



(a société anonyme à Conseil d'administration established with limited liability in the Republic of France)

€ 500,000,000 Floating Rate Notes due June 2019
Issue Price: 100.059 per cent. of the principal amount
and

€ 500,000,000 Floating Rate Notes due June 2021
Issue Price: 100 per cent. of the principal amount

*The €500,000,000 Floating Rate Notes of SAFRAN (the “**Issuer**”) maturing on 28 June 2019 (the “**2019 Notes**”) and the € 500,000,000 Floating Rate Notes maturing on 28 June 2021 (the “**2021 Notes**” and together with the 2019 Notes, the “**Notes**”) will be issued on 28 June 2017 (the “**Issue Date**”).*

*Interest on the 2019 Notes will accrue from, and including, the Issue Date at a floating rate calculated on the basis of the European interbank offered rate for three-month Euro deposits, plus 0.30 per cent. per annum, payable quarterly in arrear on or about 28 March, 28 June, 28 September and 28 December, in each year commencing on 28 September 2017, as further described in “Terms and Conditions of the 2019 Notes – Interest” of this prospectus (the “**Prospectus**”).*

Interest on the 2021 Notes will accrue from, and including, the Issue Date at a floating rate calculated on the basis of the European interbank offered rate for three-month Euro deposits, plus 0.57 per cent. per annum, payable quarterly in arrear on or about, 28 March, 28 June, 28 September and 28 December, in each year commencing on 28 September 2017, as further described in “Terms and Conditions of the 2021 Notes – Interest” of this Prospectus.

*Unless previously redeemed or purchased and cancelled, the 2019 Notes will be redeemed at par on 28 June 2019 (the “**2019 Notes Maturity Date**”) and the 2021 Notes will be redeemed at par on 28 June 2021 (the “**2021 Notes Maturity Date**”).*

The Issuer may, at its option, in the event that less than 20 per cent. of the aggregate principal amount of the 2019 Notes or, as the case may be, of the 2021 Notes remain outstanding as described under “Terms and Conditions of the Notes – Issuer’s Squeeze Out Redemption” redeem all such remaining Notes, as more fully described in such Condition. The Issuer may also, at its option, and in certain circumstances shall, redeem all, but not some only, of the Notes at par plus accrued interest in the event of certain tax changes as described under “Terms and Conditions of the Notes – Redemption for Taxation Reasons”.

Each holder of each Note will have the option, following a Change of Control (as defined herein), to require the Issuer to redeem or, at the Issuer’s option, purchase that Note at its Early Redemption Amount (as defined herein) together with any accrued interest thereon as more fully described under “Terms and Conditions of the Notes – Early Redemption of the Notes at the option of the Noteholders following a Change of Control”.

The Notes will be issued in dematerialised bearer form in the denomination of €100,000 each. Title to the Notes will be evidenced by book-entries in accordance with Articles L. 211-3 et seq. and R. 211-1 et seq. of the French Code monétaire et financier. No physical document of title (including certificats représentatifs pursuant to Article R. 211-7 of the French Code monétaire et financier) will be issued in respect of the Notes.

*The Notes will, upon issue, be inscribed in the books of Euroclear France which shall credit the accounts of the Account Holders. “**Account Holder**” shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V.*

*This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC of the European Parliament and of the Council dated 4 November 2003 as amended (the “**Prospectus Directive**”).*

*Application has been made (i) for the approval of this Prospectus by the Autorité des marchés financiers (the “**AMF**”) in France, in its capacity as competent authority pursuant to Article 212-2 of its Règlement Général*

which implements the Prospectus Directive and (ii) for the admission of the Notes to trading on the regulated market of Euronext Paris ("**Euronext Paris**") with effect from the Issue Date. Euronext Paris is a regulated market within the meaning of the Directive 2004/39/EC of the European Parliament and of the Council dated 21 April 2004, as amended.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). In accordance with U.S. laws, and subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

Neither the Notes nor the long-term debt of the Issuer are rated.

This Prospectus is available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.safran-group.com). All documents incorporated by reference in this Prospectus are available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.safran-group.com). The 2015 Registration Document and the 2016 Registration Document (as defined below in Section "Documents Incorporated by Reference") are available on the website of the AMF (www.amf-france.org).

See the "**Risk Factors**" section for a description of certain factors which should be considered by potential investors in connection with any investment in the Notes.

Global Coordinators and Joint Lead Managers

DEUTSCHE BANK

NATIXIS

Joint Lead Managers

DEUTSCHE BANK

MUFG

NATIXIS

**Santander Global
Corporate Banking**

This Prospectus has been prepared for the purpose of giving information with respect to the Issuer and the Issuer and its subsidiaries taken as a whole (the “Group”) which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position and profit and losses of the Issuer, as well as the Notes.

The information contained in the Prospectus is, to the best of the Issuer's knowledge, having taken all reasonable care to ensure that such is the case, in accordance with the facts and contains no omission likely to affect its import. There are no other facts in relation to the Issuer and the Group or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this document misleading in any material respect or be likely to affect its import. All reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.

The Joint Lead Managers (as defined in “Subscription and Sale” below) have not separately verified the information contained in this Prospectus in connection with the Issuer. The Joint Lead Managers do not make any representation, express or implied, or accept any responsibility, with respect to the accuracy or completeness of any of the information contained or incorporated by reference in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by, or on behalf of, any of the Issuer or the Joint Lead Managers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers has reviewed or undertakes to review the financial condition or affairs of the Issuer prior to or during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Notes not contained in this Prospectus. Any information or representation not so contained herein must not be relied upon as having been authorised by, or on behalf of, the Issuer or the Joint Lead Managers. The delivery of this Prospectus or any offering or sale of Notes at any time does not imply (i) that there has been no change with respect to the Issuer or the Group, since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented and (ii) that the information contained or incorporated by reference in it is correct as at any time subsequent to its date.

The Prospectus and any other information relating to the Issuer or the Notes should not be considered as an offer, an invitation, a recommendation by any of the Issuer or the Joint Lead Managers to subscribe or purchase the Notes. Each prospective investor of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertakes to review the financial or general condition of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or prospective investor in the Notes of any information coming to its attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase the Notes. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, its business, its financial condition and the issued Notes and consult their own financial or legal advisers about risks associated with investment Notes and the suitability of investing in the Notes in light of their particular circumstances. Potential investors should read carefully the section entitled “Risk Factors” set out in this Prospectus before making a decision to invest in the Notes.

The distribution of this Prospectus and the offering or the sale of the Notes in certain jurisdictions may be restricted by law or regulation. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered or sold, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any obligation or responsibility for facilitating any such distribution, offering or sale. In particular, no action has been or will be taken by the Issuer or any of the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Note may be offered or sold, directly or indirectly, and neither this Prospectus nor any offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Prospectus and of any other offering material relating to the Notes, see “Subscription and Sale” below.

This Prospectus has not been and will not be submitted for approval to any authority other than the Autorité des marchés financiers (French financial market authority) in France.

*In this Prospectus, references to a “**Member State**” are references to a Member State of the European Economic Area and references to “**€**”, “**EURO**”, “**EUR**” or to “**euro**” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.*

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Notes and/or may alter its ability to fulfil its obligations under the Notes towards investors. All of these factors are contingencies which are unpredictable and may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The risk factors may relate to the Issuer or to any of its subsidiaries.

The following describes the main risk factors relating to the Issuer and the Notes that the Issuer considers, as of the date hereof, material with respect to the Notes. The risks described below are not the only risks the Issuer and its subsidiaries face and they do not describe all of the risks of an investment in the Notes. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Note, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks and uncertainties not currently known to the Issuer or that it currently believes to be immaterial could also have a material impact on its business operations or on an investment in the Notes.

Prior to making an investment decision in the Notes, prospective investors should consider carefully all the information contained or incorporated by reference in this Prospectus, including the risk factors detailed below. In particular, prospective investors, subscribers and holders of Notes must make their own analysis and assessment of all the risks associated to the Notes and the risks related to the Issuer and its activities and financial position. They should also consult their own financial or legal advisors as to the risks entailed by an investment in the Notes and the suitability of such an investment in light of their particular circumstances.

The Notes should only be purchased by investors who are financial institutions or other professional investors who are able to assess the specific risks implied by an investment in the Notes, or who act on the advice of financial institutions.

The order in which the following risk factors are presented is not an indication of the likelihood of their occurrence.

Terms defined in “Terms and Conditions of the 2019 Notes” and “Terms and Conditions of the 2021 Notes” below shall have the same meaning where used below.

1. FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

1.1 Risks incorporated by reference

The risk factors relating to the Issuer and its business are set out on pages 188 to 196 of the 2016 *Document de Référence* of Safran incorporated by reference into this Prospectus, as set out in section “Documents Incorporated by Reference” of this Prospectus and include:

- Risks relating to the environment in which the Group operates
 - Risks relating to the changes in the competitive landscape
 - Financial market risks
 - Legal and regulatory risks
- Risks relating to Group business sectors
 - Operational risks
 - Risks relating to the Group's evolution
 - Human resources risks

1.2 Risks in relation with the acquisition of Zodiac Aerospace

The completion of the acquisition of Zodiac Aerospace by the Issuer remains subject to uncertainties which are beyond Safran's or Zodiac Aerospace's control including, but not limited to, the economic, financial, competitive, tax or regulatory environment, the ability to obtain sufficient

shareholders' participation to the take-over bid, the failure to satisfy other closing conditions with respect to the transaction on the proposed terms and timeframe or the possibility that the transaction does not close when expected or at all.

If the transaction happens to close, risks will remain that the new businesses do not integrate successfully, the combined group does not realise estimated cost savings and synergies, the Issuer or Zodiac Aerospace are not able to successfully implement and complete their plans and strategies and to meet their targets or that the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies are less than anticipated.

2. FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES

2.1 Risks related to investors

2.1.1 The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it in light of such investor's own circumstances, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) ensure that they have sufficient financial resources and liquidity to bear the risks of an investment in the Notes including any currency exchange risk due to the fact that the potential investor's currency is not Euro;
- (iv) have sufficient knowledge and experience, to make a meaningful evaluation of the Notes, the merits and risks of investing in the relevant Notes and verify the suitability of such investment in light of their particular financial situation; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the relevant risks.

Some potential investors are subject to restricting investment regulations. These potential investors are strongly advised to consult their legal counsel in order to comply with the law and regulations that are applicable to it including those detailed in this Prospectus and in order to determine whether investment in the Notes is authorised by law, whether such investment is compatible with their other borrowings and whether other selling restrictions are applicable to them.

2.1.2 Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under

any applicable risk-based capital or similar rules. Neither the Issuer, nor any Joint Lead Manager nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

2.2 Risks related to the Notes generally

2.2.1 The Notes may be redeemed or purchased by the Issuer prior to maturity

In the event that the Issuer would be obliged to pay additional amounts in respect of any Notes due to any withholding as provided in “Terms and Conditions of the Notes – Taxation”, the Issuer may and, in certain circumstances shall, redeem all of the Notes then outstanding in accordance with such Terms and Conditions.

Furthermore, if 80 per cent. or more in principal amount of the 2019 Notes or, as the case may be, the 2021 Notes (including any notes assimilated to the Notes issued pursuant to Condition 11 of the Terms and Conditions of the Notes) have been redeemed or purchased, the Issuer will have the option to redeem all (but not some only) of the relevant remaining Notes outstanding at their principal amount together with any accrued interest as provided in Condition 4.1. The Issuer has no obligation to inform investors if and when the 80 per cent. threshold referred to herein has been reached or is about to be reached.

Further, if an Event of Default occurred and has not been cured, as provided in “Terms and Conditions of the Notes – Events of Default”, then any Noteholder may cause all, but not some only, of the Notes held by it to become immediately due and payable in accordance with such Terms and Conditions.

Any early redemption of the Notes may result, for the Noteholders, in a yield that is considerably lower than anticipated. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

During the period when the Issuer may redeem the Notes at their principal amount, the market price of the Notes is unlikely to exceed their principal amount.

2.2.2 Change of Control - put option

In the event of a Change of Control of the Issuer (as more fully described in “Terms and Conditions of the Notes - Redemption following a Change of Control”), each Noteholder will have the right to request the Issuer to redeem or, at the Issuer’s option to procure the purchase of all, but not some only, of its Notes at their principal amount together with any accrued interest. In such case, any trading market in respect of those Notes in respect of which such redemption right is not exercised may become illiquid. In addition, investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Notes.

2.2.3 The Notes are not protected by restrictive covenants and do not prevent the Issuer from incurring additional indebtedness including indebtedness that would come prior to or rank equally with the Notes

The Terms and Conditions of the Notes contain a negative pledge that prohibits the Issuer and its Principal Subsidiaries in certain circumstances from creating security over assets but only to the extent that such is used to secure other notes or similar debt instruments which are listed or capable of being listed. See “Terms and Conditions of the Notes – Negative Pledge”. The Terms and Conditions of the Notes do not contain any other covenants restricting the operations of the Issuer.

Subject to this negative pledge, the Issuer and its Subsidiaries may incur significant additional debt that could be considered before or rank equally with the Notes. Accordingly, if the Issuer incurs significant additional debt ranking equally

with the Notes, it will increase the number of claims that would be entitled to share rateably with the Noteholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding.

2.2.4 Sale of the Notes prior to maturity

The financial terms of the Notes were determined with a view to holding the Notes until their maturity, namely 28 June 2019 for the 2019 Notes and 28 June 2021 for the 2021 Notes. As a result, if a Noteholder sells the Notes any time before such date, the sale may occur at a price that is not equal to the nominal value of the Notes.

2.2.5 Modification of the Terms and Conditions of the Notes

Noteholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in “Terms and Conditions of the Notes - Representation of the Noteholders”, and a general meeting of Noteholders can be held. The Terms and Conditions of the Notes permit in certain cases defined majorities to bind all Noteholders including Noteholders who did not express a vote at the relevant general meeting and Noteholders who voted in a manner contrary to the majority.

The general meeting of Noteholders may, subject to the provisions set out in “Terms and Conditions of the Notes - Representation of the Noteholders”, deliberate on any proposal relating to the modification of the Terms and Conditions of the Notes, including on any proposal, whether for arbitration or settlement, relating to rights in controversy or which were subject of judicial decisions.

2.2.6 Absence of Rating

Neither the Notes nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Notes on an unsolicited basis. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

2.2.7 Taxation

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser’s advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of the potential investor. This risk factor has to be read in connection with the taxation sections of this Prospectus and in the additional tax sections, if any, contained in any relevant supplement to the Prospectus.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

A Noteholder’s effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. A Noteholder’s actual yield on the Notes may be reduced from the stated yield by transaction costs.

2.2.8 Potential Conflicts of Interest

Certain of the Joint Lead Managers (as defined under “Subscription and Sale” below) and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of

business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

2.2.9 Transactions on the Notes could be subject to the European financial transaction tax, if adopted

On 14 February 2013, the European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since then stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between the Participating Member States and the scope of any such tax is uncertain. Additional Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw. The Council of the European Union on Economic and Financial Affairs indicated on December 6, 2016 that the ten Participating Member States (excluding Estonia) agreed on certain important measures that will form the core engines of the FTT and that work and discussions would continue during 2017.

If the proposed Directive or any similar tax were adopted, transactions in the Notes would be subject to higher costs, and the liquidity of the market for the Notes may be diminished. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

2.2.10 French Insolvency Law

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), a safeguard procedure (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders expressing a vote). No quorum is required on convocation of the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Noteholders described in Condition 8 will not be applicable to the extent they conflict with compulsory insolvency law provisions that apply in these circumstances.

2.2.11 Change of law

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial or administrative decision or change to French law or administrative practice after the date of this Prospectus.

2.3 Risks related to the market generally

2.3.1 There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application have been made for the Notes to be admitted to listing on Euronext Paris, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

2.3.2 Market value of the Notes

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including market interest and yield rates.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchange on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

2.3.3 A secondary market for the Notes might not develop nor be liquid

An investment in the Notes should be considered primarily with a view to holding them until their maturity. The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not

be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Notes.

2.3.4 Credit Risk of the Issuer

An investment in the Notes involves taking credit risk on the Issuer. If the credit worthiness of the Issuer deteriorates, it may not be able to fulfil all or part of its payment obligations under the Notes, and investors may lose all or part of their investment.

2.3.5 Exchange rate risks

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency may impose or modify exchange controls. As a result, investors may receive less interest or principal than expected.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro-economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

2.3.6 Interest rate risks

The Notes bearing interest at a floating rate, investors will not be able to calculate in advance their rate of return on the Notes in respect of Floating Rate Interest Periods.

Due to varying interest income, investors are not able to determine a definite yield on the Notes in respect of Floating Rate Interest Periods. As the terms and conditions of the Notes provide for quarterly interest payment dates in respect of the Floating Rate of Interest, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

2.3.7 The actual yield of the Notes may be reduced by transaction costs

When the Notes are purchased or sold, several types of incidental costs are incurred in addition to the current price of the Notes (including transaction fees, commissions and any additional or follow-up costs in connection with the purchase, custody or sale of the Notes) which may significantly reduce or even exclude the potential profit of the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus shall be read and construed in conjunction with the following documents which have been previously published and have been filed with the *Autorité des marchés financiers* (“**AMF**”). Such documents shall be incorporated in, and shall be deemed to form part of, this Prospectus:

- (a) the 2016 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 30 March 2017 under no. D.17-0275, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2016 and the related notes thereto (the “**2016 Reference Document**”); and
- (b) the 2015 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 30 March 2016 under no. D.16-0225, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2013 and the related notes thereto (the “**2015 Reference Document**”);

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Copies of the documents incorporated by reference are available without charge (i) on the website of the Issuer (www.safran-group.com) and (ii) upon request at the principal office of the Issuer or of Caceis Corporate Trust (the “**Paying Agent**”) during normal business hours so long as any of the Notes is outstanding, as described in “General Information” below. Copies of the 2016 Registration Document and of the 2015 Registration Document are available on the website of the AMF (www.amf-france.org).

Free translations in the English language of the 2016 Registration Document and the 2015 Registration Document, are available on the Issuer’s website (www.safran-group.com).

The information incorporated by reference in this Prospectus shall be read in connection with the cross-reference list below. Any information contained in the documents incorporated by reference that is not cross-referenced in the following table is for information purposes only.

CROSS-REFERENCE LIST

Rule	Prospectus Regulation – Annex IX	2016 Registration Document (page number)	2015 Registration Document (page number)
2.	STATUTORY AUDITORS		
2.1.	Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body).	345 (Section 8.2 <i>Commissaires aux Comptes</i>)	
3.	RISK FACTORS		
3.1.	Prominent disclosure of risk factors that may affect the issuer's ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	188 – 196 (Chapter 4. <i>Facteurs de Risques</i>)	
4.	INFORMATION ABOUT THE ISSUER		
4.1.	<u>History and development of the Issuer</u>		
4.1.1.	the legal and commercial name of the issuer;	316 (Section 7.1 <i>Renseignements généraux et statuts</i>)	
4.1.2.	the place of registration of the issuer and its registration number;	316 (Section 7.1 <i>Renseignements généraux et statuts</i>)	
4.1.3.	the date of incorporation and the length of life of the issuer, except where indefinite;	316 (Section 7.1 <i>Renseignements généraux et statuts</i>)	
4.1.4.	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);	316 (Section 7.1 <i>Renseignements généraux et statuts</i>)	
5.	BUSINESS OVERVIEW		
5.1.	<u>Principal activities</u>		
5.1.1.	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed.	15 – 32 (Section 1.3 <i>Les Activités</i>)	
5.1.2.	The basis for any statements in the registration document made by the issuer regarding its competitive position.	32 (Section 1.4 <i>Position concurrentielle</i>)	

Rule	Prospectus Regulation – Annex IX	2016 Registration Document (page number)	2015 Registration Document (page number)
6.	ORGANISATIONAL STRUCTURE		
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	11 – 13 (Paragraph 1.1.2 to 1.1.4)	
6.2.	If the Issuer is dependent upon other entities within the group, this must be clearly stated together with an explanation of this dependence.	11-12 (Paragraph 1.1.2 <i>Organisation et place de l'émetteur dans le Groupe</i> and 1.1.3 <i>Organigramme simplifié</i>) 150 - 153 (<i>Note 34 liste des sociétés consolidées</i>)	
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1.	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	245 – 264 (Sections 6.2.1 <i>Tableau de synthèse</i> and 6.2.2 <i>Présentation des administrateurs</i>)	
9.2.	<u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect.	269 (Section 6.2.5 <i>Gestion des conflits d'intérêts au niveau du Conseil d'administration et de la direction générale</i>)	
10.	MAJOR SHAREHOLDERS		
10.1.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	328 - 332 (Section 7.3 <i>Actionnariat du Groupe</i>)	
10.2.	A description of any arrangements, known to the issuer, the operation of which may	331 (Section 7.3.6 <i>Accords dont la mise</i>	

Rule	Prospectus Regulation – Annex IX	2016 Registration Document (page number)	2015 Registration Document (page number)
	at a subsequent date result in a change in control of the issuer.	en œuvre pourrait entraîner un changement dans le contrôle de la société)	
11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
11.1.	<p><u>Historical Financial Information</u></p> <p>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation).</p> <ul style="list-style-type: none"> – Balance sheet – Income statement – Accounting policies and explanatory notes 	<p>76 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2016 – Bilan consolidé</i>)</p> <p>74 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2016 – Compte de résultat consolidé</i>)</p> <p>80 – 154 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2016 – Notes annexes aux comptes consolidés du groupe Safran</i>)</p>	<p>74 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2015 – Bilan consolidé</i>)</p> <p>72 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2015 – Compte de résultat consolidé</i>)</p> <p>77 – 142 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2015 – Notes annexes aux comptes consolidés du groupe Safran</i>)</p>
11.2.	<p><u>Financial statements</u></p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.</p>	72 – 154 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2016</i>)	72 – 142 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2015</i>)
11.3.	<u>Auditing of historical annual financial information</u>		

Rule	Prospectus Regulation – Annex IX	2016 Registration Document (page number)	2015 Registration Document (page number)
11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given.	155 – 156 (Section 3.2 <i>Rapport des commissaires aux comptes sur les comptes consolidés</i>)	143 – 144 (Section 3.2 <i>Rapport des commissaires aux comptes sur les comptes consolidés</i>)
11.5.	<u>Legal and arbitration proceedings</u> Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement.	148 – 149 (Note 32 <i>Litiges</i>)	
11.6.	<u>Significant change in the issuer's financial or trading position</u> A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.	149 (Note 33 <i>Changement significatif de la situation commerciale ou financière</i>)	
12.	MATERIAL CONTRACTS		
	A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued.	321 (Section 7.1.4.2 <i>Convention avec l'État relative aux actifs et filiales stratégiques</i>)	
14.	DOCUMENTS ON DISPLAY		
	A statement that for the life of the registration document the following documents (or copies thereof), where applicable, may be inspected: (a) the memorandum and articles of association of the issuer; (b) all reports, letters, and other documents, historical financial	345 (Section 8.3 <i>Documents Accessibles au public</i>)	

Rule	Prospectus Regulation – Annex IX	2016 Registration Document (page number)	2015 Registration Document (page number)
	<p>information, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the registration document;</p> <p>(c) the historical financial information of the issuer or, in the case of a group, the historical financial information of the issuer and its subsidiary undertakings for each of the two financial years preceding the publication of the registration document.</p> <p>An indication of where the documents on display may be inspected, by physical or electronic means.</p>		

TERMS AND CONDITIONS OF THE 2019 NOTES

The terms and conditions of the 2019 Notes will be as follows:

The issue of € 500,000,000 Floating Rate Notes due 2019 (the “**Notes**”) by Safran (the “**Issuer**”) was authorised by the *Conseil d'administration* of the Issuer on 23 May 2017.

The Issuer will enter into an agency agreement (the “**Agency Agreement**”) to be dated 26 June 2017 with Caceis Corporate Trust as fiscal agent and principal paying agent. The fiscal agent, principal paying agent and paying agent for the time being are referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**” and the “**Paying Agents**” and the “**Calculation Agent**” (which expression shall include the Principal Paying Agent), respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “**Agents**”. Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1. **FORM, DENOMINATION AND TITLE**

The Notes will be issued on 28 June 2017 (the “**Issue Date**”) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Note. Title to the Notes will be established and evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code Monétaire et Financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code Monétaire et Financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France (“**Euroclear France**”) which shall credit the accounts of the Account Holders. For the purposes of these Conditions, “**Account Holder**” shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Title to the Notes shall be evidenced by entries in the books of Account Holders and transfer of Notes may only be effected through registration of the transfer in such books and in denominations of €100,000.

2. **STATUS AND NEGATIVE PLEDGE**

2.1 **Status of the Notes**

The obligations of the Issuer in respect of the Notes constitute direct, unconditional, unsecured (subject as provided in “**Negative Pledge**” below) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

2.2 **Negative Pledge**

- (i) So long as any of the Notes remains outstanding (as defined below), the Issuer will not create or permit to subsist and will procure that none of its Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its assets, revenues or rights, present or future, to secure any Relevant Indebtedness (as defined below) incurred by the Issuer or such Principal Subsidiary, or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer’s obligations under the Notes are equally and rateably secured therewith.
- (ii) For the purposes of these Conditions,

“Assets” means, in relation to any person, all or part of their goodwill, business, property, goods, income and all or part of their unpaid share capital receivables, irrespective of the location of such assets.

“EBITDA” means earnings before interest, tax, depreciation and amortisation, calculated on the basis of the Group's consolidated accounts, adjusted for:

- (a) the allocation of the acquisition price of all material business groups (and not exclusively those in relation to the Sagem/Snecma merger), in particular the amortisation of intangible assets with long amortisation periods recognised as at the time of the acquisition, due to the length of the economic cycles in the sectors in which the Group operates; and
- (b) the valuation of foreign exchange derivatives in order to establish the real economic value of the Group's overall foreign exchange risk hedging strategy.

“Group” means the Issuer and its Subsidiaries.

“Original Financial Statements” means the audited consolidated financial statements of the Group for the financial year ended 31 December 2016.

“outstanding” means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 3 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 4.7. and (d) those in respect of which claims have been prescribed under Condition 10.

“Principal Subsidiary” means any consolidated Subsidiary with an EBITDA representing more than five (5) per cent. of the consolidated EBITDA of the Group or whose Total Assets represent more than five (5) per cent. of the Total Assets of the Group determined based on the most recent published annual audited consolidated accounts of the Group, provided that:

- (a) the EBITDA and the Total Assets of a Subsidiary of the Issuer shall be determined based on its contribution used for the establishment of the latest published annual audited consolidated accounts of the Group;
- (b) if a Subsidiary becomes a member of the Group after the date on which the latest annual audited consolidated accounts of the Group were prepared, the EBITDA and Total Assets of such Subsidiary shall be established based on its latest annual accounts (its own accounts or consolidated accounts, as the case may be);
- (c) the EBITDA and Total Assets of the Group will be established based on the latest annual audited consolidated accounts, adjusted (as the case may be) in order to take into account the impact of EBITDA on a full year basis of any company or business acquired or disposed of following the date of the relevant accounts; and
- (d) if a Principal Subsidiary has transferred all or a substantial part of its Assets to another Subsidiary of the Issuer, the former shall cease to be, as the case may be, a Principal Subsidiary and the latter shall become, as the case may be, a Principal Subsidiary (to the extent it is not already).

“Relevant Indebtedness” means any present or future indebtedness for borrowed monies in the form of, or represented by, bonds, notes or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

“Subsidiary” means in relation to any company, another company which is controlled by it within the meaning of articles L. 233-1 and L. 233-3 of the French Code de commerce.

“Total Assets” means at any time, the total amount (as calculated in accordance with the accounting principles used for the preparation of the Original Financial Statements of the

Issuer) of all property and assets of the Group listed as assets on the consolidated balance sheet of the Issuer in its then most recent published annual audited consolidated accounts.

3. INTEREST

The Notes will bear interest from, and including, 28 June 2017 (the "**Interest Commencement Date**") to, but excluding, the Maturity Date (as defined in Condition 4.1) at the rate being the higher of (i) zero per cent. *per annum* and (ii) the Euribor Reference Rate (as defined in Condition 3.1) plus 0.30 per cent. *per annum* (the "**Floating Rate**") payable quarterly in arrear on or about 28 March, 28 June, 28 September and 28 December in each year (each, a "**Floating Rate Interest Payment Date**") commencing on 28 September 2017 (the "**First Floating Rate Interest Payment Date**").

Each Note will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Note is improperly withheld or refused on such due date. In such event, such Note shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day after the Fiscal Agent has notified Noteholders in accordance with Condition 9 of receipt of all sums due in respect of all Notes up to that day (except if and to the extent the subsequent payment to the relevant Noteholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

3.1 The Euribor Reference Rate in respect of the Notes for each Floating Rate Interest Period shall be calculated on the basis of the following provisions:

- (A) on every second TARGET business day (as defined in Condition 5.2) before the first day of the Floating Interest Rate Period for which the rate will apply (the "**Floating Rate Determination Date**"), the Calculation Agent will determine the Euribor Reference Rate for each Floating Rate Interest Period which appears, at or about 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date, on the display designated as page EUR003M index on Bloomberg (or such other page or service as may replace it for the purpose of displaying EURIBOR). If the Euribor Reference Rate is unavailable, the Calculation Agent shall request each of the principal Euro-zone office of each of the Euribor Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Euribor Reference Rate at or about 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date. If two or more Euribor Reference Banks provide the Calculation Agent with such offered quotations, the Euribor Reference Rate for such Floating Rate Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations as determined by the Calculation Agent; and
- (B) if on any Floating Rate Determination Date the Euribor Reference Rate cannot be determined in accordance with the provisions of paragraph A above, the Euribor Reference Rate for the relevant Floating Rate Interest Period shall be the arithmetic mean of the rates *per annum* (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Euribor Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date, deposits in Euro for a period of three (3) months by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Euribor Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in Euro for a period of three (3) months, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in Euro for a period of three (3) months, at which, at approximately 11.00 a.m. (Central European time), on the relevant

Floating Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Euribor Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Euribor Reference Rate shall be determined as at the last preceding Floating Rate Determination Date.

For the purposes of these Conditions:

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"Floating Rate Interest Period" means the period from, and including, a Floating Rate Interest Payment Date in any year to, but excluding, the next Floating Rate Interest Payment Date.

"Euribor Reference Banks" means four major banks in the Euro-zone inter-bank market (excluding for such purposes the Calculation Agent and its affiliates) acting through their principal Euro zone office.

"Euribor Reference Rate" means the euro interbank offered rate, expressed as a rate *per annum*, for three (3) month Euro deposits commencing on the first day of the relevant Floating Rate Interest Period, as administered by the European Money Markets Institute (or any other person which takes over the administration of that rate).

3.2 Determination of Euribor Reference Rate and Floating Rate Interest Amount with respect to the Floating Rate Interest Period

The Calculation Agent shall, as soon as practicable after 11.00 a.m. (Central European time) on each Floating Rate Determination Date, determine the Euribor Reference Rate and amount of interest (each a **"Floating Rate Interest Amount"**) payable (if any) on the relevant Floating Rate Interest Payment Date on each Note for the relevant Floating Rate Interest Period, which will be equal to the product of the principal amount of such Note and the relevant Floating Rate, multiplied by the actual number of days in the relevant Floating Rate Interest Period divided by three hundred and sixty (360) and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

3.3 Publication of Euribor Reference Rate and Floating Rate Interest Amount with respect to the Floating Rate Interest Period

The Calculation Agent shall cause the Euribor Reference Rate and the Interest Amount for each Floating Rate Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed, for so long as the rules of such stock exchange so require, and to the Noteholders through Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared as soon as possible after their determination but in no event later than (i) the commencement of the relevant Floating Rate Interest Period, in the case of notification to any regulated market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth TARGET business day after such determination. Where any Interest Payment Date or Interest Period is subject to adjustment, the Floating Rate Interest Amount and the Floating Rate Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

4. REDEMPTION AND PURCHASE

The Notes may not be redeemed other than in accordance with this Condition 4 or Condition 7.

4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed in cash at their principal amount (i.e. €100,000 per Note) on 28 June 2019 (the **"Maturity Date"**).

4.2 Redemption for Taxation Reasons

- (i) If, by reason of change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Notes at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Noteholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Noteholders in accordance with Condition 9, redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

4.3 Early Redemption of the Notes at the option of the Noteholders following a Change of Control

- (i) If at any time while any Note remains outstanding, there occurs a Change of Control (as defined below), the holder of each Note will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 4.2) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date (as defined below) at its principal amount outstanding of such Notes together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (the "**Early Redemption Amount**").

A "**Change of Control**" means any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) acquires directly or indirectly the control of the Issuer.

"**control**" has the meaning given in article L.233-3 of the French *Code de commerce* and "**acting in concert**" has the meaning given in article L.233-10 of the French *Code de commerce*.

- (ii) Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 9 specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4.3.
- (iii) To exercise the Put Option to require redemption or, as the case may be, purchase of the Notes under this Condition 4.3, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the "**Put Period**") of 45 calendar days after a Put Event Notice is given together with a duly signed and completed notice of exercise in the then current form obtainable from the specified office of any Paying Agent (a "**Put**

Option Notice”) and in which the holder may specify a bank account to which payment is to be made under this Condition 4.3.

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the “**Optional Redemption Date**”). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 5.

- (iv) For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder’s exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

4.4 **Issuer's Squeeze Out Redemption**

In the event that at least 80 per cent. of the initial aggregate principal amount of the Notes (including any assimilated notes issued pursuant to Condition 11) has been redeemed or purchased by the Issuer, the Issuer may, at its option but subject to having given not more than 60 nor less than 30 calendar days’ notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 9, given within 30 calendar days after the Optional Redemption Date, redeem all, but not some only, of the outstanding Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

4.5 **Purchases**

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable regulation.

4.6 **Cancellation**

All Notes which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

5. **PAYMENTS**

5.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Notes will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the Notes to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Notes will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the Noteholders in respect of such payments.

5.2 **Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Note is not a TARGET business day, then the Noteholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

“**TARGET business day**” means a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) is operating.

5.3 **Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

CACEIS CORPORATE TRUST

14 rue Rouget de Lisle
92130 Issy-les-Moulineaux

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 9.

6. **TAXATION**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)): who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with France other than the mere holding of such Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

7. **EVENTS OF DEFAULT**

If any of the following events (each an “**Event of Default**”) occurs, the Representative (as defined in Condition 8) upon request of any Noteholder shall, and any Noteholder may, upon written notice given to the Fiscal Agent (copy to the Issuer) cause the Notes held by such Noteholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (i) the Issuer defaults in any payment when due on any amount on any Note (including any additional amounts as specified in Condition 6), if such default continues for a period of more than 15 calendar days from such due date; or
- (ii) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default; or
- (iii) (a) any other present or future indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is due and payable prior to its stated maturity as a result of a default thereunder, or (b) any amount due under such indebtedness for

borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is not paid when due or within any original grace period or (c) as a result of a default, any *in rem* security interests (*sûretés réelles*) is enforced over all or any substantial part of the assets of the Issuer, or any Principal Subsidiary in respect of any such indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary and the enforcement of any such *in rem* security interests (*sûretés réelles*) is not withdrawn or stayed within 30 calendar days,

provided that an Event of Default will only occur under this Condition 7(iii) if at the relevant time the aggregate amount of indebtedness for borrowed monies or guarantee thereof falling within paragraph (a), (b) or (c) above (without double counting) is more than €100,000,000 or its equivalent in any other currency unless such default is challenged in good faith by the Issuer before a competent court, in which case the early redemption of the Notes will be mandatory only if the court has decided in a manner adverse to the Issuer on the merits of the case (*statué au fond*); or

- (iv) (a) the Issuer or a Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or (b) a judgment is issued by a court having competent jurisdiction over the Issuer or such Principal Subsidiary for the opening of a conciliation procedure (*procédure de conciliation*) with its creditors in accordance with articles L.611-4 to L.611-15 of the French *Code de commerce* or for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any Principal Subsidiary in accordance with articles L.640-1 to L. 644-6 of the French *Code de commerce*, or (c) the Issuer or any Principal Subsidiary makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (d) the Issuer or any Principal Subsidiary is subject to any proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Principal Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (iv); or
- (v) the Issuer is dissolved or liquidated, or is merged or consolidated into another entity unless (a) the pro-forma balance sheet of the legal entity surviving such merger or consolidation shows, as at the effective date of such merger or consolidation, a shareholders' equity not less than that of the Issuer on the day before the date of such merger or consolidation and (b) the legal entity surviving such merger or consolidation is a corporation established in a member country of the European Community, Switzerland or in the United States of America and expressly assumes all the obligations of the Issuer under the Notes and has obtained all necessary authorisation therefor (if any), and (c) notice of such merger or consolidation shall have been given to the Noteholders as provided under Condition 9 below not later than the effective date thereof.

8. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped for the defence of their respective common interests in a single *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of articles L.228-46 *et seq.* of the French *Code de commerce* (the "**Code**").

The initial representative of the *Masse* (the "**Representative**") shall be Aether Financial Services
36 rue de Monceau, 75008 Paris.

The Alternate Representative of the *Masse* (the "**Alternate Representative**") shall be Edouard Narboux 76 rue Volant 92000 Nanterre.

The Alternate Representative shall replace the Representative should the Representative resign or no longer be able to fulfill its duties. In the event of death, resignation or revocation of the Alternate Representative, a replacement will be elected by a Noteholders' general meeting.

The Representative will not receive any remuneration for its services.

All interested Noteholders may at all times obtain the names and addresses of the Representative and the Alternate Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

In accordance with article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in general meetings of Noteholders will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second (2nd) business day in Paris preceding the date set for the meeting of the relevant general meeting.

9. NOTICES

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.safran-group.com); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.fr). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

10. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 5 years from the due date for payment thereof.

11. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further Notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated Notes may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. HARDSHIP (IMPRÉVISION)

In relation to these Conditions, the Issuer, the Representative and each Noteholder waive any right under Article 1195 of the French *Code civil*.

13. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Notes will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

TERMS AND CONDITIONS OF THE 2021 NOTES

The terms and conditions of the 2021 Notes will be as follows:

The issue of € 500,000,000 Floating Rate Notes due 2021 (the “Notes”) by Safran (the “Issuer”) was authorised by the Conseil d'administration of the Issuer on 23 May 2017.

The Issuer will enter into an agency agreement (the “**Agency Agreement**”) to be dated 26 June 2017 with Caceis Corporate Trust as fiscal agent and principal paying agent. The fiscal agent, principal paying agent and paying agent for the time being are referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**” and the “**Paying Agents**” and the “**Calculation Agent**” (which expression shall include the Principal Paying Agent), respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “**Agents**”. Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein. In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means the person whose name appears in the account of the relevant Account Holder as being entitled to such Notes.

1. **FORM, DENOMINATION AND TITLE**

The Notes will be issued on 28 June 2017 (the “**Issue Date**”) in dematerialised bearer form (*au porteur*) in the denomination of €100,000 per Note. Title to the Notes will be established and evidenced in accordance with Articles L.211-3 *et seq.* and R.211-1 *et seq.* of the French *Code Monétaire et Financier* by book-entries (*inscription en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the French *Code Monétaire et Financier*) will be issued in respect of the Notes.

The Notes will, upon issue, be inscribed in the books of Euroclear France (“**Euroclear France**”) which shall credit the accounts of the Account Holders. For the purposes of these Conditions, “**Account Holder**” shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France and includes Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”).

Title to the Notes shall be evidenced by entries in the books of Account Holders and transfer of Notes may only be effected through registration of the transfer in such books and in denominations of €100,000.

2. **STATUS AND NEGATIVE PLEDGE**

2.1 **Status of the Notes**

The obligations of the Issuer in respect of the Notes constitute direct, unconditional, unsecured (subject as provided in “**Negative Pledge**” below) and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

2.2 **Negative Pledge**

- (i) So long as any of the Notes remains outstanding (as defined below), the Issuer will not create or permit to subsist and will procure that none of its Principal Subsidiaries (as defined below) will create or permit to subsist any mortgage, charge, pledge or other security interest upon any of its assets, revenues or rights, present or future, to secure any Relevant Indebtedness (as defined below) incurred by the Issuer or such Principal Subsidiary, or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Issuer’s obligations under the Notes are equally and rateably secured therewith.
- (ii) For the purposes of these Conditions,

“Assets” means, in relation to any person, all or part of their goodwill, business, property, goods, income and all or part of their unpaid share capital receivables, irrespective of the location of such assets.

“EBITDA” means earnings before interest, tax, depreciation and amortisation, calculated on the basis of the Group’s consolidated accounts, adjusted for:

- (a) the allocation of the acquisition price of all material business groups (and not exclusively those in relation to the Sagem/Snecma merger), in particular the amortisation of intangible assets with long amortisation periods recognised as at the time of the acquisition, due to the length of the economic cycles in the sectors in which the Group operates; and
- (b) the valuation of foreign exchange derivatives in order to establish the real economic value of the Group’s overall foreign exchange risk hedging strategy.

“Group” means the Issuer and its Subsidiaries.

“Original Financial Statements” means the audited consolidated financial statements of the Group for the financial year ended 31 December 2016.

“outstanding” means, in relation to the Notes, all the Notes issued other than: (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable under Condition 3 after such date) have been duly paid to the Fiscal Agent, (c) those which have been purchased and cancelled as provided in Condition 4.7. and (d) those in respect of which claims have been prescribed under Condition 10.

“Principal Subsidiary” means any consolidated Subsidiary with an EBITDA representing more than five (5) per cent. of the consolidated EBITDA of the Group or whose Total Assets represent more than five (5) per cent. of the Total Assets of the Group determined based on the most recent published annual audited consolidated accounts of the Group, provided that:

- (a) the EBITDA and the Total Assets of a Subsidiary of the Issuer shall be determined based on its contribution used for the establishment of the latest published annual audited consolidated accounts of the Group;
- (b) if a Subsidiary becomes a member of the Group after the date on which the latest annual audited consolidated accounts of the Group were prepared, the EBITDA and Total Assets of such Subsidiary shall be established based on its latest annual accounts (its own accounts or consolidated accounts, as the case may be);
- (c) the EBITDA and Total Assets of the Group will be established based on the latest annual audited consolidated accounts, adjusted (as the case may be) in order to take into account the impact of EBITDA on a full year basis of any company or business acquired or disposed of following the date of the relevant accounts; and
- (d) if a Principal Subsidiary has transferred all or a substantial part of its Assets to another Subsidiary of the Issuer, the former shall cease to be, as the case may be, a Principal Subsidiary and the latter shall become, as the case may be, a Principal Subsidiary (to the extent it is not already).

“Relevant Indebtedness” means any present or future indebtedness for borrowed monies in the form of, or represented by, bonds, notes or other securities which are, are to be, or are capable of being, quoted, listed, or ordinarily traded on any stock exchange, or on any over-the-counter securities market or other securities market.

“Subsidiary” means in relation to any company, another company which is controlled by it within the meaning of articles L. 233-1 and L. 233-3 of the French Code de commerce.

“Total Assets” means at any time, the total amount (as calculated in accordance with the accounting principles used for the preparation of the Original Financial Statements of the Issuer) of all property and assets of the Group

listed as assets on the consolidated balance sheet of the Issuer in its then most recent published annual audited consolidated accounts.

3. INTEREST

The Notes will bear interest from, and including, 28 June 2017 (the "**Interest Commencement Date**") to, but excluding, the Maturity Date (as defined in Condition 4.1) at the floating rate being the higher of (i) zero per cent. *per annum* and (ii) the Euribor Reference Rate (as defined in Condition 3.1) plus 0.57 per cent. *per annum* (the "**Floating Rate**") payable quarterly in arrear on or about 28 March, 28 June, 28 September and 28 December in each year (each, a "**Floating Rate Interest Payment Date**") commencing on 28 September 2017 (the "**First Floating Rate Interest Payment Date**").

Each Note will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Note is improperly withheld or refused on such due date. In such event, such Note shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day after the Fiscal Agent has notified Noteholders in accordance with Condition 9 of receipt of all sums due in respect of all Notes up to that day (except if and to the extent the subsequent payment to the relevant Noteholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

3.1 The Euribor Reference Rate in respect of the Notes for each Floating Rate Interest Period shall be calculated on the basis of the following provisions:

- (A) on every second TARGET business day (as defined in Condition 5.2) before the first day of the Floating Interest Rate Period for which the rate will apply (the "**Floating Rate Determination Date**"), the Calculation Agent will determine the Euribor Reference Rate for each Floating Rate Interest Period which appears, at or about 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date, on the display designated as page EUR003M index on Bloomberg (or such other page or service as may replace it for the purpose of displaying EURIBOR). If the Euribor Reference Rate is unavailable, the Calculation Agent shall request each of the principal Euro-zone office of each of the Euribor Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for the Euribor Reference Rate at or about 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date. If two or more Euribor Reference Banks provide the Calculation Agent with such offered quotations, the Euribor Reference Rate for such Floating Rate Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations as determined by the Calculation Agent; and
- (B) if on any Floating Rate Determination Date the Euribor Reference Rate cannot be determined in accordance with the provisions of paragraph A above, the Euribor Reference Rate for the relevant Floating Rate Interest Period shall be the arithmetic mean of the rates *per annum* (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Euribor Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Central European time) on the relevant Floating Rate Determination Date, deposits in Euro for a period of three (3) months by leading banks in the Euro-zone inter-bank market or, if fewer than two of the Euribor Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in Euro for a period of three (3) months, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in Euro for a period of three (3) months, at which, at approximately 11.00 a.m. (Central European time), on the relevant

Floating Rate Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, provided that, if the Euribor Reference Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the Euribor Reference Rate shall be determined as at the last preceding Floating Rate Determination Date.

For the purposes of these Conditions:

"Euro-zone" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

"Floating Rate Interest Period" means the period from, and including, a Floating Rate Interest Payment Date in any year to, but excluding, the next Floating Rate Interest Payment Date.

"Euribor Reference Banks" means four major banks in the Euro-zone inter-bank market (excluding for such purposes the Calculation Agent and its affiliates) acting through their principal Euro zone office.

"Euribor Reference Rate" means the euro interbank offered rate, expressed as a rate *per annum*, for three (3) month Euro deposits commencing on the first day of the relevant Floating Rate Interest Period, as administered by the European Money Markets Institute (or any other person which takes over the administration of that rate).

3.2 Determination of Euribor Reference Rate and Floating Rate Interest Amount with respect to the Floating Rate Interest Period

The Calculation Agent shall, as soon as practicable after 11.00 a.m. (Central European time) on each Floating Rate Determination Date, determine the Euribor Reference Rate and amount of interest (each a **"Floating Rate Interest Amount"**) payable (if any) on the relevant Floating Rate Interest Payment Date on each Note for the relevant Floating Rate Interest Period, which will be equal to the product of the principal amount of such Note and the relevant Floating Rate, multiplied by the actual number of days in the relevant Floating Rate Interest Period divided by three hundred and sixty (360) and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

3.3 Publication of Euribor Reference Rate and Floating Rate Interest Amount with respect to the Floating Rate Interest Period

The Calculation Agent shall cause the Euribor Reference Rate and the Interest Amount for each Floating Rate Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Fiscal Agent (if different from the Calculation Agent) and each other Paying Agent (if any), to any stock exchange on which the Notes are at the relevant time listed, for so long as the rules of such stock exchange so require, and to the Noteholders through Euroclear France, Euroclear, Clearstream and any other clearing system through which the Notes are for the time being cleared as soon as possible after their determination but in no event later than (i) the commencement of the relevant Floating Rate Interest Period, in the case of notification to any regulated market of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth TARGET business day after such determination. Where any Interest Payment Date or Interest Period is subject to adjustment, the Floating Rate Interest Amount and the Floating Rate Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Rate Interest Period.

4. REDEMPTION AND PURCHASE

The Notes may not be redeemed other than in accordance with this Condition 4 or Condition 7.

4.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, the Notes will be redeemed in cash at their principal amount (i.e. €100,000 per Note) on 28 June 2021 (the **"Maturity Date"**).

4.2 Redemption for Taxation Reasons

- (i) If, by reason of change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 calendar days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Notes at their principal amount together with accrued interest (if any) to the date set for redemption, provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Noteholders of the full amount then due and payable, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven calendar days' prior notice to the Noteholders in accordance with Condition 9, redeem all, but not some only, of the Notes then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption shall be a date on which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

4.3 Early Redemption of the Notes at the option of the Noteholders following a Change of Control

- (i) If at any time while any Note remains outstanding, there occurs a Change of Control (as defined below), the holder of each Note will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice to redeem the Notes under Condition 4.2) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note, on the Optional Redemption Date (as defined below) at its principal amount outstanding of such Notes together with (or where purchased, together with an amount equal to) interest accrued to, but excluding, the Optional Redemption Date (the "**Early Redemption Amount**").

A "**Change of Control**" means any person or group of persons acting in concert or any person or persons acting on behalf of any such person(s) acquires directly or indirectly the control of the Issuer.

"**control**" has the meaning given in article L.233-3 of the French *Code de commerce* and "**acting in concert**" has the meaning given in article L.233-10 of the French *Code de commerce*.

- (ii) Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 9 specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition 4.3.
- (iii) To exercise the Put Option to require redemption or, as the case may be, purchase of the Notes under this Condition 4.3, a Noteholder must transfer or cause to be transferred its Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Put Option Notice (as defined below) for the account of the Issuer within the period (the "**Put Period**") of 45 calendar days after a Put Event Notice is given together with a duly signed and completed notice of exercise in the then current form obtainable from the specified office of any Paying Agent (a "**Put**

Option Notice”) and in which the holder may specify a bank account to which payment is to be made under this Condition 4.3.

A Put Option Notice once given shall be irrevocable. The Issuer shall redeem or, at the option of the Issuer procure the purchase of, the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the “**Optional Redemption Date**”). Payment in respect of such Notes will be made on the Optional Redemption Date by transfer to the bank account specified in the Put Option Notice and otherwise subject to the provisions of Condition 5.

- (iv) For the avoidance of doubt, the Issuer shall have no responsibility for any cost or loss of whatever kind (including breakage costs) which the Noteholder may incur as a result of or in connection with such Noteholder’s exercise or purported exercise of, or otherwise in connection with, any Put Option (whether as a result of any purchase or redemption arising there from or otherwise).

4.4 **Issuer's Squeeze Out Redemption**

In the event that at least 80 per cent. of the initial aggregate principal amount of the Notes (including any assimilated notes issued pursuant to Condition 11) has been redeemed or purchased by the Issuer, the Issuer may, at its option but subject to having given not more than 60 nor less than 30 calendar days’ notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 9, given within 30 calendar days after the Optional Redemption Date, redeem all, but not some only, of the outstanding Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

4.5 **Purchases**

The Issuer may at any time purchase Notes together with rights to interest relating thereto in the open market or otherwise at any price. Notes so purchased by or on behalf of the Issuer may be cancelled or held and resold in accordance with applicable regulation.

4.6 **Cancellation**

All Notes which are redeemed (including upon exchange) or purchased by the Issuer for cancellation will be promptly cancelled and accordingly may not be reissued or resold.

5. **PAYMENTS**

5.1 **Method of Payment**

Payments of principal, interest and other amounts in respect of the Notes will be made in Euros by credit or transfer to a Euro-denominated account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Noteholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer and any Paying Agents, as the case may be, under the Notes to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Notes will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6. No commission or expenses shall be charged by the Issuer or the Agents to the Noteholders in respect of such payments.

5.2 **Payments on Business Days**

If any due date for payment of principal, interest or any other amount in respect of any Note is not a TARGET business day, then the Noteholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Noteholder shall not be entitled to any interest or other sums in respect of such postponed payment.

“**TARGET business day**” means a day (other than a Saturday or a Sunday) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) is operating.

5.3 **Fiscal Agent, Paying Agents and Calculation Agent**

The names of the initial Agents and their specified offices are set forth below.

FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

CACEIS CORPORATE TRUST
14 rue Rouget de Lisle
92130 Issy-les-Moulineaux

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be a Paying Agent having a specified office in Paris. Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 9.

6. **TAXATION**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If any French law or regulation should require that any payment of principal or interest in respect of the Notes be subject to deduction or withholding with respect to any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of France or any political subdivision or authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the Noteholders, after such deduction or withholding, receive the full amount provided in such Notes to be then due and payable; provided, however, that the Issuer shall not be liable to pay any such additional amounts in respect of any Note to a holder (or beneficial owner (*ayant droit*)): who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Note by reason of his having some connection with France other than the mere holding of such Note.

Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition 6.

7. **EVENTS OF DEFAULT**

If any of the following events (each an “**Event of Default**”) occurs, the Representative (as defined in Condition 8) upon request of any Noteholder shall, and any Noteholder may, upon written notice given to the Fiscal Agent (copy to the Issuer) cause the Notes held by such Noteholder to become due and payable, at their principal amount together with accrued interest thereon, as of the date on which such demand for payment is received by the Fiscal Agent:

- (i) the Issuer defaults in any payment when due on any amount on any Note (including any additional amounts as specified in Condition 6), if such default continues for a period of more than 15 calendar days from such due date; or
- (ii) the Issuer defaults in the performance of, or compliance with, any other provision of the Conditions, if such default shall not have been cured within 30 calendar days after receipt by the Fiscal Agent of written notice of such default; or
- (iii) (a) any other present or future indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is due and payable prior to its stated maturity as a result of a default thereunder, or (b) any amount due under such indebtedness for

borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary is not paid when due or within any original grace period or (c) as a result of a default, any *in rem* security interests (*sûretés réelles*) is enforced over all or any substantial part of the assets of the Issuer, or any Principal Subsidiary in respect of any such indebtedness for borrowed monies or guarantee thereof of the Issuer or any Principal Subsidiary and the enforcement of any such *in rem* security interests (*sûretés réelles*) is not withdrawn or stayed within 30 calendar days,

provided that an Event of Default will only occur under this Condition 7(iii) if at the relevant time the aggregate amount of indebtedness for borrowed monies or guarantee thereof falling within paragraph (a), (b) or (c) above (without double counting) is more than €100,000,000 or its equivalent in any other currency unless such default is challenged in good faith by the Issuer before a competent court, in which case the early redemption of the Notes will be mandatory only if the court has decided in a manner adverse to the Issuer on the merits of the case (*statué au fond*); or

- (iv) (a) the Issuer or a Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or (b) a judgment is issued by a court having competent jurisdiction over the Issuer or such Principal Subsidiary for the opening of a conciliation procedure (*procédure de conciliation*) with its creditors in accordance with articles L.611-4 to L.611-15 of the French *Code de commerce* or for the judicial liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or any Principal Subsidiary in accordance with articles L.640-1 to L. 644-6 of the French *Code de commerce*, or (c) the Issuer or any Principal Subsidiary makes any conveyance, assignment or other arrangement for the benefit of, or enters into a composition with, its creditors or (d) the Issuer or any Principal Subsidiary is subject to any proceedings under any applicable laws before a court having competent jurisdiction over the Issuer or such Principal Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (iv); or
- (v) the Issuer is dissolved or liquidated, or is merged or consolidated into another entity unless (a) the pro-forma balance sheet of the legal entity surviving such merger or consolidation shows, as at the effective date of such merger or consolidation, a shareholders' equity not less than that of the Issuer on the day before the date of such merger or consolidation and (b) the legal entity surviving such merger or consolidation is a corporation established in a member country of the European Community, Switzerland or in the United States of America and expressly assumes all the obligations of the Issuer under the Notes and has obtained all necessary authorisation therefor (if any), and (c) notice of such merger or consolidation shall have been given to the Noteholders as provided under Condition 9 below not later than the effective date thereof.

8. REPRESENTATION OF THE NOTEHOLDERS

The Noteholders will be grouped for the defence of their respective common interests in a single *masse* (hereinafter referred to as the "**Masse**").

The *Masse* will be governed by the provisions of articles L.228-46 *et seq.* of the French *Code de commerce* (the "**Code**").

The initial representative of the *Masse* (the "**Representative**") shall be Aether Financial Services 36 rue de Monceau 75008 Paris.

The Alternate Representative of the *Masse* (the "**Alternate Representative**") shall be Edouard Narboux 76 rue Volant 92000 Nanterre.

The Alternate Representative shall replace the Representative should the Representative resign or no longer be able to fulfill its duties. In the event of death, resignation or revocation of the Alternate Representative, a replacement will be elected by a Noteholders' general meeting.

The Representative will not receive any remuneration for its services.

All interested Noteholders may at all times obtain the names and addresses of the Representative and the Alternate Representative at the principal office of the Issuer and the specified office of any of the Paying Agents.

In accordance with article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in general meetings of Noteholders will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the second (2nd) business day in Paris preceding the date set for the meeting of the relevant general meeting.

9. NOTICES

Any notice to the Noteholders will be valid if delivered to the Noteholders through Euroclear France, Euroclear or Clearstream, for so long as the Notes are cleared through such clearing systems and published on the website of the Issuer (www.safran-group.com); and so long as the Notes are admitted to trading on Euronext Paris and the rules of Euronext Paris so require, on the website of Euronext Paris (www.euronext.fr). Any such notice shall be deemed to have been given on the date of such delivery or, if delivered more than once or on different dates, on the first date on which such delivery is made.

10. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed 5 years from the due date for payment thereof.

11. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders issue further Notes to be assimilated (*assimilables*) with the Notes as regards their financial service, provided that such further Notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated Notes may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. HARDSHIP (IMPRÉVISION)

In relation to these Conditions, the Issuer, the Representative and each Noteholder waive any right under Article 1195 of the French *Code civil*.

13. GOVERNING LAW AND JURISDICTION

The Notes are governed by, and shall be construed in accordance with, French law.

Any dispute arising out of or in connection with the Notes will be submitted to the competent courts within the jurisdiction of the *Cour d'Appel de Paris*.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, which will be approximately €998,495,000 (€499,395,000 in respect of the 2019 Notes and €499,100,000 in respect of the 2021 Notes) will be applied by the Issuer for its general corporate purposes

RECENT DEVELOPMENTS RELATING TO THE ISSUER

Press release of 23 February 2017 – Response from Safran's Board of Directors to TCI Fund Management Ltd

"Safran's Board of Directors decided to address, under the signature of Chairman Ross McInnes, a response to the letter received on February 14, 2017 from TCI Fund Management Ltd. This response has been posted on Safran's website in the rubric dedicated to the planned acquisition of Zodiac Aerospace: safran-zodiac.safran-group.com"

Press release of 24 February 2017 – Safran: 2016 annual results

- *Objectives met or exceeded, further operational progress in 2016*
- *Smooth entry into service of LEAP, transition on track*
- *Strategic milestones: closing of launcher JV with Airbus, ongoing sale of Security activities and planned acquisition of Zodiac Aerospace*
- *2017-20 Financial ambition re-affirmed*

All figures in this press release represent adjusted^[1] data and continuing operations, except where noted. Please refer to the definitions and reconciliation between FY 2016 consolidated income statement and adjusted income statement. Comparisons are established against 2015 figures for continuing operations. Please refer to definitions contained in the Notes on page 15 and following of this press statement.

Key figures for full-year 2016 (continuing operations except where stated)

Organic variations exclude notably the effects of significant changes in scope: the classification of the Security activities as discontinued operations and the adoption of equity accounting for Airbus Safran Launchers.

- **Adjusted revenue was Euro 15,781 million**, up 1.6% year-on-year. Adjusted revenue **growth was 3.9% on an organic basis**.
- **Adjusted recurring operating income^[2] was Euro 2,404 million**, a **5.4% increase** year-on-year. After one-off items totalling Euro (18) million, adjusted profit from operations was Euro 2,386 million.
- **Adjusted recurring operating margin of 15.2% improved by 50 basis points** compared to 2015.
- **Adjusted net income – Group share (continuing and discontinued operations) at Euro 1,804 million rose 21.7%** compared with 2015. Basic EPS was Euro 4.34, diluted EPS was Euro 4.26. For continuing operations, adjusted net income – Group share was Euro 1,689 million (basic EPS of Euro 4.06, diluted EPS of Euro 3.99). The capital gain of Euro 367 million resulting from the loss of control in the activities and the investments contributed to Airbus Safran Launchers is neutralised in the adjusted net income.
- Consolidated (non-adjusted) net income - Group share (for continuing and discontinued operations) at Euro 1,908 million, including a non-cash charge of Euro 186 million, before related deferred tax impact, resulting from the change in fair value of the portfolio of currency derivatives used to hedge future cash flows and a capital gain of Euro 367 million resulting from the loss of control in the activities and the investments contributed to Airbus Safran Launchers (see Note 1 on page 15).

- **Free cash flow generation was Euro 1,091 million**, 17.4% higher than in 2015 and amounting to 45% of adjusted recurring operating income.
- **Net debt was Euro 1,383 million** as of December 31, 2016, following notably a capital subscription of Euro 750 million made by Safran to equalise its share in Airbus Safran Launchers.
- **Civil aftermarket^[3] growth was 6.9%** in USD terms in 2016 driven notably by recent CFM56, GE90 engines spares and services. Civil aftermarket had a strong finish to 2016 with 12.5% growth in Q4.
- **A dividend payment of Euro 1.52 per share** (+10.1% year on year) will be proposed to the shareholders' vote at the Annual General Meeting on June 15, 2017 (including the Euro 0.69 per share interim dividend payment paid in December 2016).
- **2017 outlook:** For 2017, on a full year basis, Safran expects its reported adjusted revenue to grow in the range 2% to 3%. Excluding the effect of the equity accounting of ASL from July 1, 2016, revenue growth is expected to be in the low to mid-single digits. Adjusted recurring operating income is expected to be close to the 2016 level. Free cash flow is expected to be above 45% of recurring operating income.

Key business highlights for 2016

- **CFM56 programme:** Record 1,693 engines delivered in 2016, up from 1,612 in 2015. Demand for the CFM56 continues to be robust: 876 orders and commitments were received in 2016.
- **LEAP programme:**
 - **Backlog:** Continuing commercial success for LEAP: 1,801 orders and commitments were received, bringing total backlog to 11,563 engines at December 31, 2016.
 - **Production and deliveries:** CFM successfully ramped up the production of LEAP: 108 engines were produced in 2016 of which 77 LEAP engines were delivered supporting all commercial commitments to customers.
 - **LEAP-1A:** The LEAP-1A smoothly entered into service in July 2016 at Pegasus, as per the schedule set five years ago. The engine meets all performance specifications. In all, 6 airlines currently operate LEAP-1A engines totalling over 36,000 flight hours at the end of January 2017.
 - **LEAP-1B:** Certification of the LEAP-1B engine was simultaneously awarded by both EASA¹ and the FAA² on May 4, 2016, paving the way for entry into commercial service in the first half of 2017. So far four 737 MAX are in test and more than 2,100 hours of flight tests have been logged on over 1,600 flights. Measurements show that the engine is fully on track to meet the desired specifications.
 - **LEAP-1C:** Certification of the LEAP-1C integrated propulsion system was simultaneously awarded by both EASA and the FAA on December 21, 2016. Comac is preparing the C919 for its first flight, expected in the first half of 2017.

¹ European Aviation Safety Agency

² Federal Aviation Administration

- **Ariane 6:** The Ariane 6 program passed two decisive milestones. Airbus Safran Launchers received the confirmation of launcher maturity following the first design review and signed the amendment to the initial contract with ESA, enabling commitment of the necessary funds to finalize development and industrial production.
- **Rafale:** France and India signed the contract for the acquisition by India of 36 Rafale aircraft. This is the third export contract for Dassault Aviation's fighter for which Safran supplies a number of key systems including M88 engines, power transmission, landing gear, wheels and carbon brakes, inertial navigation, wiring and other systems. Safran is also the prime contractor for the AASM weapon system.
- **Silvercrest:** Cessna selected the Silvercrest for its Citation Hemisphere business jet. The Hemisphere is the second application for Silvercrest. First flight is expected in 2019.
- **Helicopters:** Development of new helicopter engines made good progress in 2016 with five first flights including the Arrano 1A for the H160, the Ardiden 1U for the Indian LUH (Light Utility Helicopter), and the Ardiden 3C engine for the Avicopter AC352. In services, Safran signed a 10-year contract with NAHEMA (NATO Helicopter Management Agency), to support RTM322-powered NH90 operated by French, Belgian and Dutch armed forces.
- **Aircraft Equipment:** Safran signed several carbon brakes contracts with airlines for a total of over 1,100 aircraft in 2016, bringing the total installed base to close to 8,200 aircraft at end 2016. Safran is the world leader in carbon brakes for commercial aircraft above 100 passengers³.
- **Defense:** The French defence procurement agency (DGA) announced a new order for AASM modular precision-guided munitions, with deliveries starting in 2019. This order is additional to ongoing AASM deliveries to the French army and export markets.

Key strategic milestones

2016

March 14: CMD'16 – Strategic roadmap and capital allocation policy.

April 21: Agreement for the sale of Morpho Detection to Smiths Group plc.

June 30: Closing of Airbus Safran Launchers, an equally-owned JV uniting the strengths of two leading contributors to modern launch vehicles.

September 29: Announcement of exclusive negotiations for the sale of identity and security businesses to Advent International.

2017

January 19: Exclusive negotiations for the acquisition of Zodiac Aerospace to create a new global leader in aerospace

The Board of Directors of Safran (Euronext Paris: SAF), under the Chairmanship of Ross McInnes, met in Paris on February 23, 2017 to approve the annual financial statements for 2016.

Executive commentary

CEO Philippe Petitcolin commented:

“Safran passed several key strategic milestones in 2016 with the finalisation of ASL, our launcher joint venture with Airbus, the announcement of our intention to dispose of our Security assets. Early

³ Source: Safran

in 2017 we announced the planned acquisition of Zodiac Aerospace. The proposed transaction is a unique opportunity for Safran, and I am eager to drive this strategic move.

Operationally, we are executing well on the entry into service and production ramp-up of the LEAP. At the same time, our production of CFM56 has never been higher with 1,693 engines delivered in the year. Across the group, Safran companies are fully focused on delivering on the commitments we have made to our customers.

In 2016, the group met or exceeded its financial targets. The outlook for 2017 and trends for the coming years are consistent with the view we described a year ago. The team at Safran is fully mobilised to continue executing on our objectives and to prepare for the future.”

Order intake and backlog. On the basis of continuing operations, new order intake in 2016 was Euro 17.8 billion, providing evidence of robust and resilient demand. The total backlog at December 31, 2016 amounted to Euro 62 billion, compared with Euro 59 billion at December 31, 2015 after a correction for certain contracts identified in backlog end-2015 which did not at that time fulfil the criteria applied by the group. This does not include future flows from aircraft engine spares and services provided on a “time and materials” basis which will provide significant high-margin revenue streams in future decades.

2016 results

Safran met or exceeded guidance across the board in 2016.

Adjusted revenue. Safran’s adjusted revenue was Euro 15,781 million, up 1.6%, compared to Euro 15,536 million in 2015⁴. This Euro 245 million increase reflects growth in Aerospace (propulsion and equipment).

As expected, from July 1, 2016, the space launcher business no longer contributes to revenues whereas it had done so in 2015 (Euro 410 million in H2 2015). On an organic basis, Group revenue increased by 3.9%, or Euro 603 million, driven by Aerospace (propulsion and equipment). Organic revenue was determined by applying constant exchange rates and by excluding the effects of changes in scope of consolidation.

⁴ 2015 data has been restated, classifying Security activities as “discontinued operations” (IFRS 5)

Euros millions	Propulsion	Aircraft Equipment	Defence	Holding & Others	Safran
FY 2015	9,319	4,943	1,266	8	15,536
FY 2016	9,391	5,145	1,238	7	15,781
Reported growth	0.8%	4.1%	(2.2)%	na	1.6%
Impact of changes in scope	(4.4)%	0.1%	ns	na	(2.6)%
Currency impact	0.3%	0.5%	ns	na	0.3%
Organic growth	4.9%	3.5%	(2.2)%	na	3.9%

Currency variations favourably impacted revenue in the amount of Euro 48 million. The average USD/EUR spot rate during 2016 was 1.11 to the Euro, stable compared to 2015. The Group's hedge rate improved to USD 1.24 to the Euro in 2016 from USD 1.25 a year ago.

Adjusted recurring operating margin reached 15.2% of revenue. Safran's adjusted recurring operating income was Euro 2,404 million, up Euro 123 million, or 5.4%, compared to Euro 2,281 million in the full-year 2015⁵. On an organic basis, the improvement was Euro 92 million as the impact of currency amounted to Euro 33 million and that of changes in the scope of consolidation was Euro (2) million.

The improvement in recurring operating income was primarily driven by Aircraft Equipment where growth in aftermarket activities, particularly wheels and brakes, was strong. Defence also contributed to growth.

One-off items totalled Euro (18) million:

<i>In Euro million</i>	FY 2015	FY 2016
Adjusted recurring operating income	2,281	2,404
% of revenue	14.7%	15.2%
<i>Capital gain (loss) on disposals</i>	-	-
<i>Impairment reversal (charge)</i>	(637)	-
<i>Other infrequent & material non-operational items</i>	(43)	(18)
Adjusted profit from operations	1,601	2,386
% of revenue	10.3%	15.1%

Adjusted net income – Group share was Euro 1,804 million (Euro 4.34 per share) compared with Euro 1,482 million (Euro 3.56 per share) in 2015. Adjusted net income – Group share for continuing operations was Euro 1,689 million (Euro 4.06 per share) compared with Euro 1,386 million (Euro 3.33 per share) in 2015.

In addition to the rise in profit from operations, this improved performance includes:

- Net financial expense of Euro (144) million, including cost of debt of Euro (51) million.
- Tax expense of Euro (498) million (22.2% apparent tax rate). The fall in the apparent tax rate is due to a drop in the applicable corporate tax rate in France in 2016 and by the reduction of deferred taxes reflecting continuing falls in future corporate tax rates enacted in legislation in 2017.

The reconciliation between 2016 consolidated income statement and adjusted income statement is provided and commented in the Notes on page 15.

Balance sheet and cash flow

⁵ 2015 data has been restated, classifying Security activities as « discontinued operations » (IFRS5)

Operations generated Euro 1,091 million of free cash flow. The net debt position was Euro 1,383 million as of December 31, 2016 compared to a net debt position of Euro 748 million as of December 31, 2015. Free cash flow generation was driven by cash from operations of Euro 2,651 million, devoted principally to capital expenditures (stable at Euro 704 million) and to a controlled increase in working capital needs of Euro 168 million.

Outflows included notably the subscription to capital increases at ASL amounting to Euro 750 million with respect to the finalisation of Airbus Safran Launchers and dividend payments of Euro 642 million, including the distribution of the 2015 final dividend (€0.78 per share) and a 2016 interim dividend (€0.69 per share).

As of December 31, 2016, Safran had cash & cash equivalents of Euro 1.9 billion and Euro 2.5 billion of secured and undrawn facilities available.

Research & Development

Total expenditures, including customer-funded R&D, reached Euro 1,708 million.

The self-funded R&D effort before research tax credit was Euro 1,106 million or 7.0% of revenue in FY 2016, a decrease of Euro 117 million compared to full-year 2015. Capitalised R&D fell by Euros 136 million to Euros 343 million, as expected, due mainly to lower expenditure on the LEAP programmes. Spending on the LEAP-1A programme is fully expensed since May 1, 2016 and amortisation of capitalised R&D has commenced. Thus, the impact of expensed R&D on recurring operating income was Euro 728 million, an increase of Euro 45 million compared to 2015.

Capital expenditure

Capital expenditure in 2016 amounted to Euro 704 million, equivalent to the prior year. This sustained level mainly reflects the preparation for the entry into service and ramp-up of new programmes.

Dividend proposal

A dividend payment of Euro 1.52 per share, representing a 10.1% increase compared with 2015, will be proposed to the shareholders' vote at the next Annual Shareholders' Meeting on June 15, 2017. An interim payment having been made in December 2016 (Euro 0.69 per share), the final dividend payment would be Euro 0.83 per share (approximately Euro 347 million). This balance would be paid from June 21, 2017 (ex-dividend date: June 19, 2017).

Equity shareholding

The French state sold 1.39% of Safran's share capital to institutional investors via a placing on November 23, 2016. At December 31, 2016 the French state held 14.0% of Safran share capital compared with 15.4% a year prior.

Pursuant to current legislation, a further 644,444 shares belonging to the French state will subsequently be offered to Safran employees and former employees.

On December 12, 2016, the Group announced it would proceed with the repurchase of its own shares within the framework of the authorizations granted by the May 19, 2016 annual shareholders' meeting and up to a maximum aggregate value of Euro 450 million with the objective of neutralizing the dilutive effect of equity-related instruments on its balance sheet. The initial repurchase tranche of Euro 250 million was achieved in January 2017 and led to the repurchase of 3,756,498 shares.

Employees

Safran employed around 57,500 people in its continuing operations at end-2016. Including Security activities (discontinued operations), headcount totalled 66,500 people at December 31, 2016, compared with around 70,100 a year prior. The decrease is explained essentially by the transfer of nearly 3,500 employees to ASL. External hiring continued at almost the same rate as natural attrition to ensure generational renewal and to stabilise the Group's headcount. The headcount in France was stable at over 38,000, after 2,000 hirings. 5,000 people were hired elsewhere in the world.

In 2016, the Group's contribution to employee profit-sharing and incentive schemes including social contributions totalled Euro 435 million for continuing operations, compared to Euro 420 million in the year ago period.

IFRS 15

Safran is presently in the process of evaluating its accounting methods in the light of the future standard.

This analysis has been carried out throughout the group on the different types of contractual agreements.

Based on this analysis, Safran expects the following changes:

- Safran will recognize revenues for services provided under long term agreements as services are performed and no longer as equipment is used by the customer. Stage of completion measurement and revenue recognition will then be based on costs incurred and no longer using flight hours or equivalent criteria.
- For contracts with multiple elements such as development associated with goods and services, distinct performance obligations will be identified, if appropriate. For each performance obligation, revenue will be recognized based on the transfer of control.
- Some items currently reported as costs will be reclassified as a deduction of sales (some performance warranties for example)

Conversely, Safran expects no change for the revenue recognition of original equipment (engines and equipment) deliveries, spare parts deliveries and maintenance provided on a "time and materials" basis.

In summary, Safran does not expect the application of IFRS15 to have a significant impact on the level of annual revenues, at constant scope of consolidation, nor any impact on the associated cash flows.

Safran plans to adopt IFRS15 in 2018 using the full retrospective approach. The comparative 2017 results included in the 2018 financial statements will be restated, with an adjustment to equity as at 1st January 2017.

Currency hedges

Safran's hedging portfolio totalled USD 19.2 billion on February 6, 2017.

2017: Net exposure (7.5 billion) is fully hedged with a target rate at 1.21 USD/EUR, as previously.

2018: Coverage of net USD/EUR exposure increased to USD 7.7 billion (previously USD 6.1 billion). This coverage was built to cover fully the expected net exposure at a target hedge rate of 1.18 USD/EUR (previously a range 1.17 – 1.19 USD/EUR).

2019: Coverage of net USD/EUR exposure increased to 2.7 billion and should rise to 8.0 billion by year end as long as USD/EUR remains below 1.25. Some instruments have knock-out barriers set at various levels between USD 1.18 and USD 1.45 with maturities up to one year. The upper limit of the target hedge rate range improved by 1 cent to 1.18 USD/EUR (previously 1.19 USD/EUR). The lower limit of the target hedge remains unchanged at 1.15 USD/EUR.

2020: Coverage of net USD/EUR exposure has been initiated with 1.5 billion hedged and should increase to 5.5 billion by mid-2018 as long as USD/EUR remains below 1.25. Some instruments have knock-out barriers set at various levels between USD 1.18 and USD 1.45 with maturities up to two years. Target hedge rate is ranging between 1.13 and 1.18 USD/EUR.

Full-year 2017 outlook

All the businesses comprising the Security activities are classified as “discontinued operations”. As a result, 2017 guidance and the 2016 comparison are based on continuing operations: Propulsion, Aircraft Equipment, Defence, Holding & Others.

In addition, starting on July 1, 2016, Safran accounts for its share in Airbus Safran Launchers using the equity method and no longer records revenue from space activities. In 2017 the change is expected to impact revenue by Euro 312 million corresponding to the first half of 2016.

Safran expects for 2017 on a full-year basis:

- Reported adjusted revenue to grow in the range 2% to 3%. Excluding the effect of the equity accounting of ASL from July 1, 2016, revenue growth is expected to be in the low to mid-single digits.
- Adjusted recurring operating income close to the 2016 level.
- Free cash flow representing above 45% of adjusted recurring operating income, an element of uncertainty being the rhythm of payments by state-clients.

The guidance is based notably on the following assumptions:

- Increase in aerospace OE deliveries
- Civil aftermarket growth at the same level as 2016
- Transition CFM56 – LEAP: overall impact on Propulsion adjusted recurring operating income in the range € 300 to 350 million
 - Lower CFM56 OE volumes
 - Negative margin on LEAP deliveries and depreciation of inventory and WIP related to future deliveries
- Reduction of self-funded R&D of the order of € 100 million
 - Less spending on LEAP, A320neo
- Falling capitalisation, rising amortisation of capitalised R&D: impact on recurring operating income in the range € 50 to 100 million
- Sustained level of tangible capex, including expansions, new production capacity and tooling, around € 850 million, to support production transitioning and ramp-up
- Continued benefits from productivity improvements.

2017-2020 financial ambition reaffirmed on the basis of current scope

As indicated at its investor meeting of March 14, 2016, Safran has updated its medium term trends and reaffirms its 2020 financial ambition.

- On the basis of “continuing operations” as of January 1, 2017, i.e. before any acquisition and considering that the Security activities, classified as “discontinued operations”, will leave the scope of consolidation as planned in 2017, **Group adjusted recurring operating margin⁶ was 14.7% in 2015.**

Safran confirms the previously indicated trend for an annual Group adjusted recurring operating margin⁶ consistent with this level over the transition period.

- Other assumptions are updated as follows:
 - These trends assume current accounting standards. The impacts of IFRS 15 on Group revenue are expected to be limited. Further indications on these impacts will be given during 2017.

⁶ Group adjusted recurring operating income / adjusted revenue

- An average EUR/USD spot rate of 1.10 is assumed for 2017, and 1.14 over 2018-20, as well as the advantages of a medium-term hedging policy that enables Safran to benefit from the improvement in the EUR/USD exchange rate at least until 2020 (in the range USD 1.13-1.18 in 2020) as specified in the 2016 annual results presentation.
- The trends include updated key assumptions for major programmes, notably CFM56 and LEAP. The free cashflow objective is subject to the usual uncertainties regarding the rhythm of payments by state clients.

The objectives for 2020 are for adjusted consolidated sales in excess of Euro 19 billion, an adjusted recurring operating margin trending towards 16% and for average free cashflow for the period at 50% of adjusted recurring operating income.

Exclusive negotiations for the acquisition of Zodiac Aerospace

On January 19, 2017, Safran and Zodiac Aerospace announced having entered into exclusive negotiations for an acquisition of Zodiac Aerospace by Safran through an agreed public offer of €29.47 per share and a subsequent merger on the basis of 0.485 Safran shares for one Zodiac Aerospace share. Prior to and conditional upon the merger, Safran would distribute a special dividend of €5.50 per share to its existing shareholders.

Safran's Board of Directors and Zodiac Aerospace's Supervisory Board separately unanimously approved the principle of the planned transaction. The finalization of a binding agreement is subject to the completion of ongoing procedures with Safran's and Zodiac Aerospace's respective employees representative bodies under applicable laws and regulations. The finalization of the transaction would be subject to the approval of Safran's and Zodiac Aerospace's shareholders, relevant antitrust clearances, regulatory approvals and other customary conditions. The completion of the tender offer is expected by the end of the 4th quarter 2017 and completion of the merger is expected early 2018. Safran and Zodiac Aerospace will update the market as required.

The terms of the proposed transaction were published in a press statement and commented by Safran management on a conference call on January 19, 2017. The press statement and presentation related to the announcement are available on Safran's website: <http://www.safran-group.com>

Business commentary for 2016

▪ Aerospace Propulsion

During 2016, orders and commitments were received for 1,801 LEAP engines. As of February 2017, the LEAP engine has now surpassed 12,200 total engine orders and commitments (excluding options). Demand for CFM56 engines continues to be robust: orders were placed for 876 engines in 2016 and the backlog stood at 2,273 engines at end-2016.

Revenue was Euro 9,391 million, up 0.8% compared to Euro 9,319 million in 2015. Excluding the scope effect related to the equity accounting of Safran's 50% share of Airbus Safran Launchers (space propulsion had contributed Euro 410 million to OE propulsion revenue in H2 2015), growth would have been 5.4%. On an organic basis, Propulsion revenue rose 4.9%, driven by civil OE and service business on both civil and military programmes.

OE revenues from civil engines grew organically in the mid-single digits as revenue was recognized on 77 LEAP engines and CFM56 deliveries reached record level (1,693 units, 5% more than in 2015). Military OE revenues also increased due to higher shipments of TP400 engines.

Eleven M88 deliveries were recognized in 2016, including 7 for Egypt. OE sales of helicopter turbines declined in the high-single digit range, affected by a decrease in volumes of heavy helicopter turbines, partially offset by increased shipments of lower-unit-value, light helicopter turbines.

Overall service revenue in Propulsion was up 7.3% in Euro terms and represents a 57% share of revenue in the year. Civil aftermarket revenue grew by 6.9% in USD terms compared to 2015, still driven by recent CFM56, GE90 engines spares and services. Military aftermarket recorded strong growth. Helicopter turbines support declined in the mid-single digits, impacted by a fall in flight hours particularly at Oil and Gas customers and the grounding of part of the H225 Super Puma fleet.

Recurring operating income, at 19.0% of revenue, was Euro 1,786 million compared to Euro 1,833 million (19.7% of revenue) in 2015. Strong service activity and increased deliveries of CFM56 engines contributed positively. As expected, profitability was impacted by LEAP production costs, expensed through recognition of negative margin linked to LEAP engines delivered as well as through depreciation of inventory and work in progress related to LEAP engines in production. A higher level of R&D than in 2015 was a headwind as charges related to the LEAP-1A are expensed since May 2016 and amortisation of capitalised R&D has commenced. The improvement in the hedge rate had a positive impact on profitability.

In 2016, Safran initiated its plan to drive down LEAP production cost to achieve breakeven at gross margin level before the end of the decade, as previously indicated.

▪ **Aircraft Equipment**

The Aircraft Equipment segment reported revenue of Euro 5,145 million, up 4.1% compared to 2015. On an organic basis, revenue was up 3.5%. Service revenue represented 31.8% of sales, almost 2 percentage points more than in 2015.

Equipment OE sales increased by 1.4%. Revenue growth was driven by higher deliveries of A350 wiring and landing gear shipsets, LEAP nacelles for A320neo, wiring and landing gear for A320ceo and A320neo, as well as by increased contribution of A400M, notably in landing gear. Headwinds included lower A330 and A380 volumes. Shipments to Boeing on the 787 programme were broadly stable compared to the prior year.

Services grew 10.5% thanks to continuing momentum in carbon brakes aftermarket business and higher nacelle service activity (including initial provisioning with A320neo-LEAP airline customers).

Recurring operating income was Euro 567 million, an increase of 21.7% compared to Euro 466 million in 2015. Return on sales increased by 160 basis points to 11.0%. Increased volume, notably in aftermarket activities, coupled with strong cost reduction and productivity actions drove broad-based profitability improvements. The improved hedged rate also contributed positively. The rise of expensed R&D had a slight negative impact on profitability.

▪ **Defense**

Revenue was down 2.2% at Euro 1,238 million compared to 1,266 in 2015. As expected, the decline is principally due to the run-off of a few optronics contracts, not yet fully offset by the increasing contribution of recently awarded contracts for France and export markets.

In Optronics, the end of the contribution of the FELIN programme and lower sales of sighting systems were partially offset by higher volumes of infrared goggles and the start-up of the contribution of the Patroller tactical UAV programme. Avionics revenue was impacted by a drop in volumes of helicopter flight control systems, partially compensated by increased shipments of guidance kits, notably for export. Higher sales in Electronics were driven by the ramp-up of FADEC volumes, notably for CFM56 and LEAP engines.

Commercial activity was particularly strong in 2016 with order intake of Euro 1.8 billion for the year. Notable contracts include the Patroller tactical UAV programme for the French army, LTLM II portable optronics equipment for the US armed forces and a further order for AASM guidance kits for the French defense procurement agency (DGA). The good book to bill for the year solidly supports growth prospects.

Recurring operating income was up at Euro 76 million compared to Euro 64 million in 2015. Return on sales increased 100 bps to 6.1% of sales in 2016. The investments made to improve industrial performance and the strong cost control measures put in place yielded their first benefits. The level of capitalised R&D rose compared to 2015. Self-funded R&D intensity was sustained, at 9.1 % of sales, in order to maintain technological leadership and support the development of newly awarded contracts, including the Patroller program.

▪ **Holding and others**

The reporting segment “Holding and others” includes costs of general management as well as transverse services provided for the Group and its subsidiaries including central finance, tax and foreign currency management, Group legal, communication and human resources. In addition, the holding invoices subsidiaries for shared services including administrative service centres (payroll, recruitment, IT, transaction accounting), a centralised training organisation and Safran’s R&T centre.

The strong decrease (Euro 57 million) of Holding and others’ impact on Group recurring operating income reflects strong cost reduction measures, rationalisation as well as lower provisions and a limited increase in corporate fees charged back to subsidiaries.

Agenda

Q1 2017 revenue	April 25, 2017 post-market
Annual general meeting	June 15, 2017
H1 2017 earnings	July 28, 2017 pre-market

* * * * *

Safran will host today a conference call open to analysts, investors and media at 8:30 am CET which can be accessed at +33 (0)1 70 77 09 40 (France), +44 (0)203 367 9454 (UK) and +1 866 907 5924 (US).

A webcast of the conference call will be available via Safran’s website after registration using the following link: <http://event.onlineseminarsolutions.com/wcc/r/1358645-1/29162DC6C97A0168E9DAE5C78248FE7C>

Audience members will have access to the webcast 15 minutes before the start of the conference.

A replay of the conference will be available until May 23, 2017 using this same link.

The press release, presentation and consolidated financial statements are available on the website at www.safran-group.com.

* * * * *

Key figures

Continuing operations. All 2015 figures are restated for IFRS 5 except for the balance sheet at 31/12/2015

<i>Adjusted income statement</i> <i>(In Euro million)</i>	FY 2015	FY 2016	% change
Revenue	15,536	15,781	1.6%
Other recurring operating income and expenses	(13,300)	(13,476)	
Share in profit from joint ventures	45	99	
Recurring operating income	2,281	2,404	5.4%
% of revenue	14.7%	15.2%	0.5 pt
Other non-recurring operating income and expenses	(680)	(18)	
Profit from operations	1,601	2,386	49.0%
% of revenue	10.3%	15.1%	4.8 pt
Net financial income (expense)	(218)	(144)	
Income tax expense	(371)	(498)	
Share in profit from associates	-	-	
Gain on disposal of Ingenico Group shares	421	-	
Profit from continuing operations	1,433	1,744	21.7%
Profit from discontinued activities	99	117	
Profit for the period	1,532	1,861	21.5%
Profit for the period attributable to non-controlling interests	(50)	(57)	
<i>From continuing operations</i>	<i>(47)</i>	<i>(55)</i>	
<i>From discontinued operations</i>	<i>(3)</i>	<i>(2)</i>	
Profit for the period attributable to owners of the parent	1,482	1,804	21.7%
<i>From continuing operations</i>	<i>1,386</i>	<i>1,689</i>	
<i>From discontinued operations</i>	<i>96</i>	<i>115</i>	
Earnings per share attributable to owners of parent (basic in €)	3.56*	4.34**	0.78
<i>From continuing operations</i>	<i>3.33</i>	<i>4.06</i>	<i>0.73</i>
<i>From discontinued operations</i>	<i>0.23</i>	<i>0.28</i>	<i>0.05</i>
Earnings per share attributable to owners of parent (diluted in €)	3.56***	4.26****	0.70
<i>From continuing operations</i>	<i>3.33</i>	<i>3.99</i>	<i>0.66</i>
<i>From discontinued operations</i>	<i>0.23</i>	<i>0.27</i>	<i>0.04</i>

* Based on the weighted average number of shares of 416,428,144 as of December 31, 2015

**Based on the weighted average number of shares of 416,325,118 as of December 31, 2016

***Based on the weighted average number of shares after dilution of 416,428,144 as of December 31, 2015

**** Based on the weighted average number of shares after dilution of 423,618,948 as of December 31, 2016

<i>Balance sheet - Assets</i> <i>(In Euro million)</i>	Dec. 31, 2015	Dec. 31, 2016
Goodwill	3,590	1,864
Tangible & Intangible assets	8,593	8,347
Investments in joint ventures and associates	765	2,175
Other non-current assets	1,403	1,733
Derivatives assets	408	620
Inventories and WIP	4,518	4,247
Trade and other receivables	6,515	6,252
Cash and cash equivalents	1,845	1,926
Other current assets	870	660
Assets held for sale	-	3,234
Total Assets	28,507	31,058

<i>Balance sheet - Liabilities</i> <i>(In Euro million)</i>	Dec. 31, 2015	Dec. 31, 2016
Equity	5,893	6,809
Provisions	3,456	3,264
Borrowings subject to sp. conditions	708	699
Interest bearing liabilities	2,628	3,337
Derivatives liabilities	4,108	4,385
Other non-current liabilities	703	992
Trade and other payables	10,602	10,242
Other current liabilities	409	536
Liabilities held for sale	-	794
Total Equity & Liabilities	28,507	31,058

Cash Flow Highlights <i>(In Euro million)</i>	FY 2015	FY 2016
Adjusted attributable net profit	1,482	1,804
Depreciation, amortization and provisions	1,583	803
Others	(439)	44
Cash flow from operations	2,626	2,651
Changes in working capital	5	(168)
Capex (tangible assets)	(705)	(704)
Capex (intangible assets)	(495)	(324)
Capitalisation of R&D*	(502)	(364)
Free cash flow	929	1,091
Dividends paid	(540)	(642)
Divestments/acquisitions and others	366	(917)
Net debt at end of period of discontinued operations	-	(167)
Net change in cash and cash equivalents	755	(635)
Net debt at beginning of period	1. (1,503)	2. (748)
Net debt at end of period	(748)	(1,383)

*In FY 2016, this includes €(20) million in capitalized interest compared to €(26) million in FY 2015

Segment breakdown of adjusted revenue <i>(In Euro million)</i>	FY 2015	FY 2016	% change	% change organic
Aerospace Propulsion	9,319	9,391	0.8%	4.9%
Aircraft Equipment	4,943	5,145	4.1%	3.5%
Defense	1,266	1,238	(2.2)%	(2.2)%
Holding & others	8	7	na	na
Total Group	15,536	15,781	1.6%	3.9%

Segment breakdown of recurring operating income <i>(In Euro million)</i>	FY 2015	FY 2016	% change
Aerospace Propulsion	1,833	1,786	(2.6)%
% of revenue	19.7%	19.0%	
Aircraft Equipment	466	567	21.7%
% of revenue	9.4%	11.0%	
Defense	64	76	18.8%
% of revenue	5.1%	6.1%	
Holding & others	(82)	(25)	69.5%
Total Group	2,281	2,404	5.4%
% of revenue	14.7%	15.2%	

2015 revenue by quarter <i>(In Euro million)</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015
Aerospace Propulsion	2,070	2,416	2,220	2,613	9,319
Aircraft Equipment	1,172	1,242	1,180	1,349	4,943
Defense	278	338	266	384	1,266
Holding & others	1	1	1	5	8
Total revenue	3,521	3,997	3,667	4,351	15,536

2016 revenue by quarter <i>(In Euro million)</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Aerospace Propulsion	2,301	2,556	2,056	2,478	9,391
Aircraft Equipment	1,219	1,323	1,208	1,395	5,145
Defense	269	315	253	401	1,238
Holding & others	2	2	-	3	7
Total revenue	3,791	4,196	3,517	4,277	15,781

Euro/USD rate	FY 2015	FY 2016
Average spot rate	1.11	1.11
Spot rate (end of period)	1.09	1.05
Hedged rate	1.25	1.24

Notes

[1] Adjusted data

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programmes revalued at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group has decided to restate the impact of purchase price allocations for business combinations. In particular, this concerns the amortization of intangible assets recognized at the time of the acquisition, and amortized over extended periods, due to the length of the Group's business cycles, along gains or losses remeasuring the Group's previously held interests in an entity acquired in a step acquisition or assets contributed to a JV.
- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
 - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
 - all mark-to-market changes on foreign currency derivatives hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

FY 2016 reconciliation between consolidated income statement and adjusted consolidated income statement:

FY 2016 <i>(In Euro million)</i>	Consolidated data	3. Currency hedging		4. Business combinations		Adjusted data
		5. Remeasurement of revenue	Deferred hedging gain / loss	Amortization of intangible assets - Sagem-Snecma merger	PPA impacts - other business combinations	
6. Revenue	16,482	(701)	-	-	-	15,781
Other operating income and expenses	(13,579)	(21)	10	70	44	(13,476)
Share in profit from joint ventures	87	-	-	-	12	99
Recurring operating income	2,990	(722)	10	70	56	2,404
Other non-recurring operating income and expenses	349	-	-	-	(367)	(18)
Profit (loss) from operations	3,339	(722)	10	70	(311)	2,386
Cost of debt	(51)	-	-	-	-	(51)
Foreign exchange gains (losses)	(943)	722	186	-	-	(35)
Other financial income and expense	(58)	-	-	-	-	(58)
Financial income (loss)	(1,052)	722	186	-	-	(144)
Income tax expense	(398)	-	(58)	(32)	(10)	(498)
Profit (loss) from continuing operations	1,889	-	138	38	(321)	1,744
Profit (loss) from discontinued operations	74	-	-	-	43	117
Attributable to non-controlling interests	(55)	-	-	(2)	-	(57)
Attributable to owners of the parent	1,908	-	138	36	(278)	1,804

Readers are reminded that only the consolidated financial statements are audited by the Group's Statutory Auditors. This includes the revenue and operating profit indicators set out in the adjusted data in Note 5, "Segment information".

Adjusted financial data other than the data provided in Note 5, "Segment information" are subject to verification procedures applicable to all of the information provided in the Registration Document.

The audit procedures on the consolidated financial statements have been completed. An audit opinion will be issued after the Board of Directors' meeting of March 23, 2017, once specific verifications and a review of events subsequent to February 23, 2017 have been performed.

[2] Recurring operating income

In order to better reflect the current economic performance, this subtotal named “recurring operating income” excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature such as: impairment losses/reversals, capital gains/losses on disposals of operations and other unusual and/or material non-operational items.

[3] Civil aftermarket (expressed in USD)

This unaudited performance indicator comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Safran Aircraft Engines and its subsidiaries only and reflects the Group’s performance in civil aircraft engines aftermarket.

Press release of 27 February 2017 – Acquisition of shares

"On December 12, 2016, Safran (Euronext Paris: SAF) announced its intention to proceed with the repurchase of its own shares up to a maximum aggregate value of Euro 450 million with the objective of neutralizing the dilutive effect of equity-related instruments on its balance sheet.

Having completed the repurchase of the initial tranche signed on December 8, 2016 with an investment services provider, Safran signed a follow-on repurchase tranche on February 27, 2017 with a different investment services provider. According to this agreement, Safran will acquire up to Euro 200 million worth of shares no later than June 14, 2017. The average price per share will be determined based on the mean volume-weighted market price observed during the entire duration of the agreement. The unit price may not exceed the maximum of Euro 80 per share set by the May 19, 2016 annual shareholders' meeting."

Press release of 13 March 2017 – Successful syndication of a €4bn acquisition bridge facility for Safran

"On January 19, 2017, Safran (Euronext Paris: SAF) and Zodiac Aerospace (Euronext Paris: ZC) announced that they had entered into exclusive negotiations for an acquisition of Zodiac Aerospace by Safran. The cash portion of the transaction and a special dividend would be financed with a combination of cash on hand, including future proceeds from the disposals of Safran Identity & Security, existing committed undrawn facilities and a €4bn fully underwritten bridge loan.

The syndication of the €4bn bridge facility was successfully closed on March 6, 2017.

The facility, underwritten fully by Bank of America Merrill Lynch who also serves as bookrunner, was syndicated within a group of Safran's relationship banks. The facility, supported by 12 banks as mandated lead arrangers⁷ was oversubscribed by 70%, demonstrating the strong commitment from relationship banks and their support for this transaction.

The bridge facility has a maturity of 12 months, with two 6-month extension options."

Press release of 14 March 2017 – Safran press statement

"Safran has reviewed the information communicated to the market by Zodiac Aerospace on March 14, 2017.

This publication reflects new developments compared with the information available prior to the announcement on January 19, 2017 of the intended acquisition of Zodiac Aerospace by Safran.

Safran confirms the strategic interest for the acquisition of Zodiac. Safran confirms its confidence in its own ability to restore the operating profitability of the businesses currently in difficulty.

Safran and Zodiac Aerospace are continuing their exclusive negotiations and will take into account the consequences of these developments in their discussions.

The two groups will update the market as required."

⁷ Bank of America Merrill Lynch International Limited, Banco Santander, S.A., Paris Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Barclays Bank PLC, Citibank Europe PLC, Ireland Branch, Crédit Agricole Corporate and Investment Bank, Crédit Industriel et Commercial, Deutsche Bank Luxembourg S.A., Natixis, Société Générale Corporate & Investment Banking, Standard Chartered Bank and Sumitomo Mitsui Banking Corporation Europe Limited

Press release of 7 April 2017 – Completion of the sale of Safran's detection activities

"Safran (Euronext Paris: SAF) announces the completion of the sale of Morpho Detection LLC, a US-based subsidiary of Safran, and other detection-related activities to Smiths Group plc. As announced on April 21, 2016, Safran will record a pre-tax capital gain in its first half 2017 accounts.

The detection activities had been classified as "discontinued" in Safran's 2016 accounts and contributed to earnings from discontinued operations.

Safran's financial outlook, issued upon publication of 2016 annual results on February 24, 2017, refers to "continuing operations" and is unaffected by this change in scope."

Press release of 25 April 2017 – Safran: first quarter 2017 revenue

- *Revenue grew 5.5% organically driven by Aerospace services*
- *Confirmation of outlook in 2017*

All revenue figures in this press release refer to Adjusted^[Note 1] revenue and continuing operations^[Note 2]. Please refer to definitions contained in the Notes on page 7 of this press release.

Key figures for Q1 2017 (continuing operations except where stated)

Organic variations exclude notably the effects of significant changes in scope: the classification of Safran I&S as discontinued operations and the adoption of equity accounting for Airbus Safran Launchers.

- **Adjusted revenue in the first-quarter of 2017 was Euro 3,982 million**, an increase of 5.0% on a reported basis, up 5.5% on an organic basis, compared to the first quarter of 2016.
- Organic revenue growth was driven by continued momentum in Aerospace services.
- Civil aftermarket^[Note 3] grew 17.7% in USD terms, driven by sales of spares and service contracts relating to second generation CFM56 and GE90 engines.
- Return to growth of Defense, up 5.6% compared to Q1 2016.
- **2017 guidance confirmed.**

Key business highlights

- **LEAP programme:**
 - **Backlog:** Continuing commercial success for LEAP: 574 orders and commitments were received in the first quarter, bringing total backlog to 12,046 engines at March 31, 2017.
 - **Deliveries:** The ramp-up of LEAP production continues as planned. 81 engines were delivered in the first three months of 2017 to both Airbus for commercial service and Boeing to prepare the entry into service later in the second quarter.
 - **LEAP-1A:** The production is ramping-up and the engine meets all performance specifications. 9 airlines were operating LEAP-1A engines totalling over 80,000 flight hours so far.
 - **LEAP-1B:** The first flight of the 737 MAX 9 occurred on April 13th, 2017. Entry into commercial service of the 737 MAX 8 is expected in the second quarter of 2017.

- LEAP-1C: COMAC is preparing the C919 for its first flight, expected in the second quarter of 2017.
- **CFM56 programme**: CFM recorded firm orders and commitments for 122 CFM56 engines in the quarter. With 345 engines delivered, CFM56 production is, as expected, lower than in the year-ago period as airframers transition their production towards neo and MAX aircraft. 442 engines were delivered in Q1 2016.
- **Helicopter turbines**: Bell Helicopter delivered the first production 505 Jet Ranger X powered by the Arrius 2R.
- **Carbon brakes**: Several new contracts were signed during Q1, notably with Norwegian for 108 Boeing 737 MAX and Singapore Airlines for 47 A350
- **Electronics & Defense**: The French defense procurement agency (DGA) awarded Safran the development of an improved version of its Global Navigation System (SNG) for “Triomphant” class ballistic missile nuclear submarines in service.
- **Identity & Security** (discontinued operations): The sale of Safran’s detection activities to Smiths Group was announced on April 6, 2017.

Paris, 17:40 April 25, 2017

Executive commentary

CEO Philippe Petitcolin commented:

“The LEAP programme continues to progress in 2017. We celebrated with Air India the entry into service of their first A320neo, equipped with our 100th LEAP engine-nacelle propulsion unit and we commenced delivery of series engines to Boeing to prepare the entry into service of the 737 MAX. Customers continue to express their satisfaction with the LEAP-1A availability and performance. The production ramp-up is proceeding and we are confident in our capacity to meet our commitments.

In terms of strategic progress, we have finalised the sale of our detection businesses to Smiths Group and we do expect to close on the sale of our security and identity businesses during the second quarter.

Lastly, the revenue growth we recorded in all of our activities demonstrates the strength of our end markets. The first quarter was a strong start to the year and we reaffirm our annual targets for adjusted revenue, adjusted recurring operating income and free cash flow.”

First-quarter 2017 revenue

All activities contributed to growth in the first quarter.

Euros millions	Propulsion	Aircraft Equipment	Defense	Holding & Others	Safran
Q1 2016	2,301	1,219	269	2	3,791
Q1 2017	2,360	1,335	284	3	3,982
Reported growth	2.6%	9.5%	5.6%	na	5.0%
Impact of changes in scope	(5.0)%	0.7%	-	na	(2.8)%
Currency impact	2.4%	2.6%	1.1%	na	2.3%
Organic growth	5.2%	6.2%	4.5%	na	5.5%

Organic revenue was determined by excluding the effect of changes in scope of consolidation (notably Euro 114 million in Q1 2016 for the space launcher activities since contributed to ASL). The net impact of currency variations was Euro 89 million reflecting a positive translation effect on non-Euro revenues, principally USD. The average USD/EUR spot rate was 1.06 to the Euro in the first quarter of 2017, compared to 1.10 in the year-ago period. The Group's hedge rate improved to USD 1.21 to the Euro in the first-quarter 2017 from USD 1.24 in Q1 2016.

Currency hedges

Safran's hedging portfolio totalled USD 18.1 billion on April 11, 2017.

2017 to 2019: no changes to the Group's foreign exchange coverage are to be noted since the disclosures in the 2016 annual results announcement (February 24, 2017).

2020: coverage of net USD/EUR exposure increased to 2.0 billion and should rise to 6.4 billion by mid-2018 as long as USD/EUR remains below 1.25. Some instruments have knock-out barriers set at various levels between USD 1.18 and USD 1.45 with maturities up to two years. The target hedge rate lies in a range between 1.13 and 1.18 USD/EUR.

Full-year 2017 outlook confirmed

In the first quarter of 2017, all the businesses comprising the Security activities are classified as "discontinued operations". As a result, the comparison to 2016 and guidance for 2017 are based on continuing operations: Aerospace Propulsion, Aircraft Equipment, Defense, Holding & Others.

In addition, starting on July 1, 2016, Safran accounts for its share in Airbus Safran Launchers using the equity method and no longer records revenue from space activities. In 2017 the change is expected to impact revenue by Euro 312 million corresponding to the first half of 2016 (of which 114 million euros in the first quarter) when these activities had been fully consolidated.

Safran confirms its expectation for 2017 on a full-year basis:

- Reported adjusted revenue to grow in the range 2% to 3% at an estimated average rate of USD 1.10 to the euro. Excluding the effect of the equity accounting of ASL from July 1, 2016, revenue growth is expected to be in the low to mid-single digits.
- Adjusted recurring operating income close to the 2016 level.
- Free cash flow representing above 45% of adjusted recurring operating income, an element of uncertainty being the rhythm of payments by state-clients.

The assumptions on which the guidance is based are unchanged compared to those outlined on February 24, 2017.

Exclusive negotiations for the acquisition of Zodiac Aerospace

As communicated on March 14, 2017, Safran and Zodiac Aerospace are continuing their exclusive negotiations. These discussions will take into account the consequences of the developments communicated to the market that day by Zodiac Aerospace. The two groups will update the market as required.

Business commentary for the first quarter 2017

Continuing activities

▪ Aerospace Propulsion

First-quarter 2017 revenue was Euro 2,360 million, up 2.6% (5.2% on an organic basis) compared to revenue of Euro 2,301 million in the year-ago period. Service business on both civil and military programmes drove revenue growth.

OE revenues from civil engines declined as revenue from LEAP engines (81 units) did not offset lower shipments notably of CFM56 (97 fewer deliveries than in Q1 2016) and high thrust engine modules. Military OE revenues increased as M88 volumes were flat (7 units) and TP400 deliveries rose (+7 units). Despite higher volumes, helicopter turbines revenues declined close to 10%, impacted by mix skewed towards smaller engines.

Overall service revenue in Aerospace Propulsion was up 15.9% in Euro terms and represents a 61.6% share of sales in the quarter. Civil aftermarket revenue grew by 17.7% in USD terms, driven by sales of spares and service contracts relating to second generation CFM56 and GE90 engines. Helicopter turbine aftermarket revenues declined due to softer support activity, principally at customers in the Oil & Gas sector, and the grounding of part of the H225 Super Puma fleet.

Total new firm orders and commitments were received for 574 LEAP and 122 CFM56 engines in the first quarter. At March 31, 2017 the total backlog for these engines stood at 13,962 units and notably contains orders and commitments for 12,046 next-generation LEAP engines.

▪ Aircraft Equipment

First-quarter 2017 revenue of Euro 1,335 million increased 9.5% compared to Euro 1,219 million in the year-ago period. On an organic basis, revenue was up 6.2%.

OE revenues increased 9.6% compared to the year-ago quarter. Deliveries of wiring and landing gear shipsets for the A350 grew in line with the production rate ramp. 41 nacelles for A320neo were delivered in Q1 (none in Q1 2016), and during the quarter the milestone of 100 LEAP engine-nacelle propulsion units was passed. Deliveries of thrust reversers and landing gear for A330 were slightly higher than in Q1 2016. Boeing 787 volumes were broadly flat this quarter. 13 nacelles for A380 were shipped in Q1, compared to 25 in the year-ago period. The volumes of thrust reversers for A320ceo declined as expected.

Service revenue was up 9.3% driven notably by growth of the installed base of carbon brakes and nacelles where sales of spare parts for A320neo contributed positively. Services account for 30.7% of total sales in the quarter.

- **Defense**

First-quarter 2017 revenue was Euro 284 million, up 5.6% compared to Euro 269 million in the previous year. On an organic basis, revenue increased by 4.5%.

A slight decline in avionics revenue, affected mostly by lower helicopter flight control systems shipments, was offset by a strong increase in sales of guidance kits and the start of the Patroller UAV programme.

Discontinued activities

- **Security**

The Security activities recorded revenue of Euro 467 million in Q1 2017 compared to revenue in the year-ago period of Euro 449 million. The finalisation of the sale of Safran's detection businesses was announced on April 6, 2017.

Agenda

2017 Annual general meeting June 15, 2017
H1 2017 earnings July 28, 2017 (pre-market)

* * * * *

Safran will host today a conference call open to analysts, investors and media at 18:30 CET which can be accessed at +33 (0)1 70 77 09 38 (France), +44 (0) 203 367 9462 (UK) and +1 855 402 7763 (US). A replay will be available at +33 (0)1 72 00 15 00, +44 (0) 203 367 9460 and +1 877 642 3018 (access code 307786#).

The press release and presentation are available on the website at www.safran-group.com.

Key figures

<i>Segment breakdown of adjusted revenue (In Euro million)</i>	Q1 2016	Q1 2017	% change	% change organic
Aerospace Propulsion	2,301	2,360	2.6%	5.2%
Aircraft Equipment	1,219	1,335	9.5%	6.2%
Defense	269	284	5.6%	4.5%
Holding & others	2	3	na	na
Total Group	3,791	3,982	5.0%	5.5%

<i>2016 revenue by quarter (In Euro million)</i>	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016
Aerospace Propulsion	2,301	2,556	2,056	2,478	9,391
Aircraft Equipment	1,219	1,323	1,208	1,395	5,145
Defense	269	315	253	401	1,238
Holding & others	2	2	-	3	7
Total revenue	3,791	4,196	3,517	4,277	15,781

<i>Euro/USD rate</i>	Q1 2016	Q1 2017
Average spot rate	1.10	1.06
Spot rate (end of period)	1.14	1.07
Hedge rate	1.24	1.21

Notes

[1] Adjusted revenue

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted revenue.

Safran's consolidated revenue has been adjusted for the impact of:

- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
 - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
 - all mark-to-market changes on foreign currency derivatives hedging future cash flows are neutralized.

First-quarter 2017 reconciliation between consolidated revenue and adjusted revenue:

Q1 2017 <i>(In Euro million)</i>	Consolidated revenue	7. Hedge accounting		8. Business combinations		Adjusted revenue
		9. Remeasurement of revenue	Deferred hedging gain (loss)	Amortization intangible assets -Sagem- Sneema	PPA impacts - other business combinations	
10. Revenue	4,181	(199)	n/a	n/a	n/a	3,982

[2] Discontinued operations

Safran entered into exclusive negotiations with Advent International/Oberthur Technologies to sell Safran's identity and security activities (announced September 29, 2016). Following this decision, all the businesses comprising Safran's Identity & Security activities have been classified as "discontinued operations" at the end of September 2016, including detection activities which had been classified as assets and liabilities held for sale since the announcement on April 21, 2016 of the signing of an agreement for their sale to Smiths Group. The contribution of the I&S activities to Safran's financial statements is therefore presented separately from Safran's continuing operations: Propulsion, Aircraft Equipment, Defense and Holding & Others. The sale of Safran's detection activities to Smiths Group was announced on April 6, 2017.

[3] Civil aftermarket (expressed in USD)

This unaudited performance indicator comprises spares and MRO (Maintenance, Repair & Overhaul) revenue for all civil aircraft engines for Safran Aircraft Engines and its subsidiaries only and reflects the Group's performance in civil aircraft engines aftermarket.

Press release of 24 May 2017 - Safran and Zodiac Aerospace announce new terms for the contemplated creation of global leader in aerospace

"Following March 14 and April 28, 2017 releases, Safran and Zodiac Aerospace have continued their exclusive negotiations leading to a new agreement, with a simplified one-step structure and new financial terms. Complementary analyses enabled Safran to confirm the compelling strategic rationale and value creation potential.

The contemplated combination, unanimously approved by Safran's Board of Directors and Zodiac Aerospace's Supervisory Board will create of global aerospace leader, taking into account the interest of shareholders, employees and clients of both groups.

Safran would acquire Zodiac Aerospace through an agreed Tender Offer by Safran for Zodiac Aerospace's shares⁸:

- Primary uncapped cash offer targeting 100% of Zodiac Aerospace's shares¹ at a price of €25 per Zodiac Aerospace share.
- Preferred shares of Safran offered in a subsidiary exchange offer capped at 31.4% of Zodiac Aerospace's shares¹, bearing the same rights as ordinary shares but not transferable before 3 years after their issuance.
- Exchange ratio, of 0.300 to 0.332 Safran preferred share per 1 Zodiac Aerospace share, reflecting a +5%/-5% collar mechanism⁹.
- Some family shareholders as well as 2 institutional shareholders (FFP and *Fonds Stratégique de Participations*), reference shareholders of Zodiac Aerospace, expected to undertake to tender shares, representing 25% of Zodiac Aerospace's capital, in the Tender Offer.
- Certain family shareholders representing less than 5% of Zodiac Aerospace's capital expected to remain shareholders of Zodiac Aerospace for a specified period of time.
- Safran to exercise exclusive control of Zodiac Aerospace post tender offer.

Confirmed run-rate annual pre-tax cost synergies of €200 million. High single-digit and high double-digit accretive effect on earnings per share as of the first and second year, respectively¹⁰.

Safran intends to return €2.3 billion to shareholders through an ordinary share buyback program over 2 years following completion of the Tender Offer. Optimized capital structure of the combined group targeting an investment grade profile.

Number of Directors at Safran's Board unchanged (17) with two members of Zodiac Aerospace's Supervisory Board to join Safran's Board of Directors subject to Safran shareholders' approval at 2018 AGM.

Paris, Plaisir, May 24, 2017: Safran (Euronext Paris: SAF) and Zodiac Aerospace (Euronext Paris: ZC) announced today that they have withdrawn the previously agreed transaction structure announced on January 19, 2017 and have entered into a Business Combination Agreement under the below new terms.

Under the terms of the new agreement:

- The contemplated transaction structure consists of a Tender Offer by Safran for Zodiac Aerospace's shares¹¹ with:
 - o A primary cash offer targeting 100% of Zodiac Aerospace's shares⁵ at a price of €25 per Zodiac Aerospace share

⁸ Targeting outstanding fully diluted shares except treasury shares.

⁹ Terms and conditions of which are described in the summary of the Business Combination Agreement annexed to this press release.

¹⁰ Assuming full subscription of subsidiary offer and including the full impact of the intended share buyback program and synergies, and excluding purchase price allocation and cost of implementing synergies.

¹¹ Targeting outstanding fully diluted shares except treasury shares.

- A subsidiary exchange offer targeting a maximum of 31.4% of Zodiac Aerospace's shares⁵ under which Zodiac Aerospace shareholders would receive a number of Safran preferred shares determined on the basis of a ratio between a value of €24 per Zodiac Aerospace share and the market price of Safran ordinary shares, within a +5%/-5% collar mechanism¹², resulting in an exchange ratio of 0.300 to 0.332 Safran preferred share per 1 Zodiac Aerospace share, leading to the issuance of 26.7 to 29.5 million preferred shares, respectively. Preferred shares would bear the same rights as ordinary shares but would not be transferable and would convert into ordinary shares 3 years after their issuance upon completion of the Tender Offer.
- The Tender Offer would not be open to the public in the United States of America or any jurisdiction other than France where action to permit the offer is required.
- The subsidiary exchange offer is subject to a pro-rata reduction mechanism so that the overall number of Zodiac Aerospace shares tendered in the subsidiary exchange offer does not exceed 31.4% of the targeted share capital. The primary cash offer would not be subject to any limitation or reduction mechanism.
- The completion of the Tender Offer would be subject to reaching (i) the mandatory overall acceptance threshold of 50% of Zodiac Aerospace's share capital or voting rights, and (ii) a voluntary overall acceptance threshold of two-thirds of the exercisable voting rights of Zodiac Aerospace.
- Certain Zodiac Aerospace's family shareholders and two institutional investors (FFP and *Fonds Stratégique de Participations*) are expected to undertake to tender their shares into either the principal cash offer and/or the subsidiary exchange offer, representing in total approximately 25% of Zodiac Aerospace's share capital.
- Certain family shareholders of Zodiac Aerospace representing less than 5% of Zodiac Aerospace's share capital are expected to remain shareholders of Zodiac Aerospace for a specified period of time.
- Following completion of the Tender Offer, Safran intends to provide that Zodiac Aerospace would distribute no dividend and reserves its rights to consider the possibility of a squeeze-out or a merger.
- A summary of the main terms and conditions of the Business Combination Agreement is annexed hereto.

Long-term fundamentals of Zodiac Aerospace and strategic rationale confirmed

Following the March 14, 2017 and April 28, 2017 releases, Safran and Zodiac Aerospace continued their exclusive negotiations, and the complementary analyses performed enabled Safran to ensure that Zodiac Aerospace's fundamentals would ultimately be preserved in the long-term. Safran and Zodiac Aerospace anticipate that Zodiac Aerospace's standalone return to normalized profitability may take more time than initially anticipated. The contemplated combination should enable to accelerate the path to recovery of Zodiac Aerospace's activities and to reach profitability levels in line with Safran's mid-term Aircraft Equipment activities ambition.

¹² Terms and conditions of which are described in the summary of the Business Combination Agreement annexed to this press release.

The acquisition would be fully consistent with Safran's stated strategy to focus on its core aerospace and defense businesses. Zodiac Aerospace would provide leading positions as a Tier 1 supplier to aircraft original equipment manufacturers (OEMs) and airlines in seats, cabin interiors, power generation and distribution, lighting, fuel and oxygen systems and safety equipment.

The new entity would offer a comprehensive product range with leading positions across all key aircraft programs fueling organic growth while maintaining strong post-delivery and aftermarket revenue streams.

The combination would improve Safran's exposure to a dollar-denominated cost-base, especially in North America.

Creating value

Through complementary analyses, Safran has had the opportunity to confirm the strategic rationale of the contemplated combination and hence the basis for the approximately €200 million pre-tax annual savings already identified, which should come primarily from savings in procurement and selling, general and administrative expenses. 90% of the synergy run-rate level should be achieved within 3 years of the change of control, while those stemming from the reorganization of Zodiac Aerospace's international footprint would be implemented over 5 years. The one-off synergies implementation costs have been revised at €215m, over 5 years. Beyond identified cost synergies, the acquisition of Zodiac Aerospace by Safran would enable Zodiac Aerospace's seats and interiors business to accelerate their turnaround.

Due to a longer than previously anticipated recovery of Zodiac Aerospace, Safran expects to reach its return on capital employed goal in 3 to 4 years, by 2020 or 2021.

The transaction is expected to have a high single-digit and high double-digit accretive effect on earnings per share in the first and second year, respectively¹³.

Cash return to Safran's shareholders and optimized capital structure

Safran intends to implement a €2.3 billion ordinary share buyback program to run over the two years following completion of the Tender Offer, in accordance with the 15th resolution submitted at its June 15, 2017 shareholders' meeting.

Upon completion of the Tender Offer, Safran would target an investment grade profile with an adjusted net debt / adjusted EBITDA ratio below the 2.5x threshold.

After the completion of the Tender Offer, Safran expects to maintain its practice of distributing an annual dividend amounting to approximately 40% of adjusted net income. In the context of the transaction, it would forego payment of an interim dividend with respect to 2017 at the end of this year.

Governance of Safran

Under the new terms of the contemplated acquisition, Safran undertakes to propose two members of Zodiac Aerospace's Supervisory Board to join Safran's Board of Directors, one as a representative of Zodiac Aerospace's family shareholders and the other as an independent director, at Safran's 2018 Annual Shareholders' Meeting at the latest. Safran's Board of Directors would continue to comprise 17 members.

Ross McInnes will be Chairman of the Board. Philippe Petitcolin will be Chief Executive Officer and Bernard Delpit will be Chief Financial Officer.

Governance of Zodiac Aerospace

¹³ Assuming full subscription of subsidiary offer and including the full impact of the intended share buyback program and synergies, and excluding purchase price allocation and cost of implementing synergies.

Upon completion of the Tender Offer, Safran would immediately exercise exclusive control over Zodiac Aerospace and appoint the majority of Zodiac Aerospace's Supervisory Board and Executive Board members.

Those of Zodiac Aerospace's family shareholders who intend to remain shareholders of the company for a specified period of time are expected to undertake to:

- Convert their registered Zodiac Aerospace shares into bearer shares, thereby losing their current double voting rights;
- Cooperate with Safran with regard to the potential implementation of a squeeze-out; and
- Enter into a put/call agreement with respect to their Zodiac Aerospace shares exercisable at various dates between July, 2018 and December, 2022 at a price capped at the primary cash offer price¹⁴.

Ross McInnes, Chairman of Safran's Board of Directors stated: *"Safran's Board of Directors is very proud to confirm this fresh start with respect to this planned acquisition. We have carefully listened to our shareholders' reactions since January and taken constructive remarks into consideration. We are absolutely convinced by the strategic rationale of this project and are fully confident in Safran's management team's ability to implement it. We strongly recommend our shareholders to vote in favor of related resolutions at our next AGM."*

Philippe Petitcolin, Chief Executive Officer of Safran said *"I'm convinced that it's time to move decisively onward with the strategic acquisition of Zodiac Aerospace. This is a great opportunity. I have recently personally visited several sites in Europe and in the US to check that Safran's expertise can address Zodiac Aerospace's issues. The businesses possess strong fundamentals and the conclusions of our diligences are embedded in the revised terms of the transaction. As we have now been working on this project for several months, I know, as CEO of the group, that it is compatible with our other priorities and shareholders can be sure that the ramp up of LEAP remains on the top of this list."*

Didier Domange, Chairman of Zodiac Aerospace's Supervisory Board said *"I am pleased with this agreement which promotes the alliance of two French aerospace leaders. It will enable to create a global top player in the aerospace industry and represents an ambitious industrial in which historical family shareholders are proud to participate. I would like to thank Olivier Zarrouati again for its contribution to the development of our group over the last ten years"*

Olivier Zarrouati, Chief Executive Officer of Zodiac Aerospace said *"I am pleased with this new agreement which created a leading global aerospace player. We have reached a balanced agreement, both parties have made this strategic combination possible. By joining Safran, Zodiac Aerospace's activities will participate in creating a global leading player, with significant growth prospects."*

*

Next steps and conditions precedent to filing of the Tender Offer

Safran's Board of Directors unanimously approved the contemplated Tender Offer and Management will inform the group's relevant employee representatives, in accordance with applicable French law. Zodiac Aerospace's Supervisory Board also unanimously approved the contemplated agreed Tender Offer. Zodiac Aerospace will submit it to its relevant employee representatives, in accordance with applicable French law.

¹⁴ And to which will be applied an interest rate of 3% as the case may be.

Filing of the Tender Offer is notably subject to the approval by Safran's extraordinary shareholders' meeting to be held on June 15, 2017 of the 32nd and 33rd resolutions authorizing Safran's Board to issue preferred shares and the corresponding change in bylaws of the company and delegating the authority to the Board to issue up to 40m preferred shares in exchange offers, and other customary conditions precedent detailed in the summary of the Business Combination Agreement attached hereto.

Zodiac Aerospace's Supervisory Board appointed Finexsi as independent expert to issue a fairness opinion prior to the filing of the contemplated Tender Offer.

The parties have further agreed on certain termination fees customary in similar transactions and payable to the other party under certain circumstances. These termination fees are detailed in the summary of the Business Combination Agreement attached hereto.

The completion of the Tender Offer is expected by early January 2018. Safran and Zodiac Aerospace will update the market as required.

Advisors

Bank of America Merrill Lynch and Lazard act as financial advisors to Safran and BDGS and Jones Day serve as its legal counsel. Goldman Sachs Paris Inc. et Cie acted as financial advisor to the Safran Board of Directors and issued on May 24, 2017 an opinion to the Safran Board of Directors as to the fairness to Safran, from a financial standpoint, as of such date and subject to the reserves set forth therein, of the aggregate consideration to be paid pursuant to the Offer¹⁵. Darrois Villey Maillot Brochier acted as legal advisor to the Safran Board of Directors. BNP Paribas, HSBC France and Rothschild act as financial advisors to Zodiac Aerospace and Bredin Prat serves as its legal counsel. Citigroup acts as financial advisor to Zodiac Aerospace's Supervisory Board. Orrick Rambaud Martel act as legal advisor to Zodiac Aerospace's Supervisory Board

Analyst and investor conference calls

Safran will host today a conference call open to analysts and qualified investors at 14h00 CET which can be accessed at +33 (0) 1 70 77 09 46 (France) and +44 (0) 203 367 9461 (UK). A replay will be available at +33 (0)1 72 00 15 00 and +44 (0) 203 367 9460 (access code 309169#).

Zodiac Aerospace will host today a conference call open to analysts and qualified investors at 15h00 CET which can be accessed at +33(0)1 76 77 22 22 (France) and + 44(0)20 3427 0503 (UK) and confirmation access code: 5780936. A replay will be available at +33 (0)1 74 20 28 00 and +44 (0)20 3427 0598 (access code 5780936#)

The press release and respective analyst presentations are available on Safran's website at www.safran-group.com and on Zodiac Aerospace's website: www.zodiacaerospace.com

Following their communication to the market, Safran and Zodiac Aerospace will request the resumption of trading in their respective shares on Euronext.

IMPORTANT ADDITIONAL INFORMATION

¹⁵ The full text of such fairness opinion, which sets forth the assumptions made, procedures followed, matters considered and reserves on the analysis undertaken in connection with such opinion, will be made available to the shareholders of Safran in the section of Safran's website relating to the June 15, 2017 Safran shareholders' meeting. The opinion of Goldman Sachs is given to the Safran Board of Directors and not to the holders of Safran shares. As such, the fairness opinion does not contain a recommendation to the holders of Safran shares as to how they should vote or act with respect to the Tender Offer or any other matter.

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an offer to purchase or the solicitation of an offer to sell any securities or the solicitation of any vote or approval in any jurisdiction in connection with the proposed acquisition of Zodiac Aerospace (the "Transaction") or otherwise; nor shall there be any sale, issuance, purchase or transfer of securities in any jurisdiction in contravention of applicable law.

The tender offer in connection with the Transaction is subject to obtaining of required regulatory and other customary authorizations. The tender offer documentation would only be filed after such other conditions have been fulfilled. These materials must not be published, released or distributed, directly or indirectly, in any jurisdiction where the distribution of such information is restricted by law.

It is intended that Safran and Zodiac Aerospace will file with the French Market Authority ("AMF") a prospectus and other relevant documents with respect to the tender offer to be made in France. Pursuant to French regulations, the documentation with respect to the tender offer which, if filed, will state the terms and conditions of the tender offer will be subject to the review by the AMF. Investors and shareholders in France are strongly advised to read, if and when they become available, the prospectus and related offer materials regarding the tender offer referenced in this communication, as well as any amendments and supplements to those documents as they will contain important information regarding Safran, Zodiac Aerospace, the contemplated transactions and related matters.

This press release and the information it contains do not, and will not, constitute an offer to purchase or the solicitation of an offer to sell, securities of Zodiac Aerospace, Safran or any other entity in the United States of America or any other jurisdiction where restrictions may apply. Securities may not be offered or sold in the United States of America absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), it being specified that the securities of Safran have not been and will not be registered within the U.S. Securities Act. Safran does not intend to register securities or conduct a public offering in the United States of America.

The distribution of this press release may be subject to legal or regulatory restrictions in certain jurisdictions. Any person who comes into possession of this press release must inform him or herself of and comply with any such restrictions.

FORWARD-LOOKING STATEMENTS

This communication contains forward-looking statements relating to Safran, Zodiac Aerospace and their combined businesses, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from those included in such statements. These statements or disclosures may discuss goals, intentions and expectations as to future trends, synergies, value accretions, plans, events, results of operations or financial condition, or state other information relating to Safran, Zodiac Aerospace and their combined businesses, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as "anticipate," "believe," "plan," "could," "would," "estimate," "expect," "forecast," "guidance," "intend," "may," "possible," "potential," "predict," "project" or other similar words, phrases or expressions. Many of these risks and uncertainties relate to factors that are beyond Safran's or Zodiac Aerospace's control. Therefore, investors and shareholders should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: uncertainties related in particular to the economic, financial, competitive, tax or regulatory environment; the ability to obtain shareholder approval; failure to satisfy other closing conditions with respect to the

transaction on the proposed terms and timeframe; the possibility that the transaction does not close when expected or at all; the risks that the new businesses will not be integrated successfully or that the combined company will not realize estimated cost savings and synergies; Safran's or Zodiac Aerospace's ability to successfully implement and complete its plans and strategies and to meet its targets; and the benefits from Safran's or Zodiac Aerospace's (and their combined businesses) plans and strategies being less than anticipated. The foregoing list of factors is not exhaustive. Forward-looking statements speak only as of the date they are made. Safran and Zodiac Aerospace do not assume any obligation to update any public information or forward-looking statement in this communication to reflect events or circumstances after the date of this communication, except as may be required by applicable laws.

Pursuant to the commission implementing regulation (EU) 2016/1055 of June 29, 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council, this press release may contain inside information and has been sent to the authorized broadcaster of both companies on May 24th 2017 at 1.30 pm CET.

Summary of the Business Combination Agreement and other agreements

1. Main terms of the Tender Offer

- Uncapped cash tender offer, at a price of €25.0 per Zodiac Aerospace share.
 - o The price of the primary cash offer would be adjusted for any Zodiac Aerospace distribution before settlement of the tender offer
- Subsidiary exchange offer capped at 31.4% of Zodiac Aerospace's shares, with a consideration in preferred shares bearing the same rights as ordinary shares but not transferable for a period of 3 years as from their issuance.
- Exchange ratio of the subsidiary exchange offer based on the arithmetic volume weighted average price per Safran share during the 10 trading days randomly selected by a court officer out of the 30 trading days preceding the 10th trading day (not included) prior to the closing of the Tender Offer ("the average price"):
 - o If the average price is above €79.98, the exchange ratio will be fixed at 0.300 preferred shares of Safran for each share of Zodiac Aerospace share;
 - o If the average price is below €72.36, the exchange ratio will be fixed at 0.332 preferred shares of Safran for each Zodiac Aerospace share;
 - o If the average price is between €72.36 and €79.98 during such period, the exchange ratio will be equal to the ratio between a value of €24.0 per Zodiac Aerospace share and the average price (as defined above).
 - o Exchange ratio to be adjusted for any distribution by Zodiac Aerospace and any distribution by Safran, except for the balance of its 2016 dividend, until the settlement of the Tender Offer.
- Completion of the Tender Offer would be subject to reaching (i) the mandatory overall acceptance threshold of 50% of Zodiac Aerospace's share capital or voting rights, and (ii) a voluntary overall acceptance threshold of two-thirds of the exercisable voting rights of Zodiac Aerospace, which may be waived by Safran.
- Filing of the Tender Offer is subject to:
 - (i) the approval by Safran's extraordinary shareholders' meeting to be held on June 15, 2017 of the 32nd resolution authorizing Safran's Board to issue preferred shares and the corresponding change in bylaws of the company and 33rd resolution concerning the delegation of authority to the Board to issue up to 40 million preferred shares in the event of an exchange offer;
 - (ii) the obtaining by Zodiac Aerospace of an opinion from an independent expert confirming the fairness of the cash tender offer ;
 - (iii) the recommendation of the Tender Offer by Zodiac Aerospace's Supervisory Board and the absence of change or withdrawal of such recommendation;

- (iv) the obtaining of the relevant antitrust and regulatory approvals before the filing of the Tender Offer;
 - (v) the absence of material adverse change impacting Safran or Zodiac Aerospace and resulting from one or more events that affect the general state of the economy and/or the financial markets or the aeronautics industry;
 - (vi) the signature before June 9, 2017 of tender undertakings by Zodiac Aerospace's founding family shareholders representing around 25% of Zodiac Aerospace's capital; and
 - (vii) the obtaining of resignation letters from certain members of the Supervisory Board of Zodiac Aerospace.
- Settlement of the Tender Offer expected to occur after January 1, 2018
 - Following completion of the Tender Offer, Safran reserves its rights to consider, without any undertaking, the possibility of a squeeze-out or a merger.

2. Governance

2.1 Governance of Safran

At Safran's 2018 Annual Shareholders' Meeting at the latest, two members of Zodiac Aerospace's Supervisory Board would join Safran's Board of Directors:

- One as a representative of Zodiac Aerospace's family shareholders;
- The other as an independent director.

Upon completion of these changes, Safran's Board of Directors would continue to comprise 17 members.

2.2 Governance of Zodiac Aerospace

Upon completion of the Tender Offer, Safran would immediately exercise exclusive control over Zodiac Aerospace:

- (i) 6 members proposed by Safran would be appointed at Zodiac Aerospace's Supervisory board (representing a majority of the members);
- (ii) A new president of the Supervisory Board would be appointed among the family shareholders;
- (iii) Appointment of a new Executive Board composed of members chosen by Safran.

2.3 Termination fee

- €150 million termination fee payable by Safran to Zodiac Aerospace if Safran fails to file the Tender Offer when the conditions precedent to such filing are met, except in case of success of a competing tender offer or in case of withdrawal of the Tender Offer due to a *change of substance* of Zodiac Aerospace.
- €150 million termination fee payable by Zodiac Aerospace to Safran if (i) Zodiac Aerospace fails to obtain the report from an independent expert as per AMF. Reg

262-1, or to recommend the Tender Offer, (ii) in case of success of a competing tender offer or (iii) in case of withdrawal of the Tender Offer due to a change of substance of Zodiac Aerospace.

3. Various commitments of Zodiac Aerospace and Safran

- Until completion of the Tender Offer, Zodiac Aerospace shall operate in the ordinary course of business consistent with past practices and in this respect shall refrain from undertaking any unusual or exceptional transaction until settlement of the Tender Offer and in particular not engage in certain transactions without Safran's prior approval.
- Zodiac Aerospace could pay an interim dividend in the event settlement of the Tender Offer occurs after the date upon which the coupon of the dividend paid by Safran in respect of financial year 2017 is detached, in which case the price of the cash offer and the exchange ratio of the exchange offer would be adjusted accordingly.
- Safran undertakes not to pay an interim dividend in respect of financial year 2017 and not to pay a special dividend before completion of the Tender Offer.

4. Commitments from certain family shareholders to remain shareholders of Zodiac Aerospace

Those of Zodiac Aerospace's family shareholders who intend to remain shareholders of Zodiac Aerospace for a specified period of time are expected to undertake to:

- Convert their registered Zodiac Aerospace shares into bearer shares, thereby losing their current double voting rights;
- Cooperate with Safran with regard to the potential implementation of a squeeze-out; and
- Enter into a put/call agreements on their Zodiac Aerospace shares exercisable at various dates between July, 2018 and January, 2022 at a price capped at the price of the primary cash offer¹⁶.

Conversely, Safran would undertake to obtain a fairness opinion from an independent expert in relation to:

- (i) Any transfer of asset, subsidiary or branch of activity of Zodiac Aerospace's group to Safran's group the value or turnover of which exceeds a defined threshold, unless the French related-party agreement procedure applies, and
- (ii) The implementation of any merger of Safran and Zodiac Aerospace more than one year after completion of the tender offer."

Press release of 31 May 2017 - Completion of the sale of Safran's identity and security activities

"Safran (Euronext Paris: SAF) announces the completion of the sale of its identity and security activities to Advent International for Euro 2.4 billion.

¹⁶ And to which will be applied an interest rate of 3% as the case may be

As announced on September 29, 2016, the transaction will result in a pre-tax capital gain to be recorded in Safran's first-half 2017 accounts.

The identity and security activities had been classified as "discontinued" in Safran's 2016 accounts. Safran's financial outlook, issued upon publication of 2016 annual results on February 24, 2017, refers to "continuing operations" and is unaffected by this change in scope.

This transaction follows the sale of the detection activities in April 2017. Safran has therefore completed its strategic refocusing announced at its Capital Markets Day in March 2016. The Group is now entirely focused on aerospace and defense, and concentrated on its own path of strong growth and high profitability. The contemplated acquisition of Zodiac Aerospace by Safran would create the world's third largest player in aerospace¹⁷ and the world's second largest player in aircraft equipment."

Press release of 1 June 2017 - Safran in exclusive discussions with Hexcel for the sale of Structil

"Safran Ceramics announced today that, along with co-shareholder Mitsubishi Chemical Corporation, it has started exclusive discussions with Hexcel to sell all shares and voting rights in the company Structil, jointly owned by Safran Ceramics (80.05%) and Mitsubishi Chemical Corporation (19.95%).

Structil become part of Safran when the latter acquired SNPE's energetic materials business in 2011. Structil designs, produces and sells structural adhesives and high-performance carbon-fiber composite materials for aerospace and other high-tech industries. In 2016 Structil recorded sales of 19 million euros. It has about 70 employees at its plant in Vert-Le-Petit, near Paris.

Hexcel, a benchmark vendor for Safran, is a global leader in advanced composites technology. It has over 6,300 employees worldwide, including more than 1,000 in France at five plants, and posted sales of about \$2 billion in 2016 (more than one-fourth in France). Over 85% of its sales are to the aerospace sector, including products for airplanes from Airbus (especially the A350 XWB) and Boeing, and the LEAP engine from Safran.

Gérard Frut, the Chief Executive Officer of Safran Ceramics, said: "The project proposed by Hexcel would make Structil an integral part of the strategy applied by a global leader in advanced composites, with solid experience in production, widely recognized by its customers, especially in France, where it invests regularly. It offers an excellent technological and industrial fit with Structil, which would immediately benefit from the new environment offered by Hexcel to catalyze its development."

The operation should be completed in the second half of 2017, pending approval by the employee representative bodies of Structil and its parent company Safran Ceramics, and the approval of French authorities."

Press release of 15 June 2017 - Safran's 2017 Annual General Meeting of Shareholders approves a dividend payment of €1.52 per share

"The combined Annual General Meeting of Shareholders of Safran (Euronext Paris: SAF) met today at the Grande Arche, Paris La Défense, under the chairmanship of Ross McInnes, Chairman of the Board of Safran.

The meeting provided a unique opportunity for the Group for information, exchange and discussion in the company of shareholders. Philippe Petitcolin, Chief Executive Officer, and Bernard Delpit, Chief Financial Officer, reviewed Safran's activity in 2016, The Group's annual results, the outlook

¹⁷ Excludes airframers

for 2017 and major strategic challenges. The contemplated acquisition of Zodiac Aerospace by Safran was presented to shareholders.

Ross McInnes declared: *"I am delighted with the mark of confidence of our shareholders, who approved massively the financial resolutions ensuring the advancement of our plan to acquire Zodiac Aerospace."*

Voting results

All resolutions submitted for a vote by the Annual General Meeting were approved, except for resolution 4 and resolution A.

Shareholders approved notably:

- The financial statements for the fiscal year 2016 and voted for the payment of a dividend of 1.52 euros per share;
- Named as directors Odile Desforges (re-appointment), H el ene Auriol Potier, Patrick P elata and Sophie Zurquiyah;
- Advisory on the components of 2016 compensation to the executive corporate officers as well as compensation policy applicable to them;
- Amendment of the Company's bylaw in order to raise the age limit for serving as Chief Executive Officer or Deputy Chief Executive Officer to 68;
- Financial authorizations.

The General Meeting, with more than 90.5% of votes cast in favour, approved the amendment of the bylaws to create preference shares and authorized the Board of Directors to issue preference shares in the event of a public exchange offer, both resolutions required to implement the offer on Zodiac Aerospace.

Resolution 4 relative to related-party commitments given to the Chairman of the Board of Directors concerning pension benefits was rejected (50.3 %). The Chairman had specified that, should the resolution be rejected, he left to the Board's discretion the matter of his being or not a beneficiary of the new defined contribution supplementary pension plan scheme.

Resolution A, proposed by an employee savings fund, included in the agenda but not recommended by the Board of Directors, to grant existing or new shares, free of consideration, to all Safran's employees, was rejected.

The results of the vote will be published in the Finance section of the Group's website, www.safran-group.com.

Financial calendar

Ex-dividend date	June 19, 2017
Dividend payment	as from June 21, 2017
Half-year results announcement	July 28, 2017

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in France or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Note and the consequences of such actions under the tax laws of those countries. This general description is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date or that could apply retroactively.

French Taxation

The following is a summary of certain withholding tax considerations that may be relevant to holders of Notes who (i) are non-French residents, (ii) do not hold their Notes in connection with a business or profession conducted in France, as a permanent establishment or fixed base situated in France, and (iii) do not concurrently hold shares in the Issuer.

Withholding Tax

Payments of interest and other securities income made by a debtor with respect to certain debt securities (including debt in the form of notes) are not subject to the withholding tax set out under Article 125 A III of the *Code général des impôts* unless such payments are made outside France in a non-cooperative State or territory within the meaning of Article 238-0 A of the *Code général des impôts* (a "Non-Cooperative State"), in which case a 75 per cent. withholding tax is applicable subject to exceptions, certain of which being set forth below, and to more favourable provisions of any applicable double tax treaty. The 75 per cent. withholding tax is applicable irrespective of the tax residence of the Noteholder. The list of Non-Cooperative States is published by a ministerial executive order, which is updated on a yearly basis.

Furthermore, according to Article 238 A of the *Code général des impôts*, interest and other securities income are not deductible from the Issuer's taxable income if they are paid or accrued to persons domiciled or established in a Non-Cooperative State or paid to a bank account opened in a Non-Cooperative State. Under certain conditions, any such non-deductible interest or other securities income may be re-characterised as constructive dividends pursuant to Articles 109 *et seq.* of the *Code général des impôts*, in which case it may be subject to the withholding tax provided under Article 119-*bis* 2 of the same Code, at a rate of 30 per cent. or 75 per cent., subject to more favourable provisions of any applicable double tax treaty.

Notwithstanding the foregoing, neither the 75 per cent. withholding tax provided by Article 125 A III of the *Code général des impôts*, the non-deductibility of the interest and other securities income nor the withholding tax set out in Article 119-*bis* 2 of the same Code that may be levied as a result of such non-deductibility, to the extent the relevant interest or income relates to genuine transactions and is not in an abnormal or exaggerated amount, will apply in respect of a particular issue of notes provided that the Issuer can prove that the main purpose and effect of such issue of notes is not that of allowing the payments of interest or income to be made in a Non-Cooperative State (the "Exception").

Pursuant to French administrative guidelines published in the *Bulletin Officiel des Finances Publiques – Impôts* under reference BOI-RPPM-RCM-30-10-20-40-20140211, n°70, BOI-INT-DG-20-50-20140211, n°550 and 990 and BOI-IR-DOMIC-10-20-20-60-20150320, n°10, an issue of notes benefits from the Exception without the Issuer having to provide any evidence supporting the main purpose and effect of such issue of notes, if such notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State. For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative

State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a Non-Cooperative State; or

- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depositories or operators are not located in a Non-Cooperative State.

As the Notes are admitted at the time of their issue to the operations of a securities clearing and delivery and payments system – Euroclear France, payments of interest or other securities income made by or on behalf of the Issuer with respect to the Notes will not be subject to the withholding tax set out under Article 125 A III of the *Code général des impôts*.

Payments made to individuals who are fiscally domiciled in France

Pursuant to Article 125 A of the *Code général des impôts* and subject to certain limited exceptions, interest and other revenues received under the Notes by individuals who are fiscally domiciled in France are subject to a 24% withholding tax. This withholding tax is an advance payment made in respect of the personal income tax of the individual receiving the interest or revenue, which is deductible from his personal income tax liability in respect of the year during which the withholding has been made. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding at an aggregate rate of fifteen point five per cent. (15.5%) on interest and similar revenues paid by the Issuer under the Notes, to individuals who are fiscally domiciled in France.

All prospective investors should seek independent advice as to their tax positions.

SUBSCRIPTION AND SALE

Deutsche Bank AG, London Branch, Banco Santander, S.A., MUFG Securities EMEA plc, and Natixis (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 26 June 2017 (the “**Subscription Agreement**”), agreed jointly and severally with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for, the 2019 Notes at a price equal to 100.059 per cent. of the principal amount of the 2019 Notes and for the 2021 Notes at a price equal to 100 per cent. of the principal amount of the Notes, less any applicable commission. The Issuer will also pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Notes.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Notes. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

Selling Restrictions

General

No action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus (in proof or final form) or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, each of the Joint Lead Managers has agreed that it will not, directly or indirectly, offer, sell or deliver any Notes or distribute or publish any prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Republic of France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold or caused to be offered or sold, and will not offer or sell or cause to be offered or sold, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the French *Code monétaire et financier*.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has agreed that it will not offer or sell the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after the later of the commencement of the offering and the date of issue of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 calendar days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Corporate Authorisations

The issue of the Notes was authorised by the *Conseil d'administration* of the Issuer on 23 May 2017.

Listing and Admission to trading of the Notes

For the sole purpose of the admission to trading of the Notes on Euronext Paris, and pursuant to articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier*, this Prospectus has been submitted to the AMF and received a visa no. 17-301 dated 26 June 2017.

The total expenses related to the admission to trading of the Notes are estimated to €4,800 in respect of the 2019 Notes and €6,000 in respect of the 2021 Notes.

Clearing of the Notes

The 2019 Notes have been accepted for clearance through Clearstream, (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

ISIN: FR0013263936

Common Code: 163808986

The 2021 Notes have been accepted for clearance through Clearstream, (42 avenue JF Kennedy, 1855 Luxembourg, Luxembourg), Euroclear (boulevard du Roi Albert II, 1210 Bruxelles, Belgium) and Euroclear France (66, rue de la Victoire, 75009 Paris, France) under the following reference numbers:

ISIN: FR0013264884

Common Code: 163810816

No Material Adverse Change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2016.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2016.

No Litigation

Except as mentioned in pages 148 – 149 (Note 32 *Litiges*) of the 2016 Registration Document, the Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects, in the context of the issue of the Notes, on the financial position or profitability of the Issuer or the Group.

No Material Interests

Save for any fees payable to the Joint Lead Managers as referred to in “**Subscription and Sale**”, as far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the issue.

No Material Contracts

Except as mentioned in page 321 (*Section 7.1.4.2 Convention avec l'État relative aux actifs et filiales stratégiques*) of the 2016 Registration Document, the Issuer has not entered into contracts outside the ordinary course of the Issuer's business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of Notes in respect of the Notes being issued.

No Conflicts of Interest

To the Issuer's knowledge, there are no potential conflicts of interest between the private interests and/or other duties of members of the *Conseil d'administration* of the Issuer and the duties they owe to the Issuer.

Auditors

Mazars (Exaltis, 61, rue Henri Regnault, 92400 Courbevoie, France) and Ernst & Young et Autres (1/2, place des Saisons 92400 Courbevoie - Paris - La Défense 1 France) are the statutory auditors of the Issuer. They have audited and rendered audit reports on the financial statements of the Issuer for each of the financial years ended 31 December 2015 and 31 December 2016. Mazars and Ernst & Young et Autres are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *commissaires aux comptes*. They are members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

Documents Available

So long as any of the Notes remain outstanding, copies of this Prospectus, the documents incorporated by reference in this Prospectus, the Agency Agreement and the *statuts* (by-laws) of the Issuer will be available for inspection and copies of the most recent annual financial statements of the Issuer will be made available or obtainable, free of charge, at the specified offices for the time being of the Paying Agent during normal business hours. This Prospectus is also available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.safran-group.com). All the documents incorporated by reference in this Prospectus are also available on the websites of the AMF (www.amf-france.org) and of the Issuer (www.safran-group.com).

Stabilisation

In connection with the issue of the Notes, Deutsche Bank AG, London Branch (the "**Stabilising Manager**") (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date of the Notes and 60 calendar days after the date of the allotment of the Notes. Such stabilisation will be carried out in accordance with all applicable rules and regulations.

Forward-Looking Statements

This Prospectus contains certain statements that are forward-looking including statements with respect to the Issuer's and the Group's business strategies, expansion and growth of operations, trends in the business, competitive advantage, and technological and regulatory changes, information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" or similar expressions. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof, and the Issuer undertakes no obligation to update publicly any of them in light of new information or future events.

PERSONS RESPONSIBLE FOR THE INFORMATION SET OUT IN THE PROSPECTUS

To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Safran

2, boulevard du Général Martial-Valin
75015 Paris

Duly represented by:

Bernard Delpit,
Group Chief Financial Officer
dated 26 June 2017



AUTORITÉ
DES MARCHÉS FINANCIERS

In accordance with articles L. 412-1 and L. 621-8 of the *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular articles 211-1 to 216-1, the *Autorité des marchés financiers* (“**AMF**”) has granted to this Prospectus the *visa* n°17-301 on 26 June 2017. This Prospectus has been prepared by the Issuer and its signatories assume responsibility for it. In accordance with article L. 621-8-1-I of the *Code monétaire et financier*, the *visa* has been granted following an examination by the AMF of “whether the document is complete and comprehensible, and whether the information in it is coherent”. It does not imply that the AMF has verified the accounting and financial data set out in it and the appropriateness of the issue of the Notes.

REGISTERED OFFICE OF THE ISSUER

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FISCAL AGENT, PRINCIPAL PAYING AGENT AND PAYING AGENT

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