



SHAREHOLDERS' MEETING (ORDINARY AND EXTRAORDINARY) OF THURSDAY MAY 19, 2016

ADDENDUM TO THE NOTICE OF MEETING

On April 19, 2016, the Safran Investissement corporate mutual fund requested the addition of a resolution to the agenda of the Ordinary and Extraordinary Shareholders' Meeting of May 19, 2016.

This proposed resolution ("Resolution C") is presented as an alternative to the 23rd resolution proposed by the Board of Directors to the shareholders.

The Board of Directors has decided not to recommend the proposed Resolution C and is therefore asking shareholders to vote:

- **"in favor" of the twenty-third resolution, and**
- **"against" Resolution C.**

The agenda is now as follows:

AGENDA

Ordinary resolutions

First resolution:	Approval of the parent company financial statements for the year ended December 31, 2015
Second resolution:	Approval of the consolidated financial statements for the year ended December 31, 2015
Third resolution:	Appropriation of profit for the year and approval of the recommended dividend
Fourth resolution:	Approval of a related-party commitment governed by Article L.225-42-1 of the French Commercial Code, given to Ross McInnes (Chairman of the Board of Directors) concerning a defined contribution supplementary pension plan and a personal risk insurance plan
Fifth resolution:	Approval of a related-party commitment governed by Article L.225-42-1 of the French Commercial Code, given to Ross McInnes (Chairman of the Board of Directors) concerning a defined benefit supplementary pension plan
Sixth resolution:	Approval of a related-party commitment governed by Article L.225-42-1 of the French Commercial Code, given to Philippe Petitcolin (Chief Executive Officer) concerning a defined contribution supplementary pension plan and a personal risk insurance plan
Seventh resolution:	Approval of a related-party commitment governed by Article L.225-42-1 of the French Commercial Code, given to Philippe Petitcolin (Chief Executive Officer) concerning a defined benefit supplementary pension plan
Eighth resolution:	Approval of a new credit facility agreement entered into with a pool of banks including BNP Paribas, governed by Article L.225-38 of the French Commercial Code
Ninth resolution:	Approval of a new agreement entered into with the French State on February 8, 2016, governed by Article L.225-38 of the French Commercial Code
Tenth resolution:	Appointment of Gérard Mardiné as a Director representing employee shareholders
Eleventh resolution:	Appointment of Eliane Carré-Copin as a Director representing employee shareholders
Resolution A:	Re-appointment of Marc Aubry as a Director representing employee shareholders (resolution not recommended by the Board of Directors)
Resolution B:	Appointment of Jocelyne Jobard as a Director representing employee shareholders (resolution not recommended by the Board of Directors)
Twelfth resolution:	Re-appointment of Mazars as a Statutory Auditor
Thirteenth resolution:	Re-appointment of Gilles Rainaut as an Alternate Auditor
Fourteenth resolution:	Re-appointment of Ernst & Young et Autres as a Statutory Auditor
Fifteenth resolution:	Re-appointment of Auditex as an Alternate Auditor
Sixteenth resolution:	Setting the amount of attendance fees to be allocated to the Board of Directors
Seventeenth resolution:	Advisory vote on the compensation due or awarded for the period from April 24 to December 31, 2015 to Ross McInnes, Chairman of the Board of Directors
Eighteenth resolution:	Advisory vote on the compensation due or awarded for the period from April 24 to December 31, 2015 to Philippe Petitcolin, Chief Executive Officer
Nineteenth resolution:	Advisory vote on the compensation due or awarded for the period from January 1 to April 23, 2015 to Jean-Paul Herteman, former Chairman and Chief Executive Officer
Twentieth resolution:	Advisory vote on the compensation due or awarded for the period from January 1 to April 23, 2015 to the former Deputy Chief Executive Officers
Twenty-first resolution:	Authorization for the Board of Directors to carry out a share buyback program

Extraordinary resolutions

- Twenty-second resolution: Authorization for the Board of Directors to reduce the Company's capital by canceling treasury shares
- Twenty-third resolution: Authorization for the Board of Directors to grant existing or new shares of the Company, free of consideration, to employees and corporate officers of the Company and other Safran group entities, with a waiver of shareholders' pre-emptive subscription rights

Resolution concerning powers to carry out formalities

- Twenty-fourth resolution: Powers to carry out formalities

Extraordinary resolution proposed by a shareholder

- Resolution C: Authorization for the Board of Directors to grant existing or new shares of the Company, free of consideration, to employees and corporate officers of the Company and other Safran group entities, with a waiver of shareholders' pre-emptive subscription rights (**resolution not recommended by the Board of Directors**)

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The text of the resolution proposed by the Safran Investissement corporate mutual fund and the reasons for which it has put forward, as well as the Board of Directors' recommendation, are presented below:

Text of the resolution proposed by the Safran Investissement corporate mutual fund

"Resolution C (Authorization for the Board of Directors to grant existing or new shares of the Company, free of consideration, to employees and corporate officers of the Company and other Safran group entities, with a waiver of shareholders' pre-emptive subscription rights).

Deliberating in accordance with the rules of quorum and majority applicable to extraordinary general meetings and having considered the report of the Board of Directors and the Statutory Auditors' special report, in accordance with Articles L.225-197-1 et seq. of the French Commercial Code, the shareholders:

- 1. authorize the Board of Directors to grant, on one or more occasions, at such times as it deems appropriate, existing or new Safran shares, free of consideration, to (i) to all of the employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, except for those covered by category (ii), (ii) senior executives (hors statut) of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, and (iii) corporate officers of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code (except for the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated) provided said corporate officers are eligible for such grants under the applicable law;*
- 2. resolve that the total number of new or existing shares granted free of consideration pursuant to this authorization may not exceed 0.55% of the Company's capital at the date of the Board of Directors' decision to grant free shares;*
- 3. resolve that the shares granted to senior executives (hors statut) and corporate officers pursuant this authorization will be subject to internal and external performance conditions set by the Board of Directors based on the recommendations of the Appointments and Compensation Committee and assessed over a minimum period of three consecutive fiscal years, including the year of grant;*
- 4. resolve that the shares granted to employees will be subject to the same internal performance conditions as those applied to senior executives (hors statut) and corporate officers;*
- 5. resolve that the number of shares granted to the three categories will be allocated as follows, regardless of the total number of shares granted and before application of the performance conditions: 23% of the total number of shares will be allocated to senior executives (hors statut) (ii) and corporate officers (iii), and 77% to employees (i);*
- 6. resolve that for each grant of free shares, any shares granted to the Company's corporate officers in accordance with the conditions provided for by law may not represent over 1% of the total number of shares making up the grant (per corporate officer);*
- 7. resolve that the shares granted will be subject to a vesting period which will be set by the Board of Directors but may not be less than four years, followed, as the case may be, by a lock-up period whose duration will also be set by the Board of Directors;*
- 8. resolve that any free shares granted to the Company's corporate officers and members of the Executive Committee will be subject to a lock-up period which will be set by the Board of Directors but may not be less than one year as from the vesting date;*
- 9. resolve that the shares will vest before the expiry date of the above-mentioned vesting period and will be freely transferable before the expiry of the above-mentioned lock-up period in the event that the beneficiary becomes disabled, within the meaning of the definition set down in the second or third categories under Article L.341-4 of the French Social Security Code (or the equivalent in any foreign country);*

10. note that if new shares are issued for the purpose of allocating the free shares, this authorization will result in capital increases paid up by capitalizing reserves, retained earnings or additional paid-in capital as the shares vest, as well as a corresponding waiver by shareholders of their pre-emptive rights to subscribe for the shares issued as part of these capital increases.

The shareholders give full powers to the Board of Directors – or any representative duly empowered in accordance with the law – to use this authorization within the limits set by the applicable laws and regulations and in particular to:

- determine if the shares granted free of consideration will be new shares or existing shares, it being specified that the Board may change its choice before the vesting date;
- draw up the list or categories of eligible beneficiaries;
- set the applicable performance and vesting conditions, notably the duration of the vesting period and lock-up period, particularly concerning the Company's corporate officers and members of the Executive Committee;
- provide for the possibility to provisionally suspend the beneficiaries' rights to receive the shares;
- place on record the vesting dates of the shares granted and the dates from which the shares may be freely transferred or sold;
- make any adjustments required during the vesting period to the number of free shares granted in order to protect the rights of beneficiaries, it being specified that the shares granted in connection with any such adjustments will be deemed to have been granted on the same date as the initial grant;
- in the event of the issue of new shares, (i) deduct, where applicable, from reserves, retained earnings or additional paid-in capital, the amounts necessary to pay up the shares, (ii) place on record the capital increases carried out pursuant to this authorization, (iii) amend the bylaws to reflect the new capital; and generally
- take all appropriate measures and enter into any and all agreements to successfully complete the contemplated share grants.

This authorization is given for a period of 14 months from the date of this Meeting."

Reasons put forward by the Safran Investissement corporate mutual fund

"The 23rd resolution concerns the grant of shares without consideration to employees and corporate officers, but it does not indicate precisely the categories of these beneficiaries or the manner in which the shares would be allocated among the categories. In order to provide shareholders with the necessary visibility of the measures designed to promote social cohesion and motivate all of the employees and thus have a positive impact on the Group's performance, Resolution C sets out the categories of the potential beneficiaries – corporate officers, senior executives (*hors statut*) and employees – and details the manner in which the shares would be allocated among these categories.

Granting shares to all of the employees (in accordance with the legal provisions in force in each country where Safran operates) recognizes the contribution of each person to the Group's effective operation, as all of the shares granted are subject to performance conditions. This approach is also more in keeping with the spirit of Article L.225-197-6 of the French Commercial Code.

The vesting period has been increased to four years to take account of the long-term nature of the Group's business cycles."

Board of Directors' recommendation on the resolution proposed by the Safran Investissement corporate mutual fund

The Board of Directors has decided not to recommend the proposed Resolution C and is asking shareholders to vote against it.

The 23rd resolution proposed by the Board of Directors to the Shareholders' Meeting seeks to authorize the Board of Directors to grant free performance shares. Such a long-term incentive scheme would usefully supplement and is in line with the Group compensation policy, notably encouraging alignment of the interests of beneficiaries, the Company and shareholders and based on appropriate, stringent criteria.

The Safran Investissement corporate mutual fund has tabled an alternative proposed resolution ("Resolution C") which aims to make it mandatory that such grants are made to all of the employees of the Group and are allocated based on fixed proportions among the different categories of beneficiaries.

The 23rd resolution would also allow for performance shares to be granted to all employees, which is the objective of "Resolution C", but such widespread grants would not be in line with the Group compensation policy.

A number of other systems are already in place at Safran to involve all of the employees in the results and success of the Group (such as statutory and optional profit-sharing agreements) or its capital (for example, capital increases reserved for employees or the matching by Safran of the investment of benefits received under profit-sharing and incentive schemes in Safran Investissements, the employee-shareholding fund). The current high level of Group employee ownership of the Safran capital is highly valued and is as much a consequence of the Company's history as of an assertive policy to give employees a long-term stake in the Company's success.

Performance share grants must be consistent and appropriately aligned with the Group compensation policy. The Board of Directors must therefore have the necessary freedom to assess the appropriateness of making such grants, in terms of timing and amount and the choice of beneficiaries. This is not compatible with the "Resolution C" proposed by the Safran Investissement corporate mutual fund.

The Board of Directors intends to use the 23rd resolution (if approved by shareholders) to make an initial targeted grant to around 500 beneficiaries. These beneficiaries will be senior executives, and access to the plan will be dependent on their status or category as defined in the compensation policy.

Consequently, the Board of Directors has decided not to recommend the proposed "Resolution C" and is asking shareholders to vote:

- **"against" Resolution C, and**
- **"in favor" of the twenty-third resolution.**

**Statutory Auditors' report on the authorization
to grant new or existing shares, free of consideration**
(Resolution C, whose addition to the agenda was requested by a shareholder)

SHAREHOLDERS' MEETING OF MAY 19, 2016 – RESOLUTION C

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Safran and in compliance with Article L.225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the authorization, proposed by a shareholder, the Safran Investissement corporate mutual fund, to grant new or existing shares of the Company, free of consideration to (i) to all of the employees of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, except for those covered by category (ii), (ii) senior executives (*hors statut*) of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code, and (iii) corporate officers of the Company and/or of related companies or groups within the meaning of Article L.225-197-2 of the French Commercial Code (except for the Chairman of the Company's Board of Directors when the duties of Chairman of the Board and Chief Executive Officer are separated) provided said corporate officers are eligible for such grants under the applicable law. This proposal is submitted for your approval.

If approved, the total number of shares that will be granted under this authorization may not exceed 0.55% of the Company's capital at the date of the Board of Directors' decision to grant free shares.

The shares granted to senior executives (*hors statut*) and corporate officers pursuant this authorization will be subject to internal and external performance conditions set by the Board of Directors based on the recommendations of the Appointments and Compensation Committee and assessed over a minimum period of three consecutive fiscal years, including the year of grant. The shares granted to employees will be subject to the same internal performance conditions as those applied to senior executives (*hors statut*) and corporate officers.

In addition, the number of shares granted to the three categories will be allocated as follows, regardless of the total number of shares granted and before application of the performance conditions: 23% of the total number of shares will be allocated to senior executives (*hors statut*) (ii) and corporate officers (iii), and 77% to employees (i).

Moreover, for each grant of free shares, any shares granted to the Company's corporate officers in accordance with the conditions provided for by law may not represent over 1% of the total number of shares making up the grant (per corporate officer).

Shareholders are requested to authorize the Board of Directors, for a period of 14 months, to grant existing or new shares, free of consideration.

It is our responsibility to report to you on the information provided to you in the text of the proposed resolution and the reasons for which it has been put forward.

We performed the procedures that we deemed necessary in accordance with professional guidance issued by the French national auditing body (*Compagnie nationale des commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the text of the proposed resolution and the reasons for which it has been put forward comply with the legal provisions governing such operations.

Regarding the proposed authorization to grant free shares of the Company, we have no matters to report as to the information provided in the text of the proposed resolution and the reasons for which it has been put forward.

Courbevoie and Paris-La Défense, April 25, 2016.

The Statutory Auditors

MAZARS

ERNST & YOUNG ET AUTRES

Thierry Colin

Christophe Berrard

Vincent de la Bachelerie

Nicolas Macé

* * *

**Candidates for appointment as a Director
representing employee shareholders**

The number of Safran shares held by the candidates for appointment as a Director representing employee shareholders is as follows:

- Gérard Mardiné: 7,486, including 1,196 via corporate mutual fund units (conversion based on the Safran share price as of December 31, 2015);
- Eliane Carré-Copin: 356 via corporate mutual fund units (conversion based on the Safran share price as of December 31, 2015);
- Marc Aubry: 1,573, including 1,533 via corporate mutual fund units (conversion based on the Safran share price as of December 31, 2015);
- Jocelyne Jobard: 2,097, including 1,507 via corporate mutual fund units (conversion based on the Safran share price as of December 31, 2015).