

Closing of L-1 Identity Solutions acquisition

/ July 26, 2011 /

The acquisition of L1-ID is now completed

è **Sept. 20, 2010: transaction was announced**

- n **Jan 17, 2011: Hard-Scott Rodino (antitrust)** ●
- n **Feb 3: L-1 shareholders approval (AGM)** ●
- n **Feb 16: Sale of the Intel business to BAE Systems** ●
- n **July 19: CFIUS approval** ●

è **July 25, 2011: transaction is completed**

- n **CEO (Robert Eckel) and new business organization in place**
- n **Proxy holders selected and proxy structure to be put in place within a few months**

Customer focus is priority #1

Scope of L-1 ID businesses acquired



Biometrics & Enterprise access solutions

■ Global supplier of multimodal biometric solutions

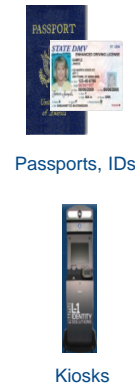
- ∅ Leading iris and facial recognition capabilities
- ∅ Delivers advanced ID Solutions to Department of State, Department of Defense and Department of Justice
- ∅ Impressive portfolio of intellectual property
- ∅ Turnkey solution offerings



Secure credentialing

■ Major North American provider of secure credentialing solutions for both Federal and state programs

- ∅ Contracts with 44 out of 50 U.S. state Department of Motor Vehicles
- ∅ Produces 100 million credentials annually



Enrollment services

■ Major North American provider of biometric based identity vetting for Federal and state programs

- ∅ Operates over 1,000 enrolment centres across the US and Canada
- ∅ Captures 2+ million identities annually including biometric & biographic data

2010 turnover of \$450M; 1,300 employees in 20 countries

Benefits of the transaction

è L-1 adds a suite of best of breed technologies that enhances Safran's own technology and product offering across a broad range of ID management and Homeland Security applications

è Main owned technologies



- Ø AFIS software •
- Ø Secured printing •
- Ø Smart cards •
- Ø Explosive detection •

- Ø Multimodal biometric platform •
- Ø Iris recognition •
- Ø Facial recognition •
- Ø Livescan and multi-biometric acquisition devices •

This creates a pool of technologies to enhance further security for state and local governments, aviation and other critical infrastructure

Financial terms of the transaction

- è Acquisition by Safran of 100% of the stock of L-1
 - n **\$12.00 per share all in cash (\$1.09bn equity value)**
 - n **Financed with available cash on hand (cash-out in Q3 2011)**

- è Run-rate cost synergies of \$30M p.a.
 - n **To be realized within 18-24 months after closing**
 - n **Transaction & restructuring costs of c.€30M, of which €15-20M in 2011 (accounted for as *one-off items* in operating income)**

- è L-1 ID to be 100% consolidated by Safran; financial results to be incorporated into financial reporting for Safran's security activity
 - n **2011 pro-rata contribution under review**

Accretive from 2012 with operating synergies

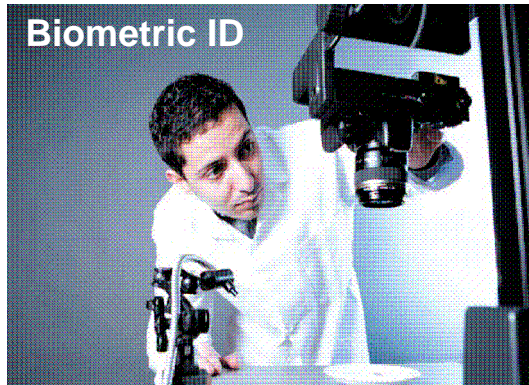
Managing a company under a proxy structure

- è Proxy agreement to protect US national security
 - n **3 proxy holders selected by Safran, to be approved by US Gov^t**
 - n **Activities under a proxy represent around 80% of L-1 business**
 - n US activities of L1 including L-1's Secure Credentialing Division (driver licenses and passports activities), L-1's Enrollment Services Division (background check), and L-1 Biometrics Division activities specific to US Government (the Concord, CA facility will be put outside the proxy)

- è A proxy company is equivalent to any US-owned company for industrial security purposes
 - n **May bid and perform on any level of classified contracts**

- è Proxy structure is consistent with Safran's legitimate economic interests as a shareholder
 - n **Implementation of synergies compatible with National Security Agreement signed with US Gov^t**

A global, world-class high-tech Security business



Biometric ID

**N°. 1 worldwide in
Automated Fingerprint
Identification Systems
(AFIS) & iris/face recognition**



e-Documents

**Over 600 million cards
produced every year
Passports, ID cards, driving
licenses**



Detection

**N°. 1 worldwide in Explosive
Detection Systems (EDS)
for Hold Baggage**

**Creating a market leader in security solutions
2010 pro forma revenue of €1.4bn; 7,200 employees**