firm of consultants. The Committee has held very instructive discussions with these consultants that have enabled it to appreciate the quality of their work.

The main features of the succession and career plans are as follows:

- Measures to give potential candidates considerable exposure, in order to better assess their abilities, particularly in areas outside their current positions and in relation to the business's global scope.
- Systems to track their progress in acquiring the skills needed for their potential future position.
- Assessments of their progress in tackling the types of real life situations that they would be faced with in their potential future position.

The Supervisory Board regularly reviewed the implementation of these features during its meetings. The reviews were led by the Chair of the Compensation and Appointments Committee and conducted in agreement with the Non-Managing General Partner (SAGES), with input from the Chief Executive Officer where useful.

The Committee's procedures and recommendations are presented in the Supervisory Board's report on the resolutions to be submitted to the 2018 Annual Shareholders Meeting (see section 10.2.2 of this Registration Document).

Recommendations concerning the re-election/election of Supervisory Board members at the Annual Shareholders Meetings of May 19, 2017 and May 18, 2018

At the Supervisory Board's request, the Committee reviewed the proposed re-election/election of Supervisory Board members.

The Committee's work and its recommendations to the Supervisory Board are described in detail in section 4.3.2 d) of this report for the re-elections/elections proposed at the Annual Shareholders Meeting of May 19, 2017 and in the Supervisory Board's report on the proposed resolutions (see section 10.2.1 of this Registration Document) for the re-elections/elections to be proposed at the Annual Shareholders Meeting of May 18, 2018.

Variable compensation policy

As in prior years, the Committee reviewed the Company's variable compensation and performance share policies, as well as changes to these policies.

(1) See detailed description in sections 4.4.1 b) and 10.2.4 of this Registration Document.
(2) See detailed description in section 4.3.2 g) of this report.

4.4 MANAGEMENT AND SUPERVISORY BOARD COMPENSATION

4.4.1 COMPENSATION POLICIES APPLICABLE TO THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE SUPERVISORY BOARD

4.4.1 a) Compensation policy: Chief Executive Officer

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply *"the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner"* (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2018:

- To explain the principles and criteria for determining, allocating and awarding the components of the compensation and benefits of the Chief Executive Officer and of any General Managing Partner or Managing Partner who may be elected in 2018.[1]
- To give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Chief Executive Officer, in line with the AFEP/MEDEF Code recommendation[2] which provides for a mandatory shareholder vote (see the information and resolution presented in section 10.1.1 of this Registration Document and in the Notice of Meeting for the May 18, 2018 Annual Shareholders Meeting).

/ 2018, a transition year

The election of Florent Menegaux as General Managing Partner and Yves Chapot as Managing Partner is proposed in preparation for the management transition announced by the Company on February 9, 2018. To ensure that the succession goes as smoothly as possible, Jean-Dominique Senard would stay on as Chief Executive Officer until the end of his term, which expires at the close of the Annual Shareholders Meeting to be called to approve the 2018 financial statements.

If Florent Menegaux and Yves Chapot are duly elected by shareholders, the compensation policy will apply temporarily to three Managing Partners and then, following Jean-Dominique Senard's retirement, to two Managing Partners.

/ Principles inherent in the position of General Partner

In their capacity as General Partners of CGEM, the General Managing Partner(s) has/(have) unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners[3] each receive a portion of the Company's profits (the "Profit Share") as provided for in the Bylaws[4]. This means that their interests are fully aligned with those of the shareholders, as they are paid a Profit Share only if the Company makes a profit. In addition, the amount is capped at 0.6% of consolidated net profit for the year.

A Managing Partner who is not a General Partner is not personally liable for the Company's debts. However, the Company's Bylaws stipulate that his compensation should include a variable portion determined based on criteria related to the Company's performance.

/ Principles for determining the Managing Partners' compensation

In application of the Company's Bylaws, the Supervisory Board's internal rules and the internal rules of the Compensation and Appointments Committee, the Supervisory Board's approval is required for decisions concerning the determination of a Managing Partner's compensation.

In light of the specific legal provisions applicable to partnerships limited by shares and the provisions of the Bylaws, the Committee makes proposals to the Supervisory Board about the various components of the General Managing Partners' package which currently includes (i) variable Profit Shares that depend on one or several performance criteria and (ii) fixed compensation paid by a subsidiary in respect of the Managing Partner's duties within the subsidiary. The Committee's proposals help the Supervisory Board to formulate recommendations to the Non-Managing General Partner about the different components of the Profit Shares payable to the General Managing Partners.

The compensation package of the Managing Partner who is not a General Partner would be determined by unanimous decision of the Non-Managing General Partner and the General Managing Partner, based on the recommendation of the Compensation and Appointments Committee.

The Committee also reviews all amounts and benefits awarded or to be awarded to the Managing Partners for the previous year by Group companies. As part of the review, the Committee particularly verifies that the amounts paid or awarded to the Managing Partners are proportionate and consistent in terms of (i) the Group's performance and (ii) industry and market practice.

(1) This concerns the proposal to elect Florent Menegaux as General Managing Partner and Yves Chapot as Managing Partner that will be submitted to shareholders for approval at the Annual Meeting on May 18, 2018 (resolutions 12 and 13).
(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.
(3) At December 31, 2017, the Company had two General Partners: Jean-Dominique Senard, Chief Executive Officer, and SAGES, Non-Managing General Partner (see presentation in sections 2.15.3 and 2.15.4 c). On May 18, 2018, if shareholders approve the resolutions presented at the Annual Shareholders Meeting, a third General Partner – Florent Menegaux – will be appointed as Managing Partner.
(4) See Article 30 of the Bylaws, reproduced in section 4.6.5 below.

In addition to working on this review process and issuing the corresponding recommendations for the Board, the Committee prepares and submits to the Board and the Non-Managing General Partner its conclusions on the components of the compensation due or paid by the Company to the Managing Partners for the previous year, in order to help the Board prepare its report to the Annual Shareholders Meeting for the advisory vote on the Managing Partners' compensation.

Since 2014, shareholders have been asked to issue an advisory vote on the compensation due or awarded to the Chief Executive Officer for the previous year. Positive advisory votes were issued with a majority of 94.74% in 2014, 95.72% in 2015, 97.39% in 2016 and 96.32% in 2017.

4.4.1.a) 1. Fixed compensation

Since 2014, the Supervisory Board's policy has been to maintain the Chief Executive Officer's fixed compensation at a stable level that is consistent with the fixed compensation paid to the top executives of other CAC 40 companies and in harmony with the other components of his compensation.

In 2018, the Chief Executive Officer's fixed compensation amounts to €1,100,000[(1)].

If one or several Managing Partners are elected, their compensation will be significantly lower than that of the Chief Executive Officer and will be prorated to the period served as Managing Partner during 2018.

4.4.1.a) 2. Annual and long-term variable compensation

Shared principles

To engage senior executives more deeply in the Company's performance and encourage them to act with long-term interests in mind, the Managing Partner(s)' bonus includes one annual variable component and one long-term variable component.

Taking into account the specific legal provisions applicable to partnerships limited by shares and the provisions of the Bylaws, as described below, the Compensation and Appointments Committee makes proposals to the Supervisory Board about the various components of the variable compensation that depend on one or several performance criteria and are paid to the Managing Partner(s) by the Company or by any subsidiary of which they are an executive officer.

The Committee's proposals are discussed by the Supervisory Board, which then makes recommendations to the Non-Managing General Partner (SAGES) about the different criteria to be applied to the annual and long-term variable compensation payable to the Managing Partner(s).

The Committee also ensures that the components of the Managing Partner(s)' compensation are balanced, by (i) assessing the components of their variable compensation calculated over one year and several years, and (ii) ensuring that their variable compensation never exceeds a reasonable percentage of their fixed compensation.

The compensation of the Managing Partner(s) takes into account the difference in status between a Managing General Partner and a Managing Partner who is not a General Partner.

Managing General Partner(s)

In accordance with Article 30, paragraph 3, of CGEM's Bylaws[(2)], the Profit Shares allocated to the General Partners of CGEM out of profit for the year are based on reported net income.

The Profit Shares are:

- Set at 12% of the Company's net income for the year, net of dividend income corresponding to distributions of profits or reserves by MFPM and Compagnie Financière Michelin SCmA (CFM);
- Capped at 0.6% of the Group's consolidated net income.

In assessing the level of the Profit Shares, the Committee considers (i) the inherent variability of the Company's profits, (ii) projected future profits and (iii) the fact that General Partners are in an unusual situation to the extent that they have unlimited joint and personal liability for the Company's debts.

Since 2014, variable compensation is comprised of three parts: two annual variable components and one long-term variable component.

This structure means that the General Managing Partners' variable compensation fluctuates partly in line with net income for the year and partly on the basis of several additional performance conditions related to factors that are essential for the deployment of Michelin's strategy.

Non-General Managing Partner

If a Managing Partner who is not a General Partner is elected, he will be awarded annual and long-term variable compensation that is determined by reference to several performance criteria.

4.4.1.a) 2.1 Annual variable compensation

Shared features

The annual variable components of the Managing Partners' compensation depend above all on the level of net income for the year and, in the case of the General Managing Partner, are paid out of the Profit Shares allocated to the General Partners on a mutually agreed basis.

Since 2015, as decided by the General Partners on the recommendation of the Supervisory Board, the basis used to calculate the Annual Variable Components of the Chief Executive Officer's compensation (the Consolidated Calculation Base) has been set at 0.6% of the Group's consolidated net income.

If one or several Managing Partners are elected, their annual variable compensation will be prorated to the period served as Managing Partner during 2018.

Single-criterion annual variable component

This component is determined based on an initial performance criterion – net income for the year – and in the case of the Chief Executive Officer is equal to 8% of the Consolidated Calculation Base.

If a new General Managing Partner is elected, his portion of the Consolidated Calculation Base corresponding to this component will be significantly less than that applicable for the Chief Executive Officer and will be prorated to the period served as General Managing Partner during 2018.

There are no plans to award any such component to any Managing Partner who is not a General Partner.

(1) This compensation is payable to Jean-Dominique Senard by Manufacture Française des Pneumatiques Michelin (MFPM) for his role as the Company's Non-General Managing Partner.
(2) See section 4.6.5 of this Corporate Governance Report for details.

Multi-criteria annual variable compensation

This component is determined based on the criterion of net income for the year and various other annual performance criteria, such as business growth, the level of overheads and growth in free cash flow.

It currently corresponds to between 0% and 14% of the Consolidated Calculation Base in the case of the Chief Executive Officer.

The performance criteria set by the Supervisory Board include:

- Quantitative criteria – the same as those applied to determine the annual variable compensation of the Executive Committee members and Group managers – which together account for up to 100/100.

  For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose details of the performance targets set for these quantitative criteria.
- Qualitative criteria, together accounting for up to 50/50.

In addition:

- A specific trigger point is applied to each criterion, together with a second general trigger point corresponding to a cumulative achievement rate of at least 50/150 across all criteria.
- The maximum 14% of the Consolidated Calculation Base for this component is awarded only if the cumulative achievement rate for all the criteria is 150/150.

If a new General Managing Partner is elected, his portion of the Consolidated Calculation Base for this component will be significantly less than that applicable for the Chief Executive Officer and will be prorated to the period served as General Managing Partner during 2018.

If a Managing Partner is elected who is not a General Partner, similar principles will apply to his variable annual compensation. However, said compensation (i) will be sensibly less than that awarded to the current Chief Executive Officer and the new General Managing Partner, (ii) will not be deducted from a Profit Share, and (iii) will be prorated to the period served as Managing Partner during 2018.

4.4.1.a) 2.2 Cash-settled deferred variable component: long-term incentive bonus

This long-term incentive bonus awarded each year to a General Managing Partner is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares.

In the case of the Chief Executive Officer and, if applicable, the General Managing Partner, the base amount of the incentive bonus is €1,800,000, it being specified that if a General Managing Partner is elected, his long-term incentive bonus will be significantly lower than that of the Chief Executive Officer and will be prorated to the period served as General Managing Partner.

The base amount is increased or reduced to reflect the percentage gain or loss in Michelin's share price over the three years following the award date.

The amount obtained by applying the adjustment clause is modulated by the application of additional performance criteria set by the Supervisory Board and applicable over the same three-year period.

In response to shareholder expectations and the changing tire market environment, the Supervisory Board's policy since 2016 for the Chief Executive Officer has consisted of aligning these criteria with the vesting criteria for employee performance share plans, which concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020 (see section 1.1 of this Registration Document).

The first criterion, which accounts for 35% of the Chief Executive Officer's bonus, concerns growth in the Michelin share price compared with that of the CAC 40 index over a trailing three-year period.

It falls under the third objective ("Secure robust financial performance") of the Ambitions for 2020.

The CAC 40 index has been chosen due to the breakdown of the Group's operations into the various product families (truck tires, passenger car and light truck tires, specialty tires). These operations expose the Group to changes in consumer goods markets (around 40% of the Group's business), economic growth and industrial markets (around 30%), and raw materials prices (around 15%). In this regard, automotive stocks alone (around 15% of the Group's business) – and especially automotive equipment stocks – would be a less appropriate benchmark for measuring Michelin's performance.

The second criterion, accounting for 30% of the Chief Executive Officer's bonus, concerns Michelin's CSR performance as reflected in two indicators: the main impact of the Group's industrial operations (for 15%) and the degree of employee engagement (for 15%) over a trailing three-year period.

It is part of the second objective ("Demonstrate our commitment to the well-being and development of our employees") and the fifth objective ("Set the industry standard for responsible manufacturing") of the Ambitions for 2020.

Employee engagement is an important driver of operational excellence and the Group's ability to meet its performance objectives. Michelin has set the particularly ambitious objective of becoming a world-class leader in this area by reaching and maintaining an 85% employee engagement rate by 2020. Since 2013, the annual "Moving Forward Together: Your Voice for Action" survey has measured the engagement rate and employee opinions about their work.

The action taken, gains made to date and the detailed employee engagement calculation method are presented in section 6.2.5 c) of this Registration Document.

Since 2005, Michelin has measured and published its industrial operations' energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled, using the Michelin site Environmental Footprint (MEF) indicator. The goal for 2020 is to reduce the MEF by 50% compared with 2005.

The action taken, gains made to date and the detailed MEF calculation method are presented in section 6 (pages 205-208 and 214) of this Registration Document.

The third criterion, accounting for 35% of the Chief Executive Officer's bonus, concerns growth in consolidated operating income[1] over a trailing three-year period.

It falls under the third objective ("Secure robust financial performance") of the Ambitions for 2020.

The choice of this criterion is part of the Group's value creation strategy aiming to guarantee a robust and sustainable financial position, the independence of the Group and the achievement of its growth ambitions.

Details of these criteria were published in the 2015 Registration Document (pages 299 to 301). This information is also provided in section 4.4.3 c), pages 134-135 of this Registration Document, together with the related intermediate achievement rates.

The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full.

The final amount receivable under the long-term incentive plan will be:

- Capped at 150% of the average of the annual variable compensation paid to the Chief Executive Officer for the reference three-year period.
- Deducted from his Profit Share for the last year of the reference three-year period to be paid after the financial statements for that year have been approved:
  - subject to the availability of Profit Shares payable out of net income for that year; and
  - up to the amount of said available Profit Shares after deducting the annual variable compensation due for that year.

If the Chief Executive Officer were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

For long-term incentive bonuses awarded in 2017 and subsequent years, the Supervisory Board and the Non-Managing General Partner have decided that if the Chief Executive Officer ceases to hold office on the date his term expires (in May 2019), for reasons other than death or disability, before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run, including beyond the end of his term (until end-2019 and end-2020).

In this case, the incentive bonus will be paid at the end of said three-year period, for an amount prorated to the actual time served as Chief Executive Officer during the period.

If a Managing Partner is elected who is not a General Partner, he will be awarded a long-term incentive bonus determined according to similar principles, it being specified that the amount of the bonus (i) will be significantly less than that of the Chief Executive Officer and the new General Managing Partner, (ii) will not be deducted from any Profit Share, and (iii) will be prorated to the period the new General Managing Partner actually serves.

In the case of the Managing Partner, this long-term incentive bonus may be awarded through performance shares, with said award determined by principles and criteria similar to those described in this section.

4.4.1.a) 3. Fringe benefits and attendance fees

The Chief Executive Officer receives a fringe benefit in the form of a Company car.

He does not receive any attendance fees from the Company or any Group subsidiaries.

If one or several Managing Partners are elected, they will not receive any attendance fees from the Company or any Group subsidiaries. In addition to being covered by the same health and death/disability insurance plans as MFPM employees, they will receive a similar fringe benefit.

4.4.1.a) 4. Stock options and performance shares

No stock options or performance shares have been granted to the Chief Executive Officer by the Company or any Group subsidiaries.

If a Managing Partner is elected who is not a General Partner, he may be granted performance shares as an alternative to the long-term incentive bonus described in section 4.4.1 a) 2.2. If he ceases to hold office before his term expires and before the end of the performance assessment period (for reasons other than death or disability), notably due to his resignation or removal from office, he will definitively forfeit the instruments initially awarded to him. If he ceases to hold office on the date his term expires or, due to disability or death, before the end of the reference three-year period for determining the achievement rate for the performance criteria, he will maintain the instruments initially awarded to him for an amount prorated to the time served in office during the plan period, it being specified that the reference three-year period will continue to run, including beyond the end of his term.

4.4.1.a) 5. Pension benefits[2]

The Managing Partners are not covered by any supplementary pension plan set up specifically for executive officers.

In his capacity as Non-General Managing Partner of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan).

This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to Non-General Managing Partners (executive officers), has the following main features:

- Participants must have served for at least five years as a senior executive.
- 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement).
- The replacement rate including benefit entitlements under compulsory plans is capped at 35%.
- An evaluation is carried out in accordance with Group accounting policies.

(1) Consolidated operating income, before non-recurring income and expenses (on a like-for-like basis and excluding changes in exchange rates).

(2) The information in this section and in section 4.4.3 e) of this Registration Document complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016.

- Benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code.
- 70% of the prior year's benefit obligation funded through a contribution to an insured plan.

Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM.

If one or several Managing Partners are elected and they do not participate in the Michelin Executive Supplementary Pension Plan, they may be given the opportunity to build up a pension fund by receiving an initial seed capital award, in cash or shares, and annual payments.

4.4.1.a) 6. Compensation for loss of office

In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if the Chief Executive Officer were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of his total compensation for the two years preceding the year of his removal from office.

By decision of the Supervisory Board, it would be based on the performance criteria used to determine his annual variable compensation and would be calculated using the following formula:

[Total compensation paid over the two years preceding the loss of office] x [the average (in %) of the "contingent annual variable payment" of the Profit Shares for the three years preceding the loss of office].

The compensation for loss of office would be reduced, if applicable, so that any other severance payments due to the Chief Executive Officer would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code.

If one or several Managing Partners are elected, they will be entitled to similar compensation for loss of office. In the case of a Managing Partner who is not a General Partner, this compensation would not be deducted from any Profit Share.

4.4.1.a) 7. Non-compete clause

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, the Chief Executive Officer is subject to a non-compete clause.

Mr. Senard's current non-compete clause was signed on July 26, 2011, with the prior approval of the Supervisory Board. It replaces the non-compete clause in his employment contract which is no longer in force.

If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The compensation would be deducted from his Profit Share.

The Company is, however, entitled to waive the application of this clause.

If Mr. Senard were to be awarded compensation for loss of office as provided for above (see "Compensation for loss of office"), the non-compete indemnity would be reduced or withheld entirely, if necessary, so that his aggregate severance package, including the non-compete indemnity referred to above, would not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code.

If one or several Managing Partners are elected, they would be entitled to a similar non-compete indemnity. In the case of a Managing Partner who is not a General Partner, this indemnity would not be deducted from any Profit Share.

4.4.1.a) 8. Exceptional compensation

No provision has been made for the payment of any exceptional compensation to the Managing Partners. In the case of a General Managing Partner, any such compensation would in any event be deducted from his Profit Share.

4.4.1 b) Compensation policy: Chairman of the Supervisory Board

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply *"the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner"* (Article 24.1.3), the Supervisory Board has decided for 2018:

- To explain the principles and criteria for determining, allocating and awarding the components of the compensation of the Chairman of the Supervisory Board.
- To give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Chairman of the Supervisory Board, in line with the AFEP/MEDEF Code recommendation[1] which provides for a mandatory shareholder vote (see the information and resolution presented in section 10.1.1 of this Registration Document and in the Notice of Meeting for the May 18, 2018 Annual Shareholders Meeting).

4.4.1.b) 1. Attendance fees

Since the resolution of the Annual Shareholders Meeting of May 13, 2016, adopted by a 99.54% majority vote, the total annual attendance fees awarded to the members of the Supervisory Board have been set at €555,000.

Of the total amount, the Supervisory Board decided to allocate attendance fees of €90,000 to Michel Rollier as from 2016, representing compensation for his responsibilities and tasks as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee.

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

In the same way as for the other Supervisory Board members and as in prior years, most of the fee (60%) is contingent on Michel Rollier's attendance rate at meetings of the Supervisory Board and the Compensation and Appointments Committee, as provided for in the Board's internal rules.

The amounts paid to Mr. Rollier in the last two years and his meeting attendance rate are presented, respectively, in sections 4.4.2 c) and 4.4.6 of this Registration Document.

4.4.1.b) 2. Other components of compensation

As Mr. Rollier does not hold any other positions within the Company or the Michelin Group, he does not receive any other compensation from the Company or its subsidiaries.

4.4.2 SUMMARY INFORMATION CONCERNING THE CHIEF EXECUTIVE OFFICER AND THE CHAIRMAN OF THE SUPERVISORY BOARD

The data and tables in this section:

- Present the compensation of Jean-Dominique Senard, Chief Executive Officer and sole executive director *(dirigeant mandataire social exécutif),* Michel Rollier, Chairman of the Supervisory Board and sole non-executive non-independent director *(dirigeant mandataire social non exécutif),* and the Supervisory Board members who are qualified as non-executive directors *(mandataires sociaux non exécutifs).*
- Have been prepared in accordance with the AFEP/MEDEF Code (November 2016) and related implementation guidelines (December 2016).
- Comply with AMF recommendation 2012-02 (as updated on November 22, 2017) on "corporate governance and executive compensation in companies that refer to the AFEP/MEDEF Code – Consolidated presentation of the recommendations contained in the AMF's annual reports", as well as with AMF recommendation 2009-16 (as updated on April 13, 2015), which serves as a guide to preparing registration documents.

The Supervisory Board and the General Partners have decided for 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation paid and awarded to the Chief Executive Officer and the Chairman of the Supervisory Board[(1)], in line with the AFEP/MEDEF Code recommendation[(2)] which provides for a mandatory shareholder vote.

The information required by shareholders for the purpose of their advisory vote on the components of the 2017 compensation of the Chief Executive Officer and the Chairman of the Supervisory Board is presented in this Corporate Governance Report, including sections 4.4.4 and 4.4.6 of this Registration Document.

4.4.2 a) Compensation, stock options and performance shares awarded to the Chief Executive Officer and the Chairman of the Supervisory Board (in €) (based on Table 1 in the AFEP/MEDEF Code)

Jean-Dominique Senard, Chief Executive Officer and General Partner with unlimited personal liability for the Company's debts	2017	2016
Compensation due for the year	3,799,658	3,303,789
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	0	0
Value of other long-term compensation plans	0[(1)]	0
TOTAL	**3,799,658**	**3,303,789**
Reference CGEM consolidated net income	*1,692,941,994*	*1,667,252,073*

(1) A previously unreported long-term incentive bonus was awarded in 2017. See page 135 of the 2017 Registration Document for details.

Michel Rollier, Chairman of the Supervisory Board	2017	2016
Compensation due for the year	90,000	90,000
Value of stock options granted during the year	0	0
Value of performance shares granted during the year	0	0
Value of other long-term compensation plans	0	0
TOTAL	**90,000**	**90,000**

(1) In connection with the compensation policy described in section 4.4.1 and in the Notice of Meeting for the May 18, 2018 Annual Shareholders Meeting.
(2) Recommendation applied by the Company since it came into effect and, in 2018, in compliance with the most recent version of the AFEP/MEDEF Code dated November 2016.

4.4.2 b) Compensation due and paid to the General Managing Partner (in €) (based on Table 2 in the AFEP/MEDEF Code)

Jean-Dominique Senard, Chief Executive Officer and General Partner with unlimited personal liability for the Company's debts	2017		2016	
	Due	Paid[1]	Due	Paid
Fixed compensation[2]	1,100,000	1,100,000	1,100,000	1,100,000
Annual variable compensation	1,696,328[3]	1,700,597[4]	1,700,597[4]	1,276,975[5]
Long-term variable compensation	994,860	495,116	495,116	0
Exceptional compensation	0	0	0	0
Attendance fees	0	0	0	0
Fringe benefit (car)	8,470	8,076	8,076	6,894
TOTAL	**3,799,658**	**3,303,789**	**3,303,789**	**2,383,869**
Reference CGEM consolidated net income	*1,692,941,994*	*1,667,252,073*	*1,163,401,238*	*1,031,090,189*

(1) This table does not include amounts paid that are due solely for prior years (see section 4.4.3 c) page 133 of this Registration Document).
(2) Compensation paid by Manufacture Française des Pneumatiques Michelin (MFPM), a controlled entity, in consideration of his role as Non-General Managing Partner of the Company.
(3) Amount before withholding tax estimated based on applying the performance criteria. It is proportional to CGEM's 2017 consolidated earnings and is proposed with the endorsement of the Supervisory Board and the agreement of SAGES, Non-Managing General Partner. It is subject to approval of the Profit Shares by CGEM shareholders at the next Annual Meeting on May 18, 2018 (see section 4.4.3 b). It includes the estimated €50,000 statutory share of the 2017 profit of Compagnie Financière Michelin SCmA (CFM) (Profit Share) that is payable by that company subject to approval by its shareholders at the 2018 Annual Meeting. This Profit Share is entirely variable to the extent that it depends on CFM's profit for the year.
(4) Including €50,000 received from CFM, a controlled entity. These Profit Shares are entirely variable as they are contingent on the profit generated by each of the two companies (CFM and CGEM) in 2016.
(5) Entirely variable Profit Shares contingent on profit generated in 2015. Paid by CGEM and CFM in 2015 following approval of the related resolutions at their 2016 Annual Shareholders Meetings.

4.4.2 c) Compensation due and paid to the Chairman of the Supervisory Board (in €) (based on Table 2 in the AFEP/MEDEF Code)

	2017		2016	
Michel Rollier, Chairman of the Supervisory Board	Due	Paid	Due	Paid
Fixed compensation	0	0	0	0
Annual variable compensation	0	0	0	0
Exceptional compensation	0	0	0	0
Attendance fees	90,000	90,000	90,000[1]	68,000
Fringe benefit	0	0	0	0
TOTAL	**90,000**	**90,000**	**90,000**	**68,000**

(1) New amount decided by the Supervisory Board, based on the total annual attendance fees approved by the Annual Meeting of May 13, 2016 (see section 10.2.3 of the 2015 Registration Document, page 306).

4.4.2 d) Attendance fees and other compensation received by the Supervisory Board members other than the Chairman (based on Table 3 in the AFEP/MEDEF Code)

See the table in section 4.4.7 below.

4.4.2 e) Stock options granted during the year to the Chief Executive Officer and the Chairman of the Supervisory Board by the issuer and any other Group company (based on Table 4 in the AFEP/MEDEF Code)(1)

No stock options were granted by the Company in 2017 to the Chief Executive Officer or the Chairman of the Supervisory Board.

No stock options have been granted to either the Chief Executive Officer or the Chairman of the Supervisory Board since 2005.

	Plan no. and date	Type of options (purchase or subscription)	Value of the options calculated by the method used for the consolidated financial statements	Number of options granted during the year	Exercise price	Exercise period
Jean-Dominique Senard	-	-	0	0	-	-
Michel Rollier	-	-	0	0	-	-

4.4.2 f) Stock options exercised during the year by the Chief Executive Officer and the Chairman of the Supervisory Board (based on Table 5 in the AFEP/MEDEF Code)(1)

	Plan No. and date	Number of options exercised during the year	Exercise price
Jean-Dominique Senard	-	0	-
Michel Rollier	-	0	-

4.4.2 g) Performance shares granted during the year to the Chief Executive Officer and the Chairman of the Supervisory Board by the issuer and any other Group company (based on Table 6 in the AFEP/MEDEF Code)(2)

Of the 120,520 performance share rights granted on November 25, 2016 pursuant to the authorization given at the May 13, 2016 Annual Shareholders Meeting, none were granted to the Chief Executive Officer or the Chairman of the Supervisory Board.

	Plan no. and date	Number of performance share rights granted during the year	Value of the performance shares calculated by the method used for the consolidated financial statements	Vesting date	End of lock-up period	Performance conditions
Jean-Dominique Senard	-	0	0	-	-	-
Michel Rollier	-	0	0	-	-	-

4.4.2 h) Performance shares granted to the Chief Executive Officer and the Chairman of the Supervisory Board for which the lock-up period ended during the year (based on Table 7 in the AFEP/MEDEF Code)(2)

	Plan no. and date	Number of performance shares for which the lock-up period ended during the year	Vesting conditions
Jean-Dominique Senard	-	0	-
Michel Rollier	-	0	-

(1) Refer also to the Managing Partners' Special Report and to the details of current plans, as presented in the table in section 5.5.3 concerning stock options.
(2) Refer also to the Managing Partners' Special Report and to the details of current plans in section 5.5.4 concerning performance shares.

4.4.2 i) Past awards of stock options – Information about stock options (based on Table 8 in the AFEP/MEDEF Code)

See the table in section 5.5.3 a) below.

4.4.2 j) Past awards of performance shares – Information about performance shares (based on Table 9 in the AFEP/MEDEF Code)

See the table in section 5.5.4 a) below.

4.4.2 k) Long-term variable compensation awarded to the Chief Executive Officer and the Chairman of the Supervisory Board (based on Table 10 in the AFEP/MEDEF Code)

For Jean-Dominique Senard, see the tables in section 4.4.3 c).

For Michel Rollier: not applicable.

4.4.2 l) Employment contracts, supplementary pension benefits and other benefits (based on Table 11 in the AFEP/MEDEF Code)

Executive officer	Employment contract		Supplementary pension benefits		Benefits or advantages due or likely to be due as a result of terminations or changes of office		Non-compete indemnity	
	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Dominique Senard Position: Chief Executive Officer and General Partner Start date of term of office: 2011 Expiration of term of office: 2019(1)		X	X(2)		X(3)		X(4)	
Michel Rollier Position: Chairman of the Supervisory Board Start date of term of office: 2013 Expiration of term of office: 2021		X		X		X		X

(1) See section 2.15.1 a) of this Registration Document.
(2) Defined benefit pension plan set up for senior executives of MFPM (for detailed explanations, see section 4.4.1 a) 5.
(3) Benefit defined in the CGEM Bylaws:
– set by the Non-Managing General Partner with the endorsement of the Supervisory Board;
– only payable in the event of forced departure due to a change of strategy or of control;
– capped at two years' fixed and variable compensation (this cap includes any other benefits payable on termination of office such as a non-compete indemnity);
– subject to performance conditions (see section 4.4.1 a) 6 for details).
(4) Indemnity payable in his capacity as an executive officer of CGEM:
– with the possibility for the Board to waive the implementation of the non-compete clause;
– capped at 16 months' worth of his most recent aggregate compensation;
– deducted, where appropriate, from the cap equal to two years' fixed and variable compensation, applicable to all benefits payable on termination of office, including the compensation for loss of office payable in the event of a forced departure due to a change in the Company's strategy or control (for detailed explanations, see section 4.4.1 a) 7.

4.4.3 AMOUNTS ALLOCATED TO JEAN-DOMINIQUE SENARD, CHIEF EXECUTIVE OFFICER AND GENERAL PARTNER

In his capacity as a General Partner of CGEM, Jean-Dominique Senard has unlimited personal liability for the Company's debts. As consideration for this liability, the General Partners[(1)] each receive a portion of the Company's profits as provided for in the Bylaws[(2)]. This means that their interests are fully aligned with those of the shareholders, as they are paid this consideration only if the Company makes a profit.

As in prior years, the Compensation and Appointments Committee of the Supervisory Board has reviewed all the components of the compensation due, awarded or to be awarded to Jean-Dominique Senard, Chief Executive Officer and sole executive director, pursuant to the compensation policy described in the Corporate Governance Report and in section 4.4.1 above.

4.4.3 a) Fixed compensation

In 2017, Mr. Senard received fixed compensation of €1,100,000 from MFPM for his role as the Company's Non-General Managing Partner, unchanged since 2014.

4.4.3 b) Variable compensation

/ Annual variable compensation

Shared features

Details of the annual variable components of Mr. Senard's compensation were announced by the Supervisory Board in a press release posted on the Company's website on July 11, 2017.

They were determined by the Supervisory Board in application of the compensation policy defined in section 10.2.2.1 of the 2016 Registration Document.

The annual variable components of Mr. Senard's compensation are paid out of the Profit Shares allocated to the two General Partners, which amounted to €10,157,651.96 for 2017.[(3)]

Based on the Group's consolidated net income of €1,692,942 thousand[(3)], the Compensation and Appointments Committee has noted that the Consolidated Calculation Base of 0.6% of consolidated net income amounts to €10,157,651.96 for 2017.

Given the mutually agreed division of the Profit Share between the General Partners, and the results achieved in 2017 in relation to the performance conditions, as presented below, the total amount payable to Mr. Senard stands at €1,696,328.

Single-Criterion Annual Variable Component

The Compensation and Appointments Committee has noted that the Single-Criterion Annual Variable Component, set at 8% of the Consolidated Calculation Base, amounts to €812,612.16 for 2017[(4)], *i.e.* 73.9% of the fixed compensation.

Multi-Criteria Annual Variable Component

Quantitative criteria	Annual growth in sales volume	Annual savings from the Efficiency project to reduce overheads	Annual free cash flow
Indicator	Volume *(tonnes)*	Appropriate SG&A/gross margin ratio	Amount
Target (trigger point)[(1)]	Proportionate to observed increase	Achieved in stages as from a minimum ratio	Achieved in stages as from a minimum amount
Indicator: 2017 Actual	2.6%	56.5%	€1,138 million
Maximum value	50/100	25/100	25/100
Achievement rate		62/100	

(1) For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose details of these performance targets.

(1) At December 31, 2017, the Company had two General Partners: Jean-Dominique Senard, Chief Executive Officer, and SAGES, Non-Managing General Partner (see sections 2.15.3 and 2.15.4 c) of this Registration Document).
(2) See Article 30 of the Bylaws, reproduced in section 4.6 below.
(3) See the 2nd and 3rd resolutions to be presented to the Annual Shareholders Meeting of May 18, 2018.
(4) This amount is net of the sum payable by CFM as compensation for Mr. Senard's role as General Managing Partner of this subsidiary, estimated at €50,000.

Qualitative criteria	Executive management succession plan	Deployment of four Group initiatives – Digital Strategy, Customer Service, Simplification of Operating Procedures & Empowerment, Integration & Profitable Growth of Three Recent Acquisitions (Sascar, BookaTable and Levorin)
Maximum value	25/50	25/50
Achievement rate	35/50	

Condition: Triggered when cumulative achievement rate	For the five criteria is at least 50/150: Achieved
Overall achievement rate (quantitative and qualitative criteria)	97/150(1)
Amount awarded according to quantitative and qualitative criteria *(in €)*	883,715.72
As a % of fixed compensation	80.3%

(1) Result rounded up by decision of the Supervisory Board. Jean-Dominique Senard will be awarded the maximum 14% of the Consolidated Calculation Base for this component only if the cumulative achievement rate for the five criteria is 150/150.

The Compensation and Appointments Committee carefully reviewed achievement rates for each of the quantitative and qualitative criteria.

In particular, concerning the two qualitative criteria, the Committee considered that the achievement rate was 35/50, as follows:

- Concerning the executive management succession plan, having observed that Mr. Senard had examined this issue in detail with continuous input from the members of the Compensation and Appointments Committee, the Committee rated his performance in relation to the objective as good.
- Concerning deployment of the Group's four initiatives – Digital Strategy, Customer Service, Simplification of Operating Procedures & Empowerment, Integration & Profitable Growth of Three Recent Acquisitions (Sascar, BookaTable and Levorin) – the indicators defined by the Committee showed that significant progress had been achieved.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 97/150. Based on the Consolidated Calculation Base of €10,157,651.96, the application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a Multi-Criteria Annual Variable Component of €883,715.72 for 2017.

After discussing the matter during its meeting on February 9, 2018, the Supervisory Board approved the Compensation and Appointments Committee's recommendations.

The Chair of the Compensation and Appointments Committee then submitted its recommendations to the General Partners (SAGES and Mr. Senard), which approved them.

/ Cash-settled deferred variable compensation awarded in 2017 (long-term incentive bonus)

Details of the long-term incentive bonus were presented by the Supervisory Board in a press release posted on the Company's website on July 11, 2017.

The bonus was determined by the Supervisory Board in application of the compensation policy defined in section 10.2.2.1 of the 2016 Registration Document.

The long-term incentive bonus is calculated on a base amount of €1,800,000, as increased or reduced to reflect the percentage gain or loss in Michelin's share price over three years (2017-2019 period).

The amount obtained by applying the adjustment clause will be modulated by the application, over the three years 2017-2019, of criteria set by the Supervisory Board which are also applicable to performance share grants for Group employees. The criteria are: Michelin's comparative stock market performance, the environmental performance of manufacturing operations, employee engagement and change in operating income. These criteria reflect implementation of the Ambitions for 2020 described in section 1.1 of this Registration Document[1].

The amount obtained after applying the performance criteria will be:

- Prorated to reflect the period served as Chief Executive Officer during the three years 2017-2019.
- Capped at 150% of the annual average of the Annual Variable Components paid for the years 2017-2019, as prorated to reflect the period served as Chief Executive Officer during the three years.

As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2017.

Details of the performance criteria and related intermediate achievement rates are presented in Table 1.3 of section 4.4.3 c) (page 135) of this Registration Document.

The long-term incentive bonus is subject to the shareholders' "say-on-pay" advisory vote on 2017 compensation.

It is not reported in CGEM's financial statements because (i) it does not represent a commitment given by CGEM or any other Group company, and (ii) its payment is subject to several conditions that are uncertain of being fulfilled (including the availability of sufficient Profit Shares at the end of the long-term period) and achievement of certain performance criteria.

There is no way of reliably simulating the amount to be paid with respect to this incentive bonus in 2020, as the bonus:

- Is not paid by Michelin but is deducted from the General Partners' Profit Shares, and, as such, is not recorded in the Company's financial statements.
- Is subject to the achievement of highly uncertain conditions and criteria, as indicated above, over a period of three years, of which only one has passed.

If the Chief Executive Officer were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus.

(1) These criteria and the related objectives are presented in the 2015 Registration Document (pages 299-301) and in section 5.5.4 of this Registration Document.

The Supervisory Board and the Non-Managing General Partner have decided that if the Chief Executive Officer ceases to hold office on the date his term expires (in May 2019), for reasons other than death or disability, before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run, including beyond the end of his term (until end-2019).

In this case, the incentive bonus will be paid at the end of said three-year period, for an amount prorated to the actual period served as Chief Executive Officer during the period.

As for the incentive bonus awarded in 2016, Mr. Senard will be required to invest in Michelin shares 20% of the actual amounts received at the end of the three-year period for the 2017 incentive bonus and to retain these shares for as long as he remains in office, after which the shares may be sold on a phased basis over three years.

4.4.3 c) Cash-settled long-term incentive bonus

/ 1 – Cash-settled long-term incentive bonuses awarded since 2014(1)

1.1 – Cash-settled long-term incentive bonus awarded in 2015

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2015-2017(1) period	Annual average growth in consolidated net sales (based on a comparable consolidation scope, at constant exchange rates and accounting methods, excluding non-recurring items)	Annual average return on capital employed (ROCE) (based on a comparable consolidation scope, at constant exchange rates and accounting methods, excluding non-recurring items)
Type of criterion	Financial	Business	Financial
Weighting	33.3%	33.3%	33.3%
Objective	Target gradually met from the point at which Michelin's share price performance exceeds that of shares in the 3rd quartile(1)	Trigger point	Target gradually met once observed ROCE is significantly greater than the weighted average cost of capital employed
Indicator: achieved	Growth in the Michelin share price(1) (2nd quartile) = +55.4%	2015 = +1.0% 2016 = +0.4% 2017 = +6.3%	2015 = 12.2% 2016 = 12.1% 2017 = 11.9%
Base amount	€1,800,000, as increased or reduced by the % change in the Michelin share price over the 2015-2017(1) period		
Ceiling	▶ 150% of the average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2015, 2016 and 2017 ▶ Amount of Profit Shares available for distribution in 2018 out of 2017 profit, after deducting annual variable and multi-criteria variable compensation due for 2017		
Amount due(2)	€994,860		
Payment year	2018, after approval of the 2017 financial statements		
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over four years		

(1) Average share price for the second half of 2017 compared to the average share price for the second half of 2014; the average growth in the 3rd quartile of the CAC 40 index was 22.0% over the period.
(2) After limiting the amount decided by the Supervisory Board, at Mr. Senard's request.

The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 13, 2016 and was approved by a majority of 97.39% of the votes cast (6th resolution).

Based on the presentation by the Chair of the Compensation and Appointments Committee, the Supervisory Board noted the achievement rates for each of the performance criteria and, at Mr. Senard's request, limited the gross amount of his long-term incentive bonus payable in 2018 to €994,860.

Mr. Senard is committed to investing 20% of this amount in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over four years.

(1) No liability is recognized for these incentive bonuses in the Company's financial statements because they are deducted from the General Partners' Profit Shares which in turn are paid out of the Company's profit for the year.

1.2 – Cash-settled long-term incentive bonus awarded in 2016

Criteria	Growth in the Michelin share price compared with that of the CAC 40 index over the 2016-2018[1] period	Michelin's Environmental Footprint (as measured by the "MEF" indicator)[2]	Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)	Growth in consolidated operating income *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[1], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 60, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[1], the result will be: (gain in the Michelin share price – gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 60 and 63, the result will be: (1–(average MEF–60)/(63–60)) * 15%	If the engagement rate is between 77% and 80%, the result will be: (average engagement rate–77%)/(80%–77%) * 15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income–€70m)/(€150m–€70m) * 15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[1], the achievement rate will be 0%	If the average MEF over three years is more than 63, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: intermediate assessment	Growth in the Michelin share price[3] = +34.4% Growth in the CAC 40[3] = +10.32%	2016 = 56.9 2017 = 53	2016 = 80% 2017 = 80%	2016 = +€243m 2017 = +€138m
Base amount	€1,800,000, as increased or reduced by the % change in the Michelin share price over the 2016-2018 period.			
Ceiling	▶ 150% of the average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2016, 2017 and 2018 ▶ Amount of Profit Shares available for distribution in 2019 out of 2018 profit, after deducting annual variable and multi-criteria variable compensation due for 2018			
Payment year	2019, after approval of the 2018 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over four years			

(1) Average share price for the second half of 2018 compared to the average share price for the second half of 2015.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.
(3) Average share price for the second half of 2017 compared to the average share price for the second half of 2015.

The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 19, 2017 and was approved by a majority of 96.32% of the votes cast (6th resolution).

The Compensation and Appointments Committee noted the above intermediate assessment of performance in relation to the various criteria.

Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over four years.

1.3 – Cash-settled long-term incentive bonus awarded in 2017

Criteria	**Growth in the Michelin share price compared with that of the CAC 40 index over the 2017-2019[(1)] period**	**Michelin site Environmental Footprint (as measured by the "MEF" indicator)[(2)]**	**Employee Engagement Rate (as measured by the annual "Moving Forward Together" survey)**	**Growth in consolidated operating income** *(in € millions, before non-recurring items, at constant exchange rates and accounting methods)*
Type of criterion	Financial performance	Environmental and CSR performance	Environmental and CSR performance	Business performance
Weighting	35%	15%	15%	35%
Maximum objective	If the gain in Michelin's share price is at least 15 points more than the gain in the CAC 40[(1)], the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received	If the average MEF over three years is less than 60, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If the average engagement rate exceeds 80%, the achievement rate will be 100% and the maximum 15% of the maximum potential bonus will be received	If average annual growth in operating income exceeds €150 million, the achievement rate will be 100% and the maximum 35% of the maximum potential bonus will be received
Target objective	If the gain in Michelin's share price is between 0 and 15 points more than the gain in the CAC 40[(1)], the result will be: (gain in the Michelin share price–gain in the CAC 40 index) x (35%/15)	If the average MEF over three years is between 60 and 63, the result will be: (1–(average MEF–60)/(63–60)) * 15%	If the engagement rate is between 77% and 80%, the result will be: (average engagement rate–77%)/(80%–77%) * 15%	If average annual growth in operating income is between €70 million and €150 million, the result will be: (operating income–€70m)/(€150m–€70m) * 15%
Trigger point	If the gain in Michelin's share price is less than the gain in the CAC 40[(1)], the achievement rate will be 0%	If the average MEF over three years is more than 63, the indicator will be 0%	If the average engagement rate is less than 77%, the indicator will be 0%	If average annual growth in operating income is less than €150 million, the indicator will be 0%
Indicator: intermediate assessment	Growth in the Michelin share price[(3)] = +24.6% Growth in the CAC 40[(3)] = +17.5%	2017 = 53	2017 = 80%	2017 = +€138m
Base amount	€1,800,000, as increased or reduced by the % change in the Michelin share price over the 2017-2019 period.			
Ceiling	▶ 150% of the annual average of the annual variable and multi-criteria variable compensation paid to Mr. Senard for 2017, 2018 and 2019 ▶ Amount of Profit Shares available for distribution in 2020 out of 2019 profit, after deducting single-criterion and multicriteria variable compensation due for 2019			
Payment year	2020, after approval of the 2019 financial statements			
Commitment	Commitment to invest in Michelin shares 20% of the long-term incentive bonus received at the end of the three-year period and to retain these shares for as long as Mr. Senard remains in office, after which the shares may be sold on a phased basis over three years			

(1) Average share price for the second half of 2019 compared to the average share price for the second half of 2016.
(2) Michelin site Environmental Footprint (MEF) indicator: energy use, water withdrawals, CO_2 emissions, volatile organic compound emissions, amount of waste produced and amount of waste landfilled.
(3) Average share price for the second half of 2017 compared to the average share price for the second half of 2016.

The long-term incentive bonus performance criteria and objectives were presented at the Annual Shareholders Meeting of May 13, 2016 and were approved by a majority of 99.60% of the votes cast (25th resolution).

The Compensation and Appointments Committee noted the above intermediate assessment of performance in relation to the various criteria.

Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over three years.

1.4 – Cash-settled long-term incentive bonus awarded in 2014 and paid in 2017

This long-term incentive bonus was presented at the Annual Shareholders Meeting of May 22, 2015 and was approved by a majority of 95.72% of the votes cast (6th resolution).

Payment of the bonus was approved at the Annual Shareholders Meeting of May 19, 2017 by a majority of 96.32% of the votes cast (6th resolution) (details of this long-term incentive bonus are provided in Table 1.1 of section 4.3.2 c) of the 2016 Registration Document, page 114).

In accordance with the terms of the bonus award, Mr. Senard acquired 690 Michelin shares[1], corresponding to approximately 20% of the bonus received.

/ 2 - Cash-settled long-term incentive bonuses awarded between 2008 and 2011 (plans closed in 2012)

Grant year	2008	2009	2010	2011
Number of units awarded (2008)	20,719	-	-	-
Amount awarded (2009 to 2011) *(in €)*	-	0 (waived)	368,034.00	0 (waived)
Unit exercise price *(in €)*	59.85	-	-	-
Exercise period	May 19, 2012 to May 18, 2017	-	April 30, 2015 to April 29, 2019	-
Gross amount paid in 2017 *(in €)*	977,936.80	0	0	0
Units or incentive bonuses cancelled/expired	0	0	0	0
Units or incentive bonuses outstanding at December 31, 2017 *(in €)*	0	0	368,034.00	0

The long-term incentive bonus (ILTs) in respect of 2008 was awarded in the form of units whose value is equal to the difference between (i) the value of Michelin shares on the date the units are cashed in and (ii) the benchmark share price, defined as the exercise price of the respective stock options granted to Group employees on May 29, 2008. The other terms and conditions of the awards (notably the vesting period, eligibility criteria and the cap on gains) are identical to those of the stock option plan, except for certain minor adjustments made to reflect the legal status of a Non-General Managing Partner (which Mr. Senard was during this period). The number of units and the exercise price were adjusted under the same terms and conditions as the stock option plan following the October 25, 2010 share issue.

As allowed under ILT plan rules, in February 2017 Mr. Senard cashed in his 2008 ILT, representing a gross amount of €977,936.80 based on the opening Michelin share price of €107.05 on the settlement date.

The long-term incentive bonus awarded in 2009 was calculated on the basis of Mr. Senard's annual variable compensation. However, given the recessionary economic environment and the various measures implemented by the Group in response during 2009, Mr. Senard waived his right to this compensation.

Mr. Senard's 2010 ILT was equal to the average amount, in €, of the variable compensation paid to him for 2008, 2009 and 2010.

This ILT is indexed to the long-term change in the Michelin share price, as determined by comparing the average share price for the quarter preceding the 2010 ILT award date to the average price for the quarter preceding the date when Mr. Senard elects to cash in the 2010 ILT.

The adjustment may be positive or negative, depending on whether the average share price rises or falls, and is capped at 100% of the variable compensation used as the basis for calculating the 2010 ILT.

Payment of the 2010 ILT is deferred because it may only be cashed in between the fifth and ninth anniversaries of the reference year, unless Mr. Senard is removed from office due to mismanagement.

The maximum capped cost to the Company of the 2010 ILT as valued at December 31, 2017 may be analyzed as follows:

- €368,034 theoretically payable to Mr. Senard, corresponding to the average amount, in €, of the variable compensation paid to him in respect of 2008 (waived), 2009 (€494,807) and 2010 (€609,294).
- €368,034 in a provision covering the maximum impact of indexation on the ILT due, corresponding to an assumed Michelin share price of at least €107.
- €419,558 in applicable payroll taxes due by the Company upon payment of the ILT, estimated in accordance with current legislation and based on the maximum indexed amount.

In 2012, Mr. Senard waived his rights to his 2011 ILT calculated on the same basis as the 2010 ILT (*i.e.* the average amount, in €, of the variable compensation paid to him in respect of 2009, 2010 and 2011).

4.4.3 d) Fringe benefits, stock options, performance shares, attendance fees

In line with the Group's compensation policy[2], Mr. Senard did not receive any attendance fees in 2017 from the Company or any controlled entities, or any benefits other than those listed above. No stock options or performance shares were granted to him during the year by the Company or any controlled entities.

Mr. Senard has a fringe benefit in the form of a Company car (see table 4.4.2 b).

(1) See statement in section 4.5 of this Registration Document.
(2) See section 10.2.1.1 of the 2016 Registration Document

4.4.3 e) Pension benefits

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

The plan rules are unchanged from 2016.

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

Based on the assumptions set out in the above-mentioned enabling legislation of February 23, 2016, his estimated annual pension under the plan will amount to €148,500. The pension benefits will be taxed at the rate of 32%.

As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2017 (fixed compensation and variable Profit Shares), the actual gross replacement rate represented by pension benefits paid under the plan would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

4.4.3 f) Compensation for loss of office

No compensation for loss of office was paid in 2017.

4.4.3 g) Non-compete clause

No non-compete indemnity was paid in 2017.

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

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply *"the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner"* (Article 24.1.3), the Supervisory Board and the General Partners have decided for 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chief Executive Officer[1], in line with the AFEP/MEDEF Code recommendation[2] which provides for a mandatory shareholder vote.

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

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

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.3 above.

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

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

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

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

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

For more information, see sections 4.3.2 a) Fixed compensation and 10.2.1.1 Compensation policy of the 2016 Registration Document (pages 112 and 310 respectively).</td></tr>
<tr><td>Annual variable compensation</td><td>1,696,328</td><td>Details of the Annual Variable Components of Mr. Senard's compensation were announced by the Supervisory Board in a press release posted on the Company's website on July 11, 2017.

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

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

The consolidated net income to be presented at the Annual Shareholders Meeting on May 18, 2018, amounts to €1,692,942 thousand. The Compensation and Appointments Committee has therefore noted that the Consolidated Calculation Base for 2017 is €10,157,652.

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

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

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

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

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

Concerning the two qualitative criteria, the Committee concluded that:
▶ Concerning the executive management succession plan, having observed that Mr. Senard had examined this issue in detail with input from the members of the Compensation and Appointments Committee, the Committee rated his performance in relation to the objective as very good.
▶ Concerning deployment of the Group's four initiatives – Digital Strategy, Customer Service, Simplification of Operating Procedures & Empowerment, Integration & Profitable Growth of Three Recent Acquisitions (Sascar, BookaTable and Levorin) – the indicators defined by the Committee showed that significant progress had been achieved.

The Compensation and Appointments Committee therefore considered that the overall achievement rate for the qualitative criteria was 35/50 compared with a maximum rate of 50/50.

In conclusion of its analysis concerning the Multi-Criteria Annual Variable Component, the Committee recommended to the Supervisory Board that cumulative actual performance in relation to these quantitative and qualitative criteria should be rated as 97/150. Based on the Consolidated Calculation Base of €10,157,652, the application of this cumulative achievement rate to the assessment grid defined by the Supervisory Board resulted in a MultiCriteria Annual Variable Component of €883,715.72 for 2017.

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

(1) For reasons of confidentiality and business secrecy, and in particular to avoid (i) disclosing information about the Company's strategy that could be used by competitors for their advantage and (ii) creating confusion in shareholders' minds with the information disclosed by the Company to investors, the Supervisory Board has elected not to disclose details of these performance targets.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred variable compensation awarded in 2017	No cash-settled deferred variable compensation was due for 2017	**This long-term incentive bonus was announced by the Supervisory Board in a press release posted on the Company's website on July 11, 2017.** The long-term incentive bonus is calculated on a base amount of €1,800,000, as increased or reduced to reflect the percentage gain or loss in Michelin's share price over three years (2017-2019 period). The amount obtained by applying the adjustment clause will be modulated by the application of the following three criteria set by the Supervisory Board and applicable over the above three-year period: ▶ Share performance. ▶ Environmental and corporate social responsibility performance: employee engagement and environmental performance of manufacturing operations (as measured by the MEF). ▶ Growth in operating income.[1] These criteria are the same as the ones applicable to the 2017 performance share plan for Group employees, which is not open to Mr. Senard. They concern implementation of the Group's long-term strategy as expressed in the Ambitions for 2020. The achievement rate under this long-term incentive plan will be equal to 100% only if the targets for all three criteria are met in full. The long-term incentive bonus is not due by Michelin but would be deducted from the General Partners' allocated Profit Shares. The final amount receivable under the long-term incentive plan will be: ▶ Capped at 150% of the average of the Annual Variable Components paid to Mr. Senard for 2017, 2018 and 2019. ▶ Paid out of the Profit Shares allocated to the General Partners in respect of 2019 and payable in 2020 after the 2019 financial statements have been approved: – subject to the availability of Profit Shares payable in 2020 out of 2019 profit; and – up to the amount of said available Profit Shares after deducting the Single-Criterion and Multi-Criteria Annual Variable Components due for 2019. If Mr. Senard were to cease to be a General Partner (for reasons other than death or disability) before his term expires and before the end of the performance assessment period, notably due to his resignation or removal from office, he would forfeit his rights to the long-term incentive bonus. If Mr. Senard ceases to hold office on the date his term expires (in May 2019), for reasons other than death or disability, before the end of the reference three-year period for determining the achievement rate for the performance criteria, the three-year period will continue to run, including beyond the end of his term (until end-2019). In this case, the incentive bonus will be paid at the end of said three-year period, for an amount prorated to the actual period served as Chief Executive Officer during the period. In the same way as for the long-term incentive bonuses awarded in 2014 and 2015, Mr. Senard will be required to invest 20% of the bonus in Michelin shares at the end of the three-year period and to retain these shares for as long as he remains in office, after which the shares may be sold on a phased basis over three years. As this is a long-term incentive plan, the Supervisory Board noted that no amount was due in respect of 2017. For more information, see sections 4.4.3 b) Variable compensation and 4.4.3 c) Long-term incentive bonus (Table 1.3) of this Registration Document (pages 131 to 133 respectively), and section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).

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

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Cash-settled deferred incentive bonus awarded in 2015 and due in 2018 in respect of 2017	994,860	**The long-term incentive bonus was presented at the Annual Shareholders Meeting of May 13, 2016 and was approved by a majority of 97.39% of the votes cast (6th resolution).** 2017 was the last calculation year for this bonus and the Compensation and Appointments Committee therefore noted the achievement rates for each of the performance criteria, as follows: ▶ Growth in the Michelin share price compared with that of the CAC 40 index: 22.0% achievement rate out of a possible 33.3%. ▶ Average annual growth in net sales (by value): 33.3% achievement rate out of a possible 33.3%. ▶ Average annual return on capital employed (ROCE): 33.3% achievement rate out of a possible 33.3%. Based on the presentation by the Chair of the Compensation and Appointments Committee, the Supervisory Board noted the achievement rates for each of the performance criteria and, at Mr. Senard's request, limited the gross amount of his long-term incentive bonus payable in 2018 to €994,860 (before applicable withholding tax). Mr. Senard is committed to investing 20% of the incentive bonus in Michelin shares, which he will continue to hold for as long as he remains in office, with any subsequent sales to be carried out on a phased basis over four years. For more information, see Table 1.1 in section 4.4.3 c) of this Registration Document (page 133).
Stock options, performance shares and other long-term compensation	N/A	No stock options granted No performance shares awarded No other share-based payments
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	N/A	Mr. Senard does not receive any attendance fees
Value of fringe benefits	8,470	Company car

Components of compensation due or awarded for 2017 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments(1)	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	No compensation for loss of office was due for 2017	**The detailed information in this section is unchanged from 2016.** In accordance with Article 13-2 of the Bylaws, as approved by an extraordinary resolution of the May 13, 2011 Annual Shareholders Meeting, if Mr. Senard were to be removed from office before the end of his term as a result of a change of strategy or a change of control of the Company, provided such removal was not due to gross misconduct, he would be entitled to compensation for loss of office to be decided by the Non-Managing General Partner and subject to the prior approval of the Supervisory Board. The amount of any such compensation would not exceed the equivalent of Mr. Senard's total compensation for the two years preceding the year of his removal from office. It would be subject to the performance conditions decided by the Supervisory Board in 2014. The final compensation would be reduced, if applicable, so that any other severance payments due to Mr. Senard would not result in his receiving an aggregate severance package in excess of two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).
Non-compete indemnity	No indemnity was due under a non-compete clause in 2017	**The detailed information in this section is unchanged from 2016.** In the same way as Michelin employees who have specific expertise that needs to be protected to prevent its use by a competitor in a manner that is detrimental to the Company's interests, Mr. Senard is subject to a non-compete clause. The Company is, however, entitled to waive the application of this clause. If the Company were to decide to apply this non-compete clause over a period of up to two years, it would have to pay to Mr. Senard the equivalent of up to 16 months' compensation based on the most recent aggregate compensation paid to him by Group companies. The non-compete indemnity would be reduced or canceled, if necessary, so that Mr. Senard's total severance package did not exceed the equivalent of the aggregate of his last two years' compensation, as recommended in the AFEP/MEDEF Code. For more information, see section 10.2.1.1 Compensation policy of the 2016 Registration Document (page 310).

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

Components of compensation due or awarded for 2017 which have been submitted for shareholder approval in accordance with the procedures applicable to related-party agreements and commitments(1)	Amounts submitted for shareholder approval *(in €)*	Presentation
Supplementary pension benefits	No supplementary pension benefits were due for 2017	**The pension plan structure and rules are unchanged from 2016.** This description complies with the provisions of the Macron Act of August 6, 2015 and the enabling legislation dated February 23, 2016. Mr. Senard is not a member of any pension plan set up specifically for executive officers. In his capacity as Non-General Managing Partner of MFPM, Mr. Senard participates in the supplementary pension plan set up for MFPM senior executives (the Michelin Executive Supplementary Pension Plan). This plan, which is governed by Article L. 137-11 of the French Social Security Code and Article 39 of the French General Tax Code and is not restricted to Non-General Managing Partners (executive officers), has the following main features: ▶ Participants must have served for at least five years as a senior executive. ▶ 1.5% of benefits vest each year, entitling participants to an annuity representing a replacement rate of up to 15% of the reference compensation (annual average of the best three years of compensation out of the last five years preceding the beneficiary's retirement). ▶ The replacement rate including benefit entitlements under compulsory plans is capped at 35%. ▶ An evaluation is carried out in accordance with Group accounting policies. ▶ Benefit entitlement is conditional on participants ending their career at MFPM as an executive employee or executive officer, in accordance with Article L. 137-11 of the French Social Security Code. ▶ 70% of the prior year's benefit obligation funded through a contribution to an insured plan. Mr. Senard's reference compensation is made up solely of the fixed compensation paid by MFPM and amounts to €1,100,000 for 2017. Based on the assumptions set out in the above-mentioned enabling legislation of February 23, 2016, his estimated annual pension under the plan will amount to €148,500. The pension benefits will be taxed at the rate of 32%. As the reference compensation represented less than half of the aggregate amount received by Mr. Senard for 2017 (fixed compensation and variable Profit Shares), the actual gross replacement rate represented by pension benefits paid under the plan would be well below the 45% ceiling recommended in the AFEP/MEDEF Code.

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

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

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

4.4.5 a) Attendance fees

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

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

4.4.5 b) Other components of compensation

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

4.4.6 ADVISORY VOTE ON THE COMPONENTS OF THE COMPENSATION DUE OR AWARDED TO MICHEL ROLLIER, CHAIRMAN OF THE SUPERVISORY BOARD, IN RESPECT OF 2017 AND SUBMITTED TO SHAREHOLDERS AT THE MAY 18, 2018 ANNUAL MEETING

Articles L. 225-37-2 and L. 225-82-2 of the French Commercial Code, as updated to reflect the provisions of the "Sapin 2" Act (Act 2016-1691 dated December 9, 2016), concerning shareholder approval of (i) the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of the compensation and benefits of executive and non-executive non-independent directors (*ex ante* approval) and (ii) the components of the compensation paid or awarded to said directors pursuant to these principles (*ex post* approval) are not applicable to partnerships limited by shares by virtue of Article L. 226-1 of the Code.

However, in line with its commitment to apply corporate governance best practices, fulfill shareholders' expectations and, as in 2017, comply with the explicit recommendation in the AFEP/MEDEF Code that partnerships limited by shares should apply *"the same compensation rules as those applicable to joint stock corporations, subject only to any differences justified by the specific features of this legal form, particularly those relating to the status of General Managing Partner"* (Article 24.1.3), the Supervisory Board has decided for 2018 to give the Annual Shareholders Meeting the opportunity to issue an advisory vote on the compensation due or awarded to the Chairman of the Supervisory Board[(1)], in line with the AFEP/MEDEF Code recommendation[(2)] which provides for a mandatory shareholder vote.

In line with the recommendation of the Compensation and Appointments Committee, the Supervisory Board has decided the allocation of total attendance fees and recommends that the shareholders cast a favorable advisory vote on the total compensation due or awarded to Michel Rollier for 2017.

The components of Mr. Rollier's compensation will therefore be presented to shareholders at the Annual Meeting on May 18, 2018 (7th resolution).

All of the amounts indicated are based on the standard tables provided in the AFEP/MEDEF Code, which are set out in sections 4.4.2 and 4.4.5 above.

Compensation due or awarded for 2017	Amounts (or accounting value) submitted for shareholder approval *(in €)*	Presentation
Fixed compensation	N/A	No fixed compensation
Annual variable compensation	N/A	No annual variable compensation
Cash-settled deferred variable compensation	N/A	No cash-settled deferred variable compensation
Stock options, performance shares and other share-based payments	N/A	No stock options granted No performance shares awarded No other share-based payments
Exceptional compensation	N/A	No exceptional compensation
Attendance fees	90,000	Total amount allocated in respect of his duties as Chairman of the Supervisory Board and member of the Compensation and Appointments Committee Mr. Rollier's attendance rate at meetings of the Supervisory Board and the Committee of which he is a member was 100% in 2017 For more information, see sections 4.4.2 c) and 4.4.5 of the 2017 Registration Document (pages 128 and 142 respectively)
Value of fringe benefits	N/A	No fringe benefits

Components of compensation due or awarded for 2017 which have been or are being submitted for shareholder approval under the procedure applicable to related-party agreements and commitments	Amounts submitted for shareholder approval *(in €)*	Presentation
Compensation for loss of office	N/A	No commitment for the payment of compensation for loss of office
Non-compete indemnity	N/A	No commitment for the payment of a non-compete indemnity
Supplementary pension benefits	N/A	No commitment for the payment of supplementary pension benefits

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

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

4.4.7 COMPENSATION RECEIVED BY THE MEMBERS OF THE SUPERVISORY BOARD IN 2017

ATTENDANCE FEES AND OTHER COMPENSATION RECEIVED BY THE NON-EXECUTIVE MEMBERS OF THE SUPERVISORY BOARD IN 2017 (BASED ON TABLE 3 IN THE AFEP/MEDEF CODE)

Non-executive Supervisory Board members	Amount paid in 2017 (for 2016)	Amount paid in 2016 (for 2015)
Olivier Bazil		
Attendance fees	65,000	53,000
Other compensation	0	0
Pat Cox		
Attendance fees	56,400	46,000
Other compensation	0	0
Barbara Dalibard		
Attendance fees	65,000	40,250(1)
Other compensation	0	0
Anne-Sophie de La Bigne		
Attendance fees	55,000	46,000
Other compensation	0	0
Jean-Pierre Duprieu		
Attendance fees	55,000	46,000
Other compensation	0	0
Aruna Jayanthi		
Attendance fees	55,000	21,000(1)
Other compensation	0	0
Monique Leroux		
Attendance fees	50,000	9,000(1)
Other compensation	0	0
Cyrille Poughon		
Attendance fees	45,000	36,000
Other compensation	0	0
Michel Rollier		
Attendance fees	90,000	68,000
Other compensation	0	0
TOTAL	**536,400(2)**	**396,250(3)**

(1) Corresponding to the fees earned during the period from the date of appointment or up to the date of retirement.
(2) Out of total annual fees of up to €555,000 approved by the Annual Shareholders Meeting of May 13, 2016 (10th resolution, adopted by a majority of 99.54% of the votes cast).
(3) Including €31,000 paid in 2016 in respect of 2015 to Laurence Parisot, who was a member of the Supervisory Board until July 2015.

4.4.8 TOTAL COMPENSATION AWARDED TO THE GROUP EXECUTIVE COMMITTEE

In 2017, the members of the Group Executive Committee received aggregate gross compensation of €12,701,293 (including €3,385,724 corresponding to the variable component for 2016 paid during the first half of 2017). In 2016, the gross aggregate compensation received by Group Executive Committee members totaled €10,389,271 (including €3,382,704 corresponding to the variable component for 2015 paid during the first half of 2016).

The Group Executive Committee members do not receive any attendance fees as members of the Boards of any Group companies.

4.5 TRADING IN MICHELIN SHARES BY MANAGING PARTNERS, GENERAL PARTNERS AND SUPERVISORY BOARD MEMBERS AND THEIR CLOSE RELATIVES IN 2017

/ The Managing Partner

Jean-Dominique Senard

690 shares purchased on June 6, 2017 at a unit price of €116.55 a share.

/ Supervisory Board

Monique Leroux

300 shares purchased on March 29, 2017 at a unit price of €111.35 a share.

/ SAGES (Non-Managing General Partner)

2,341 shares purchased on March 6, 2017 at a unit price of €106.57 a share.

22,150 shares purchased on December 14, 2017 at a unit price of €121.35 a share.

To the best of the Company's knowledge, no other transactions in the Company's shares were carried out by the Chief Executive Officer, SAGES, Supervisory Board members or their close relatives during the year.

4.6 ARTICLES OF INCORPORATION, BYLAWS AND SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

The Bylaws, in French and English, can be downloaded from the Company's website (www.michelin.com).

4.6.1 GENERAL PARTNERS (ARTICLE 1 OF THE BYLAWS)

- Jean-Dominique Senard (Managing Chairman).
- Société Auxiliaire de Gestion – SAGES (registered in the Clermont-Ferrand Trade and Companies Register under number 870 200 466), a simplified joint stock company chaired by Jacques de Chateauvieux (please refer to the presentation and role of this company, sections 2.15.3 and 2.15.4 c) above).

4.6.2 CORPORATE PURPOSE (ARTICLE 2 OF THE BYLAWS)

- All operations and activities directly or indirectly linked to the production, manufacture and sale of rubber, at all stages of manufacture, in all forms and for all uses.
- All industrial, commercial and financial operations, related in particular to:
  - tires, tire components, tire accessories and manufactured rubber in general;
  - mechanical engineering in all its applications, and in particular motor vehicles and industrial vehicles, components, spare parts and accessories;
  - the production, sale and use of natural or synthetic chemicals and their derivatives, in particular the various sorts of elastomers, plastics, fibers and resins, and generally all activities and products of the chemicals industry, especially as related to the products and operations described above;
  - the filing, acquisition, use, transfer or sale of any intangible property rights, and in particular patents and related rights, trademarks and manufacturing processes relating to the corporate purpose.
- To be carried out directly, as well as through equity interests, the creation of new companies, joint ventures *(sociétés en participation)* and economic interest groups *(groupements d'intérêt économique),* contributions, partnerships *(commandites),* the subscription, purchase or exchange of securities, or interests, in all businesses whose activities relate to the aforementioned purposes, or by way of merger or otherwise.
- And generally, all commercial, industrial, real estate, securities and financial transactions related directly or indirectly in whole or in part to any of the purposes specified above or to any similar or related purposes.

4.6.3 MANAGING PARTNERS (ARTICLE 10 OF THE BYLAWS)

The Company is led by a Managing Chairman and managed by one or more Managing Partners, who are individuals and who may or may not be General Partners.

4.6.4 FISCAL YEAR (ARTICLE 29 OF THE BYLAWS)

The Company's fiscal year begins on January 1 and ends on December 31.

4.6.5 STATUTORY ALLOCATION OF PROFITS (ARTICLE 30 OF THE BYLAWS)

An amount equivalent to 12% of net profit for the year is allocated to the General Partners, from which are deducted the dividends and reserves distributed by the subsidiaries Manufacture Française des Pneumatiques Michelin (MFPM) and Compagnie Financière Michelin SCmA (CFM). The allocated amount is capped at 0.6% of consolidated net profit for the year, with any excess being allocated to profit available for appropriation. Net profit comprises net revenue for the year less general and administrative costs and all other expenses of the Company, including any depreciation, amortization and provisions deemed necessary. Net profit remaining after the 12% allocation to the General Partners, plus any retained earnings brought forward from the prior year, is attributable to shareholders.

The shareholders may decide to make deductions from this attributable net profit to be used, as recommended by the Managing Chairman, to create or increase one or more reserve or contingency funds, over which the General Partners shall not have any rights.

Any attributable net profit remaining after the above deduction shall be distributed to shareholders.

4.6.6 SHAREHOLDER PARTICIPATION AT GENERAL MEETINGS

/ Notices of Meeting (Article 21 of the Bylaws)

Notices of meeting are issued in such form and with such advance notice as is prescribed by law.

/ Conditions of attendance (Articles 22 and 24 of the Bylaws)

Shareholders may attend General Meetings regardless of how many shares they own, provided such shares are fully paid up and are registered in the Company's share register at least three days before the date of the Meeting.

/ Exercising voting rights – attribution of double voting rights (Article 22 of the Bylaws)

Owners or proxies of owners of fully paid-up shares registered in the name of the same holder for at least four years shall have two votes per share, without limitation.

In the event of a capital increase paid up by capitalizing reserves, income or additional paid-in capital, the resulting bonus shares distributed in respect of registered shares carrying double voting rights shall similarly carry double voting rights.

Transfer through inheritance, liquidation of marital assets, *inter vivos* transfers to a spouse or to a relative in the ascending or descending line shall not result in the loss of double voting rights or a break in the qualifying period described above.

Shares transferred for any other reason shall lose their double voting rights *ipso jure*.

/ Statutory disclosure thresholds

The Bylaws do not provide for any disclosure to the Company when certain shareholding thresholds are exceeded.

Further information is provided on the Company's website www.michelin.com.

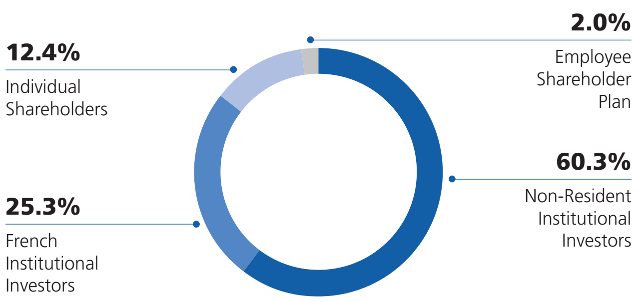
4.7 OWNERSHIP STRUCTURE AND VOTING RIGHTS

At December 31, 2017:

- Share capital: €359,041,974
- Shares outstanding: 179,520,987 all fully paid up
- Voting rights outstanding: 247,029,830

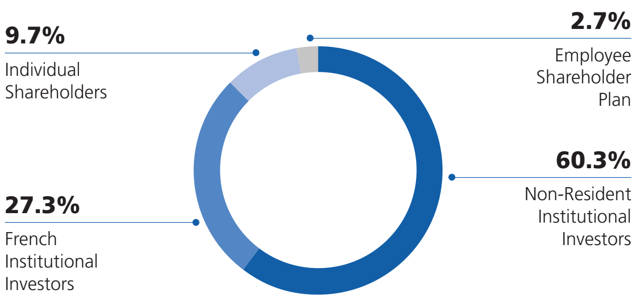
SHARE OWNERSHIP

(at December 31, 2017)



VOTING RIGHTS

(at December 31, 2017)



Shares held in the same name for at least four years carry double voting rights.

At December 31, 2017, 179,520,987 shares were held by the public, corresponding to 100% of the voting rights.

At the date of filing and to the best of the Company's knowledge:

- As of October 30, 2017, BlackRock Inc. held 5.03% of the capital and 3.66% of the voting rights.
- As of April 4, 2016, Mage Invest held 3.8% of the capital and 5.1% of the voting rights.
- No other shareholder directly or indirectly holds more than 5% of the capital and voting rights.
- There are no shareholders' agreements or pacts.

There has been no material change in the Company's ownership structure over the last three years.

4.8 FINANCIAL AUTHORIZATIONS

4.8.1 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 13, 2016

/ Issuance of shares and share equivalents with pre-emptive subscription rights

Corporate action	Resolution	Duration (expiry date)	Maximum issue amount, based on a share price of €120(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	16th	26 months (July 2018)	▶ €7.62 billion (shares) ▶ €2.50 billion(4) (securities carrying rights to shares)	€127 million(2)(3) (less than 35% of issued capital)	None
Issuance of new shares by capitalizing reserves	20th	26 months (July 2018)	€4.8 billion	€80 million	None

(1) CGEM share price at December 31, 2017, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €127 million, excluding any shares issued under the 20th, 22nd and 25th resolutions (23rd resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).

/ Issuance of shares and share equivalents without pre-emptive subscription rights

Corporate action	Resolution	Duration (expiry date)	Maximum issue amount, based on a share price of €120(1) *(in €)*	Maximum aggregate par value of shares *(in €)*	Utilization during the year
Issuance of shares and/or securities carrying rights to shares	17th	26 months (July 2018)	▶ €2.16 billion (shares) ▶ €1 billion(4) (securities carrying rights to shares)	€36 million(2)(3) (less than 10% of issued capital)	None
Issuance of shares and/or securities carrying rights to shares through an offer governed by Article L. 411-2 of the French Monetary and Financial Code *(Code monétaire et financier)*	18th	26 months (July 2018)	▶ €2.16 billion (shares) ▶ €1 billion(4) (securities carrying rights to shares)	€36 million(2)(3)(5) (less than 10% of issued capital)	None
Issuance of ordinary shares in connection with a stock-for-stock offer or in payment of contributed assets	21st	26 months (July 2018)	€2.16 billion	€36 million(5)	None

(1) CGEM share price at December 31, 2017, rounded up to the nearest whole number.
(2) With the aggregate par value of shares issued in connection with all of the authorized transactions not to exceed €127 million, excluding any shares issued under the 20th, 22nd and 25th resolutions (23rd resolution).
(3) This amount may be raised by up to 15% if the issue is oversubscribed, subject to the ceilings set respectively in the 16th, 17th and 18th resolutions (19th resolution).
(4) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).
(5) Amount to be included in the maximum total capital increase authorized under the 17th resolution.

/ Debt securities without rights to shares/other debt securities

Corporate action	Resolution	Duration (expiry date)	Maximum nominal amount authorized *(in €)*	Utilization during the year
Issuance of bonds	15th	26 months (July 2018)	€2.5 billion(1)	$600 million(2)

(1) With the aggregate nominal amount of all debt securities, with or without rights to shares, authorized by the 15th, 16th, 17th, 18th, 19th and 21st resolutions not to exceed €2.5 billion (23rd resolution).
(2) Please refer to page 279 of this Registration Document.

/ Employee share issues

Corporate action	Resolution	Duration (expiry date)	Comments	Utilization during the year
Issuance of new ordinary shares	22nd	26 months (July 2018)	Less than 2% of issued capital	None
Performance share grants	25th	38 months (July 2019)	▶ Excluding the Chief Executive Officer ▶ Performance conditions over three years ▶ Capped at 0.5% of issued capital	Issuance of 296,440 rights(1)

(1) Please refer to section 5.5.4.

/ Share buyback program

Corporate action	Resolution	Duration (expiry date)	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2017)	▶ Statutory limit of 10% of issued capital ▶ Maximum purchase price: €140	Buyback of 262,756 shares(1)
Share cancellations	24th	18 months (November 2017)	10% of issued capital	None

(1) Please refer to section 5.5.6.

4.8.2 GRANTED BY THE ANNUAL SHAREHOLDERS MEETING OF MAY 19, 2017

/ Share buyback program

Corporate action	Resolution	Duration (expiry date)	Limitations	Utilization during the year
Share buyback program	5th	18 months (November 2018)	▶ Statutory limit of 10% of issued capital ▶ Maximum purchase price: €160	Buyback of 647,720 shares(1)
Share cancellations	10th	18 months (November 2018)	10% of issued capital	Cancellation of 893,197 shares(2)

(1) Please refer to section 5.5.6.
(2) Please refer to sections 5.5.1 and 5.5.6.

4.9 CHANGE OF CONTROL

Because the Company is organized as a *société en commandite par actions* (partnership limited by shares), any shareholder gaining control of the capital and corresponding voting rights could not exercise control over the Company without the approval, in accordance with the Bylaws, of the Non-Managing General Partner and/or, as the case may be, all of the General Partners and/or the Supervisory Board, which would be required to make the following decisions:

- Election of new Managing Partners.
- Amendment of the Bylaws.
- Election of new General Partners.

4.10 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 226-10-1 OF THE FRENCH COMMERCIAL CODE ON THE CORPORATE GOVERNANCE REPORT

In accordance with the release published by the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) on January 30, 2018, the Statutory Auditors' review of the Supervisory Board's corporate governance report, pursuant to Article L. 225-315 of the French Commercial Code, is described in the Statutory Auditor's report on the financial statements presented in Section 8.3 herein.