

SYNDICATION AND FLEX LETTER

To: **COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN SCA** (the Company)

For the attention of: Marc Henry

19 March, 2018

Dear Sirs,

PROJECT LEMPTEGY - £1,200,000,000 bridge term loan facility agreement entered into among others by the Company and the Mandated Lead Arranger dated on or about the date hereof (the Facility Agreement)

We, Morgan Stanley Bank International Limited (the **Mandated Lead Arranger** and the **Bookrunner**) are pleased to set out in this letter the terms on which we are willing to manage the primary syndication of the Facility Agreement.

1. Interpretation

(a) In this letter:

Close of Syndication means the earlier of:

- (a) 9.00 am London time on the Business Day following the date on which the Mandated Lead Arranger or the Bookrunner confirms the allocations of the Lenders' commitments relating to the Facility;
- (b) 8 weeks from the date of launch of Syndication by the Mandated Lead Arranger; and
- (c) 3 months from the Signing Date.

Fee Letter means any fee letter between any of the Mandated Lead Arranger, the Bookrunner and/or the Facility Agent and the Company dated on or about the date of this letter.

Mandate Documents means this letter and any Fee Letter.

Signing Date means the date of signing of the Facility Agreement.

Syndication means the primary syndication of the Facility.

Syndication Lenders means those banks and credit institutions that will acquire commitments and/or participations in the Facility during Syndication.

- (b) Unless a contrary indication appears, a term defined in the Facility Agreement has the same meaning in this letter.

2. Several Obligations

The obligations of the Mandated Lead Arranger and the Bookrunner under the Mandate Documents are several. No Mandated Lead Arranger is responsible for the obligations of any other Mandated Lead Arranger. No Bookrunner is responsible for the obligations of any other Bookrunner.

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3. Clear Market

- (a) Except with the prior written consent of the Mandated Lead Arranger, during the period from the date of this letter to Close of Syndication, the Company must not, and must ensure that no other member of the Group will, announce, enter into discussions to raise, raise or attempt to raise any other finance in the international or any relevant domestic syndicated loan, debt, bank, capital or equity markets. This includes any bilateral or syndicated facility, bond or note issuance or private placement.
- (b) Paragraph (a) above does not apply to:
 - (i) the Facility Agreement;
 - (ii) Refinancing Proceeds where such proceeds are applied as required under clause 7.4 (Mandatory prepayment - Refinancing Proceeds) of the Facility Agreement;
 - (iii) any commercial paper or *billets de trésorerie* issued in accordance with the Group's existing practices;
 - (iv) the refinancing, replacement or renewal of the Facility Agreement or any other existing bilateral or syndicated facility in the ordinary course of business, on substantially the same terms and for substantially the same amount; or
 - (v) new bilateral or syndicated facilities entered into by Subsidiaries of the Company for the purpose of financing general corporate purposes in an aggregate principal amount not exceeding €100,000,000.

4. Market flex

- (a) During the period from the date of this letter to the Close of Syndication, the Bookrunner will be entitled, after consultation with you, to change the pricing of the Facility if the Bookrunner determines that this change is advisable in order to enhance the prospects of a successful Syndication.
- (b) For this purpose, a **successful Syndication** of the Facility will only occur when 100% of the Facility is syndicated.
- (c) Notwithstanding the above, any change to the pricing is subject to the following limits:
 - (i) the margin may only be increased by 0.1 per cent. per annum; and
 - (ii) the fees may only be increased by 0.05 per cent.
- (d) The Company must amend the Facility Agreement to reflect any changes made under this paragraph.

5. Start of Syndication

The Mandated Lead Arranger may determine in consultation with the Company when Syndication may commence which shall be no earlier than the date falling 15 Business Days following the Signing Date.

6. Expenses

The Company must promptly on demand, and in any event no later than 3 Business Days following such demand, pay the Facility Agent, the Mandated Lead Arranger and the Bookrunner the amount

of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the Syndication.

7. Taxes and payments

All payments to be made under the Mandate Documents:

- (a) must be paid in the currency of invoice and in immediately available, freely transferable cleared funds to such account(s) with such bank(s) as the Facility Agent, the Bookrunner or the Mandated Lead Arranger notify to the Company;
- (b) must be paid without any deduction or withholding for or on account of tax (a **Tax Deduction**) unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made, the amount of the payment due must be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been made if no Tax Deduction had been required; and
- (c) are exclusive of any value added tax or similar charge (VAT). If VAT is chargeable, the Company must also and at the same time pay to the recipient of the relevant payment an amount equal to the amount of the VAT.

8. Syndication

- (a) Each of the Mandated Lead Arranger and the Bookrunner (in consultation with the Company) will manage all aspects of Syndication, including timing, the selection of potential Lenders, the acceptance and allocation of participations and the amount and distribution of fees to Lenders, provided that each of the Mandated Lead Arranger and the Bookrunner complies with the Takeover Panel's practice statement on debt syndication.
- (b) The Company must give any other assistance which the Mandated Lead Arranger or the Bookrunner reasonably requires in relation to the Syndication. This assistance includes:
 - (i) the preparation, with the assistance of the Mandated Lead Arranger and the Bookrunner, of an information package (the **Information Package**) in accordance with paragraph (c) below;
 - (ii) providing any information reasonably requested by the Mandated Lead Arranger, the Bookrunner or potential Lenders in connection with Syndication, in each case to the extent permitted by law or confidentiality and in the reasonable opinion of the Company, not commercially sensitive, or otherwise sensitive in connection with the Scheme or, as applicable, the Offer;
 - (iii) making available senior representatives of the corporate finance department of the Company for the purposes of giving no more than one presentation to potential Lenders at such times and places as the Mandated Lead Arranger or the Bookrunner may reasonably request (during normal business hours and upon reasonable notice, and provided further that this does not unduly interfere with the normal course of business);
 - (iv) using reasonable efforts to ensure that Syndication benefits from the Group's existing lending relationships; and
 - (v) agreeing to such shorter Interest Periods during the syndication process as are necessary for the purposes of Syndication.

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- (c) The Information Package to be prepared by the Company must contain all relevant material information (other than financial projections); this will include information about the Group, the Target Group, the Acquisition and how the proceeds of the Facility will be applied. The Company must approve the Information Package before the Mandated Lead Arranger and/or the Bookrunner distribute it to potential Lenders.

9. Information

- (a) The Company represents and warrants that:
 - (i) any factual and material information (the **Information**) provided to the Mandated Lead Arranger or the Bookrunner by or on behalf of it or any other member of the Group (including for the purpose of preparing the Information Package) is true and accurate in all material respects as at the date it is provided or as at the date (if any) at which it is stated to be given; and
 - (ii) nothing has occurred or been omitted and no material information has been given or withheld that results in the Information being untrue or misleading in any material respect.
- (b) The Company must notify the Mandated Lead Arranger and the Bookrunner immediately in writing if any representation and warranty set out in paragraph (a) above is incorrect or misleading upon becoming aware of it.
- (c) The Company acknowledges that the Mandated Lead Arranger and the Bookrunner will be relying on the Information without carrying out any independent verification.

10. Indemnity

- (a) Within 3 Business Days of demand, the Company must indemnify each Indemnified Person against any direct loss (other than loss of profit) or direct liability (including, without limitation, legal fees) reasonably and properly incurred by or awarded against that Indemnified Person, in each case, arising out of or in connection with any action, claim, investigation or proceeding commenced or threatened (including any action, claim, investigation or proceeding to preserve or enforce rights) in relation to:
 - (i) the use of the proceeds of the Facility,
 - (ii) any Mandate Document or the Facility Agreement;
 - (iii) the arranging of the Facility,

except to the extent that it directly results from any material breach by that Indemnified Person of any terms set out in any of the Mandate Document or the Facility Agreement which is, in each case, finally judicially determined by a competent court in a non-appealable decision to have resulted from the gross negligence or wilful misconduct of that Indemnified Person.

For the purposes of this paragraph 9, **Indemnified Person** means the Mandated Lead Arranger, the Bookrunner, the Facility Agent, each Lender, in each case, any of their respective Affiliates and each of their (or their respective Affiliates') respective directors, officers, employees and agents.

- (b) None of the Mandated Lead Arranger or the Bookrunner has no duty or obligation, whether as fiduciary for any Indemnified Person or otherwise, to recover any payment made or required to be made under paragraph (a) above.

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- (c) The Company agrees that no Indemnified Person has any liability to the Company or any of its Affiliates for or in connection with anything referred to in paragraph (a) above, except, following the Company's agreement to the Mandate Documents, for any loss or liability incurred by the Company that directly results from any material breach by that Indemnified Person of any terms set out in any of the Mandate Document or the Facility Agreement which is, in each case, finally judicially determined by a competent court in a non-appealable decision to have resulted from the gross negligence or wilful misconduct of that Indemnified Person.
- (d) Notwithstanding paragraph (c) above, no Indemnified Person is responsible or has any liability to the Company or any of its Affiliates or anyone else for consequential losses or damages.
- (e) The Company represents to the Mandated Lead Arranger and the Bookrunner that:
 - (i) it is acting for its own account;
 - (ii) it has made its own independent decision to enter into the transaction contemplated in the Mandate Documents (the **Transaction**) and as to whether the Transaction is appropriate or proper for it based on its own judgment and on advice from such advisers as it has deemed necessary;
 - (iii) it is not relying on any communication (written or oral) from the Mandated Lead Arranger or the Bookrunner as investment advice or as a recommendation to enter into the Transaction, it being understood that:
 - (A) information and explanations related to the terms of the Transaction will not be considered investment advice or a recommendation to enter into the Transaction; and
 - (B) no communication (written or oral) received from the Mandated Lead Arranger or Bookrunner will be deemed to be an assurance or guarantee as to the expected results of the Transaction;
 - (iv) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice) the terms, conditions and risks of the Transaction;
 - (v) it understands and accepts the terms, conditions and risks of the Transaction;
 - (vi) it is capable of assuming, and assumes, the risks of the Transaction; and
 - (vii) neither the Mandated Lead Arranger nor Bookrunner is acting as a fiduciary for or as an adviser to it in connection with the Transaction.

11. Confidentiality

The Company acknowledges that the Mandate Documents are confidential and the Company must not, and must ensure that no other member of the Group will, without the prior written consent of the Mandated Lead Arranger and the Bookrunner, disclose the Mandate Documents or their contents to any other person, except:

- (a) as required by law or as required or requested by any applicable governmental, judicial or other regulatory authority or by the City Code on Takeovers and Mergers or the listing rules of the London Stock Exchange or any other relevant stock exchange; and

- (b) to its officers, directors, employees, agents, auditors or professional advisers for the purposes of the Facility who have been made aware of and are subject to confidentiality obligations as a matter of law or professional practice or contract.

12. Announcement

All publicity in connection with the Facility will be managed by the Mandated Lead Arranger with the prior written consent of the Company in accordance with and subject to the provisions of the Offer Documents.

13. Conflicts

- (a) The Company acknowledges that the Mandated Lead Arranger, the Bookrunner and each of their Affiliates may:
 - (i) provide debt financing, equity capital or other services to any other person with whom the Company or its Affiliates may have conflicting interests in respect of the Facility in this or other transactions; and
 - (ii) act in more than one capacity in relation to this transaction and may have conflicting interests in respect of those different capacities.
- (b) None of the Mandated Lead Arranger and the Bookrunner may use confidential information obtained from the Company or its Affiliates for the purposes of the Facility in connection with providing services to any other person or furnish that information to any other such person.
- (c) The Company acknowledges that neither the Mandated Lead Arranger nor the Bookrunner have any obligation to use any information obtained from another source for the purposes of the Facility or to furnish that information to the Company or its Affiliates.

14. Transfer

The Company, the Mandated Lead Arranger or the Bookrunner must not transfer any of its rights and/or obligations under the Mandate Documents without the prior written consent of the other parties to the Mandate Documents, provided that no consent of the Company will be required for a transfer by the Mandated Lead Arranger and/or the Bookrunner to any of its Affiliates.

15. Entire agreement

- (a) The Mandate Documents set out the entire agreement between the Company and the Mandated Lead Arranger and the Bookrunner as to arranging and managing the primary syndication of the Facility and supersede any prior oral and/or written understandings or arrangements relating to the Facility.
- (b) Any provision of a Mandate Document may only be amended or waived in writing by the Company and each of the Mandated Lead Arranger and the Bookrunner.

16. Severability

If a term of a Mandate Document is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of the Mandate Documents; or

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- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of the Mandate Documents.

17. Governing law

This letter is governed by French law.

18. Jurisdiction

The parties agree that the Tribunal de Commerce de Paris shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this letter and for such purposes irrevocably submits to the jurisdiction of such courts.

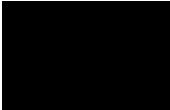
If you agree to the above, please acknowledge your agreement and acceptance of the offer by signing and returning the enclosed copy of this letter (together with the Fee Letter countersigned by you).

We look forward to working with you on this transaction.

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Yours faithfully,

Mandated Lead Arranger and Bookrunner

FOR  **DAQAAS LOWE**
VICE PRESIDENT

MORGAN STANLEY BANK INTERNATIONAL LIMITED

Handwritten initials

We acknowledge and agree to the above.



Name: Jean-François Bouffard
Title: Authorised signatory

FOR

COMPAGNIE GÉNÉRALE DES ÉTABLISSEMENTS MICHELIN SCA

