

ADDITIONAL CHANGES IN THE COMPENSATION POLICIES FOR THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER COMPARED WITH THE POLICIES APPROVED AT THE ANNUAL GENERAL MEETING OF JUNE 15, 2017

Exceptional compensation:

The Board of Directors has decided against including an exceptional component in the compensation policies of the Chairman of the Board of Directors and the Chief Executive Officer which will be submitted to the shareholders' vote at the Annual General Meeting of May 25, 2018.

2015 LONG-TERM INCENTIVE PLAN – MULTI-YEAR VARIABLE COMPENSATION CHIEF EXECUTIVE OFFICER

On the recommendation of the Appointments and Compensation Committee, at its July 29, 2015 meeting, the Board of Directors decided to introduce a multi-year variable compensation system in the form of the 2015 Performance Unit (PU) plan, designed to recognize contributions to the Group's operating performance and the creation of shareholder value, as measured over several years. This multi-year compensation plan applied to the Chief Executive Officer and other members of Safran's Executive Committee. Under this plan, the Board of Directors granted an initial 17,050 PUs to the Chief Executive Officer.

The number of PUs that ultimately vested was based on the extent to which internal and external performance conditions were met, as measured over a period of three years (2015-2017):

- the internal performance conditions corresponded to the achievement of recurring operating income (ROI) and free cash flow (FCF) objectives. These objectives accounted for 60% of the performance criteria determining the number of PUs that would vest (30% for the ROI objective and 30% for the FCF objective). Performance achievement levels were set for both of these objectives;
- the external performance condition was based on Safran's total shareholder return (TSR) performance over a period of three years (2015-2017) as benchmarked against a panel of companies operating in the same business sectors as Safran. This objective accounted for 40% of the performance criteria determining the number of PUs that would vest. Performance levels were also set for this condition.

The main characteristics and terms and conditions of this plan, including the grant to the Chief Executive Officer, are described in sections 6.3.1.2 and 6.3.3.3 of the 2015 Registration Document.

This plan was presented to and approved by the shareholders at the General Meeting of May 19, 2016, in accordance with the "say-on-pay" rules applicable at that time.

Acting on the recommendation of the Appointments and Compensation Committee, on March 22, 2018 the Board of Directors noted the achievement rate for these conditions at the end of the specified period and determined the resulting number of PUs to be vested by the Chief Executive Officer at 8,678 PUs. This corresponds to an achievement rate of 50.9% for the performance conditions, breaking down as:

- 106.9% for the ROI target (30% weighting);
- 85.1% for the FCF target (30% weighting);
- the TSR target is not achieved (0% on 40% weighting).

As provided for in the relevant plan:

- payments will be made in two installments (end-October 2018 and end-October 2019), each one corresponding to 50% (i.e., 4,339) of the vested PUs;
- one-third of each installment will be paid in Safran shares, with the remaining two-thirds paid in cash;
- the gross compensation payable for each vested PU is determinable, even though it cannot be determined at today's date. The gross compensation payable for each vested PU will correspond to the average of the closing prices for the Safran share during the 20 trading days prior to the payment of each of the two installments. By way of illustration, with the value for each vested PU estimated at March 1, 2018 based on the average of the closing prices for the Safran share during the 20 trading days prior to that date (i.e., €87.724), each of the two installments would correspond to the payment of €253,756 and delivery of 1,446 Safran shares.
