



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

€200,000,000 2.875 per cent. Bonds due 11 April 2024

Issue Price: 99.529 per cent. of the principal amount of the Bonds

The €200,000,000 2.875 per cent. Bonds of SAFRAN (the “**Issuer**”) maturing on 11 April 2024 (the “**Bonds**”) will be issued on 11 April 2014 (the “**Issue Date**”).

Interest on the Bonds will accrue from, and including, the Issue Date at the rate of 2.875 per cent. per annum, payable annually in arrear on 11 April in each year, and for the first time on 11 April 2015 for the period from, and including, the Issue Date to, but excluding, 11 April 2015, as further described in “Terms and Conditions of the Bonds – Interest” of this prospectus (the “**Prospectus**”).

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at par on 11 April 2024 (the “**Maturity Date**”). The Issuer may, at its option, (i) from and including 11 October 2023 to but excluding the Maturity Date (as defined below), redeem the Bonds outstanding on any such date, in whole (but not in part), at their principal amount together with accrued interest, as described under “Terms and Conditions of the Bonds - Residual Maturity Call Option” and (ii) at any time and from time to time redeem all or any of the Bonds prior to the Maturity Date and in accordance with the provisions set out in “Terms and Conditions of the Bonds - Make-whole Redemption”. The Issuer may also, at its option, in the event that less than 20 per cent. of the aggregate principal amount of the Bonds remain outstanding following exercise of the Bondholders’ put option described under “Terms and Conditions of the Bonds – Early Redemption of the Bonds at the option of the Bondholders following a Change of Control” redeem all such remaining Bonds, 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 Bonds at par plus accrued interest in the event of certain tax changes as described under “Terms and Conditions of the Bonds – Redemption for Taxation Reasons”.

Each holder of each Bond 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 Bond at its Early Redemption Amount (as defined herein) together with any accrued interest thereon as more fully described under “Terms and Conditions of the Bonds – Early Redemption of the Bonds at the option of the Bondholders following a Change of Control”.

The Bonds will be issued in dematerialised bearer form in the denomination of €200,000 each. Title to the Bonds 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 Bonds.

The Bonds 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 (which includes

the amendments made by Directive 2010/73/EU of the European Parliament and of the Council dated 24 November 2010) (the “**Prospectus Directive**”).

Application has been made (i) for the approval of this Prospectus by the Autorité des marchés financiers (French financial market authority) and (ii) to admit the Bonds to trading on Euronext Paris. Application has been made for the Bonds to be admitted to trading on Euronext Paris as 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.

The Bonds 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 Bonds may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”).

Neither the Bonds 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 2012 Registration Document and the 2013 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 Bonds.



In accordance with Articles L. 412-1 and L. 621-8 of the French 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°14-132 on 8 April 2014. 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 French 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 Bonds.

Joint Lead Managers

CM-CIC

Morgan Stanley

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 Bonds.

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, the Issuer and the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, 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. 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 Bonds 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 Bonds.

No person is authorised to give any information or to make any representation related to the issue, offering or sale of the Bonds 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 Bonds 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 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 Bonds 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 Bonds. Each prospective investor of Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Bonds 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 Bonds 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 Bonds. Investors should in particular conduct their own analysis and evaluation of risks relating to the Issuer, its business, its financial condition and the issued Bonds and consult their own financial or legal advisers about risks associated with investment Bonds and the suitability of investing in the Bonds 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 Bonds.

The distribution of this Prospectus and the offering or the sale of the Bonds 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 Bonds 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 Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Bond 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 Bonds and distribution of this Prospectus and of any other offering material relating to the Bonds, 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 connection with the issue of the Bonds, Morgan Stanley & Co. International plc (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds 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 Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 calendar days after the Issue Date of the Bonds and 60 calendar days after the date of the allotment of the Bonds. Such stabilisation will be carried out in accordance with all applicable rules and regulations.*

*In this Prospectus, references to “€”, “**EURO**”, “**EUR**” or to “**Euro**” are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).*

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Notice Relating to the United States

The Bonds have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Accordingly, the offer is not being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase or subscribe for any Bonds in the United States. The Bonds offered hereby are being offered only outside the United States in "offshore transactions" to non-U.S. persons in compliance with Regulation S under the Securities Act.

Any person who subscribes for or acquires Bonds will be deemed to have represented, warranted and agreed, by accepting delivery of this Prospectus, that it is subscribing for or acquiring the Bonds in compliance with Rule 903 of Regulation S in an "offshore transaction" as defined in Regulation S, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, until 40 calendar days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer (whether or not it is participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to the foregoing.

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RISK FACTORS

The Issuer considers that the risk factors described below are important to make an investment decision in the Bonds and/or may alter its ability to fulfil its obligations under the Bonds 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 Bonds that the Issuer considers, as of the date hereof, material with respect to the Bonds. 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 Bonds. The inability of the Issuer to pay interest, principal or other amounts on or in connection with any Bond, may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Bonds 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 Bonds.

Prior to making an investment decision in the Bonds, 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 Bonds must make their own analysis and assessment of all the risks associated to the Bonds 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 Bonds and the suitability of such an investment in light of their particular circumstances.

The Bonds 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 Bonds, 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 Bonds” below shall have the same meaning where used below.

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

The risk factors relating to the Issuer and its business are set out on pages 182 to 193 of the 2013 *Document de Référence* of Safran incorporated by reference into this Prospectus, as set out in section “Documents Incorporated by Reference” of this Prospectus.

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

2.1 Risks related to investors

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

Each potential investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds 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 Bonds. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds 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 Bonds and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds;
- (v) be familiar with the behaviour of financial markets; and
- (vi) 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 Bonds 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 Legality of Purchase

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 Bonds by a prospective investor in the Bonds, 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 Bonds generally

2.2.1 The Bonds 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 Bonds due to any withholding as provided in “Terms and Conditions of the Bonds – Taxation”, the Issuer may and, in certain circumstances shall, redeem all of the Bonds then outstanding in accordance with such Terms and Conditions.

In addition, the Issuer may choose to redeem (i) all (but not some only) of the outstanding Bonds from and including 11 October 2023 to but excluding the Maturity Date on any such date under a residual maturity call option as provided in Condition 4.5 and (ii) all or any of the outstanding Bonds at any time under a make-whole call option as provided in Condition 4.3, at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect to redeem Bonds, such Bonds may feature a market value not above the price at which they can be redeemed. In the event that the Issuer chooses to redeem some only of the outstanding Bonds under the make-whole call option described above, any trading market in respect of those Bonds in respect of which such call option is not exercised may become illiquid.

Furthermore, if 80 per cent. or more in principal amount of the Bonds (including any bonds assimilated to the Bonds issued pursuant to Condition 11 of the Terms and Conditions of the Bonds) have been redeemed pursuant to the put option described in “Change of Control” below, the Issuer will have the option to redeem all (but not some only) of the remaining Bonds outstanding at their principal amount together with any accrued interest as provided in Condition 4.4(v).

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

Any early redemption of the Bonds may result, for the Bondholders, 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 Bonds.

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 Bonds - Redemption following a Change of Control”), each Bondholder will have the right to request the Issuer to redeem all, but not some only, of its Bonds at their principal amount together with any accrued interest. In such case, any trading market in respect of those Bonds 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 Bonds.

2.2.3 The Bonds 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 Bonds

The Terms and Conditions of the Bonds 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 bonds or similar debt instruments which are listed or capable of being listed. See “Terms and Conditions of the Bonds – Negative Pledge”. The Terms and Conditions of the Bonds 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 Bonds. Accordingly, if the Issuer incurs significant additional debt ranking equally with the Bonds, it will increase the number of claims that would be entitled to share rateably with the Bondholders in any proceeds distributed in connection with an insolvency, bankruptcy or similar proceeding.

2.2.4 Sale of the Bonds prior to maturity

The financial terms of the Bonds were determined with a view to holding the Bonds until their maturity, namely 11 April 2024. As a result, if a Bondholder sells the Bonds any time before such date, the sale may occur at a price that is not equal to the nominal value of the Bonds.

2.2.5 Modification of the Terms and Conditions of the Bonds

Bondholders will be grouped automatically for the defence of their common interests in a *Masse*, as defined in “Terms and Conditions of the Bonds - Representation of the Bondholders”, and a general meeting of Bondholders can

be held. The Terms and Conditions of the Bonds permit in certain cases defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant general meeting and Bondholders who voted in a manner contrary to the majority.

The general meeting of Bondholders may, subject to the provisions set out in “Terms and Conditions of the Bonds - Representation of the Bondholders”, deliberate on any proposal relating to the modification of the Terms and Conditions of the Bonds, 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 Bonds nor the long-term debt of the Issuer are rated. One or more independent credit rating agencies may assign credit ratings to the Bonds 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 Bonds. 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 Bonds 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 Bonds are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for the Bonds. 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 Bonds. 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.

2.2.8 Transactions on the Bonds could be subject to the European financial transaction tax, if adopted

On 14 February 2013, the European Commission adopted a proposal for a directive on the financial transaction tax (hereafter “**FTT**”) to be implemented under the enhanced cooperation procedure by eleven Member States initially (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovenia, Slovakia and Spain). Member States may join or leave the group of participating Member States at later stages. The proposal will be negotiated by Member States, and, subject to an agreement being reached by the participating Member States, a final directive will be enacted. The participating Member State will then implement the directive in local legislation. The FTT proposal remains subject to negotiation between the participating Member States and is subject to legal challenge. It may therefore be altered prior to any implementation, the effective timing of which remains unpredictable. Prospective Bondholders are advised to seek their own professional advice in relation to the FTT.

If the proposed directive is adopted and implemented in local legislation, Bondholders may be exposed to increased transaction costs with respect to financial transactions carried out with respect to the Bonds.

2.2.9 EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC on the taxation of savings income under the form of interest payments (the “**Savings Directive**”). The Savings Directive requires Member States, to provide to the tax authorities of other Member States details of payments of interest and other similar income within the meaning of the Savings Directive made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in that other Member State and to certain limited types of entities established in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner elects otherwise and authorises the paying agent to disclose the above information. In April 2013, the Luxembourg government announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from 1 January 2015. The rate of such withholding tax equals 35% until the end of the transitional period (see “Taxation”).

Pursuant to the Terms and Conditions of the Bonds, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond, as a result of the imposition of such withholding tax. In addition, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

2.2.10 French Insolvency Law

Bondholders will be automatically grouped for the defense of their common interests in a *Masse*, as defined in Condition 9. However, under French insolvency law as amended by ordinance no. 2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order no. 2009-160 dated 12 February 2009 and law no. 2010-1249 dated 22 October 2010 which came into force on 1 March 2011 and related order no. 2011-236 dated 3 March 2011, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”) in order to defend their common interests if a safeguard procedure (*procédure de sauvegarde*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*) 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 Bonds), regardless of their governing law.

The Assembly deliberates on the proposed safeguard plan (*projet de plan de sauvegarde*), accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or 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 Bondholders) by rescheduling due payments and/or partially or totally writing-off receivables in form of debt securities;

- establish an unequal treatment between holders of debt securities (including the Bondholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Bonds) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third (2/3rd) majority (calculated as a proportion of the debt securities held by the holders which have cast a vote at such Assembly). No quorum is required to hold the Assembly.

For the avoidance of doubt, the provisions relating to the representation of the Bondholders described in the Terms and Conditions set out in this Prospectus 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 Bonds 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 Bonds

The Bonds are new securities which may not be widely distributed and for which there is currently no active trading market. If the Bonds 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 Bonds 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 Bonds.

2.3.2 Market value of the Bonds

The market value of the Bonds 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 Bonds 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 Bonds are traded. The price at which a Bondholder will be able to sell the Bonds 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 Bonds might not develop nor be liquid

An investment in the Bonds should be considered primarily with a view to holding them until their maturity. The Bonds 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 Bonds 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 Bonds.

2.3.4 Credit Risk of the Issuer

The value of the Bonds will depend on the creditworthiness of the Issuer. If the creditworthiness of the Issuer deteriorates, the value of the Bonds may decrease 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 Bonds 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.

2.3.6 Interest rate risks

The Bonds bearing interest at a fixed rate, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

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

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

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 2013 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 28 March 2014 under no. D.14-0233, 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 “**2013 Reference Document**”); and
- (b) the 2012 *Document de Référence* in the French language relating to the Issuer filed with the AMF on 28 March 2013 under no. D.13-0243, including the statutory audited consolidated financial statements of the Issuer as at, and for the year ended, 31 December 2012 and the related notes thereto (the “**2012 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 CM-CIC Securities (the “**Paying Agent**”) during normal business hours so long as any of the Bonds is outstanding, as described in “General Information” below. Copies of the 2013 Registration Document and of the 2012 Registration Document are available on the website of the AMF (www.amf-france.org).

Free translations in the English language of the 2013 Registration Document and the 2012 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	2012 Registration Document (page number)	2013 Registration Document (page number)
1.	PERSONS RESPONSIBLE		
1.1.	All persons responsible for the information given in the registration document and, as the case may be, for certain parts of it, with, in the latter case, an indication of such parts. In the case of natural persons including members of the issuer’s administrative, management or supervisory bodies indicate the name and function of the person; in case of legal persons indicate the name and registered office.	Not applicable	Not applicable
1.2.	A declaration by those responsible for the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. As the case may be, declaration by those responsible for certain parts of the registration document that, having taken all reasonable care to ensure that such is the case, the information contained in the part of the registration document for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	Not applicable	Not applicable
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).	Not applicable	351
2.2.	If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, details if material.	Not applicable	Not applicable

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 Registration Document (page number)
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".	Not applicable	182 –193 (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;	Not applicable	294 (Section 7.1 <i>Renseignements généraux et statuts</i>)
4.1.2.	the place of registration of the issuer and its registration number;	Not applicable	294 (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;	Not applicable	294 (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);	Not applicable	294 (Section 7.1 <i>Renseignements généraux et statuts</i>)
4.1.5.	any recent events particular to the issuer and which are to a material extent relevant to the evaluation of the issuer's solvency.	Not applicable	Not applicable
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.	Not applicable	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.	Not applicable	32 (Section 1.4 <i>Position concurrentielle</i>)
6.	ORGANISATIONAL STRUCTURE		
6.1.	If the issuer is part of a group, a brief description of the group and of the	Not applicable	11 -13 (Paragraph 1.1.2 to 1.1.4)

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 Registration Document (page number)
	issuer's position within it.		
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.	Not applicable	Not applicable
7.	TREND INFORMATION		
7.1.	<p>Include a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published audited financial statements.</p> <p>In the event that the issuer is unable to make such a statement, provide details of this material adverse change.</p>	Not applicable	Not applicable
8.	PROFIT FORECASTS OR ESTIMATES		
	If an issuer chooses to include a profit forecast or a profit estimate, the registration document must contain the information items 8.1 and 8.2 the following:		
8.1.	<p>A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate.</p> <p>There must be a clear distinction between assumptions about factors which the members of the administrative, management or supervisory bodies can influence and assumptions about factors which are exclusively outside the influence of the members of the administrative, management or supervisory bodies; be readily understandable by investors; be specific and precise; and not relate to the general accuracy of the estimates underlying the forecast.</p>	Not applicable	Not applicable
8.2.	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer.	Not applicable	Not applicable
8.3.	The profit forecast or estimate must be	Not applicable	Not applicable

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 Registration Document (page number)
	prepared on a basis comparable with the historical financial information.		
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1.	<p>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:</p> <p>(a) members of the administrative, management or supervisory bodies;</p> <p>(b) partners with unlimited liability, in the case of a limited partnership with a share capital.</p>	Not applicable	234 – 262 (Section 6.1 <i>Organes d'administration et de direction</i>)
9.2.	<p><u>Administrative, Management, and Supervisory bodies conflicts of interests</u></p> <p>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.</p> <p>In the event that there are no such conflicts, a statement to that effect.</p>	Not applicable	256 – 257 (Section 6.1 <i>Organes d'administration et de direction</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.	Not applicable	306 – 309 (Section 7.3 <i>Actionnariat du Groupe</i>)
10.2.	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Not applicable	309 (Section 7.3.6 <i>Accords dont la mise en œuvre pourrait entraîner un changement dans le contrôle de la société</i>)

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 Registration Document (page number)
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>70 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2012 – Bilan consolidé</i>)</p> <p>68 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2012 – Compte de résultat consolidé</i>)</p> <p>73 – 142 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2012 – Notes annexes aux comptes consolidés du groupe Safran</i>)</p>	<p>76 Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2013 – Bilan consolidé</i>)</p> <p>74 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2013 – Compte de résultat consolidé</i>)</p> <p>79 – 150 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2013 – 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>	66 – 144 (Sections 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2012</i>)	72 – 152 (Section 3.1 <i>Comptes consolidés du groupe Safran au 31 décembre 2013</i>)
11.3.	<u>Auditing of historical annual financial information</u>		

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 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.	143 – 144 (Section 3.2 <i>Rapport des commissaires aux comptes sur les comptes consolidés</i>)	151 – 152 (Section 3.2 <i>Rapport des commissaires aux comptes sur les comptes consolidés</i>)
11.3.2.	An indication of other information in the registration document which has been audited by the auditors.	170 (Section 3.4 <i>Rapport des commissaires aux comptes sur les comptes annuels</i>)	180 (Section 3.4 <i>Rapport des commissaires aux comptes sur les comptes annuels</i>)
11.3.3.	Where financial data in the registration document is not extracted from the issuer's audited financial statements, state the source of the data and state that the data is unaudited.	Not applicable	Not applicable
11.4.	<u>Age of latest financial information</u>		
11.4.1.	The last year of audited financial information may not be older than 18 months from the date of the registration document.	Not applicable	Not applicable
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.	Not applicable	144 – 145 (<i>Note 31 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.	Not applicable	Not applicable

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 Registration Document (page number)
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.	Not applicable	Not applicable
13.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST		
13.1.	Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to that effect that such statement or report is included, in the form and context in which it is included, with the consent of that person who has authorised the contents of that part of the registration document.	Not applicable	Not applicable
13.2.	<u>Third party information</u> Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading; in addition, identify the source(s) of the information.	Not applicable	Not applicable
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	Not applicable	Not applicable

Rule	Prospectus Regulation – Annex IX	2012 Registration Document (page number)	2013 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 BONDS

The terms and conditions of the Bonds will be as follows:

The issue of €200,000,000 2.875 per cent. Bonds due 11 April 2024 (the “**Bonds**”) by Safran (the “**Issuer**”) was authorised by the *Conseil d'administration* of the Issuer on 20 March 2014.

The Issuer will enter into an agency agreement (the “**Agency Agreement**”) to be dated 11 April 2014 with CM-CIC Securities 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 Bonds**”, “**holder of any Bond**” or “**Bondholder**” means the person whose name appears in the account of the relevant Account Holder as being entitled to such Bonds.

1. **FORM, DENOMINATION AND TITLE**

The Bonds will be issued on 11 April 2014 (the “**Issue Date**”) in dematerialised bearer form (*au porteur*) in the denomination of €200,000 per Bond. Title to the Bonds 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 Bonds.

The Bonds 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, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”).

Title to the Bonds shall be evidenced by entries in the books of Account Holders and transfer of Bonds may only be effected through registration of the transfer in such books and in denominations of €200,000.

2. **STATUS AND NEGATIVE PLEDGE**

2.1 **Status of the Bonds**

The obligations of the Issuer in respect of the Bonds 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 Bonds 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 Bonds are equally and rateably secured therewith.

(ii) For the purposes of these Conditions,

"Consolidated EBITDA" means the consolidated EBITDA of the Issuer and its Subsidiaries.

"Consolidated Total Assets" means, as of any date of determination, the total amount of all assets of the Issuer and its Subsidiaries, determined on a consolidated basis in accordance with GAAP.

"EBITDA" means the sum of profit (loss) from operations and the net charge to depreciation, amortisation and provisions for impairment of assets, computed in adjusted data as explained in (iii) below. When referring to the EBITDA of a Subsidiary, the EBITDA is deemed to be the contributive EBITDA of such Subsidiary to the Consolidated EBITDA.

"GAAP" means generally accepted accounting principles (including International Financial Reporting Standards, as applicable) as in effect from time to time in France.

"Group" means the Issuer and its Subsidiaries.

"outstanding" means, in relation to the Bonds, all the Bonds 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 Bonds 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 each member of the Group whose EBITDA or total assets represent 5% or more of Consolidated EBITDA or Consolidated Total Assets (as applicable) on the basis of the latest published consolidated financial statements of the Group.

"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 any corporation, association or other business entity (i) in which the Issuer or one or more of its Subsidiaries or the Issuer and one or more of its Subsidiaries owns sufficient equity or voting interests to enable it or them (as a group) ordinarily, in the absence of contingencies, to elect a majority of the directors (or persons performing similar functions) of such entity, and any partnership or joint venture if more than a 50% interest in the profits or capital thereof is owned by the Issuer or one or more of its Subsidiaries or the Issuer and one or more of its Subsidiaries (unless such partnership or joint venture can and does ordinarily take major business actions without the prior approval of the Issuer or one or more of its Subsidiaries) and (ii) that is consolidated for the purpose of the financial statements of the Issuer in accordance with GAAP.

(iii) When referring to EBITDA, Consolidated EBITDA or Principal Subsidiaries, the accounting terms used herein shall refer to the Issuer's consolidated income statement adjusted as shown on pages 50 and 51 of the 2013 Reference Document taking into account the impact of:

- (a) 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 with the gain resulting from the remeasurement of the Group's previously held interests in a business combination achieved in stages.
- (b) 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 is neutralized.

3. INTEREST

The Bonds will bear interest from, and including, 11 April 2014 (the "**Interest Commencement Date**") to, but excluding, the Maturity Date (as defined in Condition 4.1), at the rate of 2.875 per cent. per annum (calculated on the principal amount of the Bonds), payable annually in arrear on 11 April of each year (each an "**Interest Payment Date**"), commencing on 11 April 2015.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the Actual/Actual-ICMA method being the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last). The period beginning on the Interest Commencement Date (included) and ending on the first Interest Payment Date (excluded) and each successive period beginning on an Interest Payment Date (included) and ending on the next succeeding Interest Payment Date (excluded) is called an "**Interest Period**".

Each Bond 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 Bond is improperly withheld or refused on such due date. In such event, such Bond 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 Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).

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

4. REDEMPTION AND PURCHASE

The Bonds 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 Bonds will be redeemed in cash at their principal amount (i.e. €200,000 per Bond) on 11 April 2024 (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 Bonds, 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 Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Bonds 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 Bonds, notwithstanding the undertaking to pay additional amounts contained in Condition 6, be prevented by French law from making payment to the Bondholders 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 Bondholders in accordance with Condition 9, redeem all, but not some only, of the Bonds 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 Make-whole Redemption

- (i) The Issuer may on giving not less than 15 nor more than 30 calendar days’ irrevocable notice in accordance with Condition 9 to the Bondholders, redeem the Bonds, in whole or in part, at any time or from time to time, prior to their Maturity Date (a “**Make-Whole Redemption Date**”). Any such redemption of Bonds shall be made on the Make-Whole Redemption Date at their Make-Whole Redemption Amount (as defined below).
- (ii) In the case of a partial redemption of Bonds pursuant to this Condition 4.3, the redemption will be effected by reducing the nominal amount of the Bonds then outstanding in proportion to the aggregate nominal amount of Bonds to be so redeemed, subject to compliance with any other applicable laws and regulated market or other stock exchange requirements.
- (iii) So long as the Bonds are listed and admitted to trading on any stock exchange and the rules of that stock exchange so require, the Issuer shall, each year in which there has been a partial redemption of the Bonds, cause to be published in accordance with the relevant rules of such stock exchange, a notice specifying the aggregate nominal amount of Bonds outstanding and, as the case may be, the nominal amount of each Bond outstanding.
- (iv) For the purposes of this Condition 4.3:

“Make-Whole Redemption Amount” means, in respect of any Bond subject to redemption pursuant to Condition 4.3, an amount in Euro determined by the Calculation Agent, equal to the greater of (x) 100% of the principal amount of such Bond and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Bond (excluding any interest accrued on such Bond to, but excluding, the relevant Make-Whole Redemption Date) discounted to such Make-Whole Redemption Date on an annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin, plus, in each case, any interest accrued on such Bond to, but excluding, such Make-Whole Redemption Date.

“Make-Whole Redemption Margin” means 0.50 per cent.

“Make-Whole Redemption Rate” means, in respect of any redemption of Bonds pursuant to Condition 4.3, the average, calculated by the Calculation Agent, of the four (4) quotations obtained by the Calculation Agent from the Reference Banks of the mid-market annual yield to maturity of the Reference Bond on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date at 11:00 a.m (Central European time (CET)). If the Reference Bond is no longer outstanding, a Similar Security will be chosen by the Calculation Agent in its reasonable judgment, at 11:00 a.m. (Central European time (CET)) on the fourth business day in Paris preceding the relevant Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 9. The Make-Whole Redemption Rate will be notified by the Issuer in accordance with Condition 9.

“Reference Bond” means the 1.75 per cent. German Federal Government Bond of Bundesrepublik Deutschland due 15 February 2024, with ISIN DE0001102333.

“Reference Bank” means each of the four banks that may have been selected by the Calculation Agent (excluding the Calculation Agent and any of its affiliates) which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

“Similar Security” means a reference bond or reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, at the time of financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

4.4 **Early Redemption of the Bonds at the option of the Bondholders following a Change of Control**

- (i) If at any time while any Bond remains outstanding, there occurs a Change of Control (as defined below), the holder of each Bond 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 Bonds under Condition 4.2) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Bond, on the Optional Redemption Date (as defined below) at its principal amount outstanding of such Bonds 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 Bondholders 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 4.4.
- (iii) To exercise the Put Option to require redemption or, as the case may be, purchase of the Bonds under this Condition 4.4, a Bondholder must transfer or cause to be transferred its Bonds 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 4.4.

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 Bonds in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Bonds 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 Bonds 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 Bondholder may incur as a result of or in connection with such Bondholder'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).
- (v) In the event that at least 80 per cent. of the initial aggregate principal amount of the Bonds (including any assimilated bonds issued pursuant to Condition 11) has been redeemed or purchased by the Issuer pursuant to this Condition 4.4, the Issuer may, at its option but subject to having given not more than 60 nor less than 30 calendar days' notice to the Bondholders (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 Bonds at their Early Redemption Amount together with any interest accrued to the date set for redemption.

4.5 **Residual Maturity Call Option**

The Issuer may, on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 9 to the Bondholders redeem, at any time as from and including 6 months to but excluding the Maturity Date, the Bonds, in whole (but not in part), at their principal amount together with interest accrued to, but excluding, the date fixed for redemption.

All Bonds in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

4.6 **Purchases**

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

4.7 **Cancellation**

All Bonds 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 Bonds 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 Bondholders 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 Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Bonds 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 Bondholders 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 Bond is not a TARGET business day, then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Bondholder 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

CM-CIC Securities

6, Avenue de Provence,
75441 Paris Cedex 09

France

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 Bondholders 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 Bonds 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 Bonds 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 Bondholders, after such deduction or withholding, receive the full amount provided in such Bonds 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 Bond to a holder (or beneficial owner (*ayant droit*)):

- (i) who is subject to such taxes, duties, assessments or other governmental charges, in respect of such Bond by reason of his having some connection with France other than the mere holding of such Bond; or
- (ii) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments or any other European Union Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 Bondholder shall, and any Bondholder may, upon written notice given to the Fiscal Agent (copy to the Issuer) cause the Bonds held by such Bondholder 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 Bond (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 €80,000,000 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 Bonds 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 Bonds and has obtained all necessary authorisation therefor (if any), and (c) notice of such merger or consolidation shall have been given to the Bondholders as provided under Condition 9 below not later than the effective date thereof.

8. REPRESENTATION OF THE BONDHOLDERS

The Bondholders will be grouped for the defence of their respective common interests in a *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 CM-CIC Securities, represented by Antoine DESPLANQUES, 6 avenue de Provence - 75009 Paris.

The Alternate Representative of the *Masse* (the "**Alternate Representative**") shall be Philippe CASSAGNES, 6 avenue de Provence - 75009.

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 Bondholders' general meeting.

The Representative will not receive any remuneration for its services.

All interested Bondholders 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 Bondholder to participate in general meetings of Bondholders will be evidenced by the entries in the books of the relevant Account Holder of the name of such Bondholder as of 0:00, Paris time, on the third (3rd) business day in Paris preceding the date set for the meeting of the relevant general meeting.

9. NOTICES

Any notice to the Bondholders will be valid if delivered to the Bondholders through Euroclear France, Euroclear or Clearstream, Luxembourg, for so long as the Bonds are cleared through such

clearing systems and published on the website of the Issuer (www.safran-group.com); and so long as the Bonds 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 Bonds 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 Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds 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 Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated Bonds may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12. **GOVERNING LAW AND JURISDICTION**

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

Any dispute arising out of or in connection with the Bonds 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 Bonds, which will be approximately €198,658,000 will be applied by the Issuer for its general corporate purposes.

RECENT DEVELOPMENTS RELATING TO THE ISSUER

1. **Safran to acquire the Aerospace Power Distribution Management Solutions and Integrated Cockpit Solutions business of Eaton, reinforcing Safran's strategy over the electrical energy chain**

Note to the media: A related release has been issued by Eaton.

Paris, January 20, 2014 - Safran (NYSE Euronext Paris: SAF) today announces the signature of a definitive agreement to acquire the Aerospace Power Distribution Management Solutions and the Integrated Cockpit Solutions business of Eaton.

The acquisition of the Aerospace Power Distribution Management Solutions business brings key contactor and circuit breaker technologies to Safran. As the continuation of Safran's strategy addressing the market for "more electric aircraft", it reinforces Labinal Power Systems, which consolidates the group's electrical power activities.

The acquisition of the Integrated Cockpit Solutions business allows Safran to bolster Sagem's offering and North-American presence in avionics and flight controls, bringing recognized expertise in panels and displays, including illuminated switches and cockpit controls.

The business holds strong market positions in commercial (regional, short-to medium-haul, long-haul), business and military aviation. The business generated revenues of more than USD 100 million and EBITDA in excess of USD 14 million in 2013. Aerospace Power Distribution Management Solutions account for around 60% of the activity, and Integrated Cockpit Solutions around 40%. The aftermarket (spares) business should contribute approximately 25% of overall revenue. The business employs approximately 350 people at manufacturing facilities in Costa Mesa, California and Sarasota, Florida.

"Further to Safran's decisive step into onboard power generation with the breakthrough acquisition of Goodrich Electrical Power Systems in 2013, Eaton Aerospace Group's electrical distribution activities are a key addition bringing us comprehensive expertise over the overall electrical energy chain. Labinal Power Systems, a new Safran entity formed at the beginning of the year, affirms its position as an essential player and a world leader in electrical power systems. In addition, the acquisition of the Cockpit Integration Solutions activities will reinforce Sagem's commercial presence in the US." declared Jean-Paul Herteman, Chairman and Chief Executive Officer.

Terms of the transaction

The cash consideration for the transaction amounts to USD 270 million (approximately EUR 200 million) of which an enterprise value of USD 224 million (approximately EUR 166 million) and future tax savings of USD 46 million (approximately EUR 34 million) arising from the amortization for tax purposes of goodwill and other intangible assets acquired.

The transaction, which is expected to close in the first half of 2014, is subject to Eaton Board approval, regulatory approvals and satisfaction of other customary closing conditions.

The Aerospace Power Distribution Management Solutions activities will be consolidated within the Aircraft Equipment business. The Integrated Cockpit Solutions activities will be consolidated within the Defence business.

2. **European Commission issues decision concerning the power cable sector**

Paris, April 2, 2014 - The European Commission announced its decision today to fine Silec Cable, a former subsidiary of Sagem, concerning a cartel on high-voltage underground power cables from November 2001 to December 2005.

This fine follows an inquiry initiated by the European Commission in 2009, concerning a cartel between the main players in the underground and submarine high-voltage power cable sector, from 1999 to 2008.

The Commission took into account Silec Cable's limited participation in the cartel, setting the amount of the fine at 8,567,000 euros.

This fine will not have a significant impact on the Group's results because of provisions that were previously set aside.

Safran, formed by the merger of Snecma and Sagem in 2005, sold Silec Cable to General Cable in December 2005, and was totally unaware of the practices that have been incriminated.

Safran confirms its commitment to strict compliance with all competition laws and regulations. Right from its creation, Safran deployed a legal department including a unit dedicated to competition law.

TAXATION

The following is a general description of certain tax considerations relating to the Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in France or elsewhere. Prospective purchasers of Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Bonds and receiving payments of interest, principal and/or other amounts under the Bond and the consequences of such actions under the tax laws of those countries. This summary 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.

EU Savings Directive

Under the Savings Directive, each Member State is required, from the 1st of July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income within the meaning of the Savings Directive made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State and to certain limited types of entities established in that other Member State. However, throughout a transitional period, Austria and Luxembourg will instead apply a withholding system in relation to such payments unless the relevant beneficial owner elects otherwise and authorises the paying agent to disclose the above information. In April 2013, the Luxembourg government announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect from the 1st of January 2015. The rate of such withholding tax equals 35% until the end of the transitional period, which will terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

If a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Bond, as a result of the imposition of such withholding tax.

Also with effect from the 1st of July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either exchange of information or transitional withholding) in relation to payments made by a paying agent located within their jurisdiction to, or for the benefit of, an individual resident in a Member State. In addition, the Member States have entered into reciprocal exchange of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or for the benefit of, an individual resident in one of those territories.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

Article 242 *ter* of the French *Code général des impôts* (French General Tax Code, hereinafter referred to as the "CGI"), as well as Articles 49 I *ter* to 49 I *sexies* of Annex III to the CGI, which transpose the Savings Directive into French law, introduce the clause requiring any person established in France and paying interest or other similar income to disclose certain information to the French Tax Authorities relating to the revenues paid to beneficiaries domiciled in another Member State including, in particular, the identity and the address of the beneficiaries as well as a detailed list of the different categories of revenues paid to such beneficiaries.

France

The following is intended to be a basic summary of certain tax considerations that may be relevant to holders of Bonds that (i) do not hold their Bonds in connection with a business or profession conducted in France through a permanent establishment or a fixed base in France and (ii) do not hold shares of the Issuer.

Following the introduction of the French “*loi de finances rectificative pour 2009*” (no. 2009-1674 dated 30 December 2009) (the “**Law**”), payments of interest and other revenues made by the Issuer with respect to the Bonds will not be subject to the withholding tax set out under Article 125 A III of the CGI unless such payments are made outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the CGI (a “**Non-Cooperative State**”). If such payments under the Bonds are made in a Non-Cooperative State, a 75% withholding tax will be applicable irrespective of the tax residence of the holder of the Bonds if such payments are made by way of a bank transfer (*inscription en compte*) (subject to certain exceptions and to the more favourable provisions of any applicable international tax treaty) by virtue of Article 125 A III of the CGI. The list of Non-Cooperative States is published by a French ministerial executive order, which is updated on a yearly basis.

Notwithstanding the foregoing, the Law provides that the 75% withholding tax will not apply in respect of the issue of the Bonds if the Issuer can prove that the principal purpose and effect of such issue of Bonds was not that of allowing the payments of interest or other revenues to be made in a Non-Cooperative State (the “**Exception**”). Pursuant to official guidelines issued by the French Tax Authorities under the references BOI-INT-DG-20-50-20140211, no. 990 and BOI-RPPM-RCM-30-10-20-40-20140211, no. 70, an issue of notes will benefit from the Exception without the issuer having to provide any proof of the purpose and effect of the issue of the notes if such notes are:

- (i) offered by means of a public offer within the meaning of Article L. 411-1 of the French *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 clearing 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 French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

The Bonds which will be admitted to listing and to trading on Euronext Paris, and cleared through a duly authorised central depository not located in a Non-Cooperative State as from their Issue Date, payments of interest and other revenues made by, or for the account of, the Issuer under the Bonds are not subject to the withholding tax set out under Article 125 A III of the CGI.

Furthermore, pursuant to Article 238 A of the CGI, interest and other revenues on such Bonds are *inter alia* 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 financial institution located in a Non-Cooperative State. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends pursuant to Article 109 *et seq.* of the CGI, in which case such non-deductible interest and other revenues

may be subject to the withholding tax set out under Article 119 *bis* 2 of the French CGI, at a rate of 30% or 75% (subject to the more favourable provisions of any applicable international tax treaty).

However, neither the non-deductibility set out under Article 238 A of the CGI, nor the withholding tax set out under article 119 *bis* 2 of the CGI will apply in respect of the Bonds if the Issuer can prove that it can benefit from the Exception and that the relevant interest or revenues relate to genuine transactions and are not in an abnormal or exaggerated amount. Pursuant to official guidelines issued by the French Tax Authorities under the references BOI-INT-DG-20-50-20140211, no. 550 and BOI-ANNX-000364-20120912, no. 20, the issue of the Bonds will benefit from the Exception without the Issuer having to provide any proof of the purpose and effect of the issue of the Bonds since the Bonds qualify to one of the three above-mentioned conditions.

Pursuant to Articles 125 A and 125 D of the CGI (*loi n° 2012-1509 du 29 décembre 2012 de finances pour 2013, article 9*), and subject to certain limited exceptions, interest and similar income received from January 1, 2013 by French tax resident individuals 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 this withholding has been made. If the amount of this withholding exceeds the amount of personal income tax due, the excess is refundable. Social contributions (CSG, CRDS and other related contributions) are also levied by way of withholding tax, under current French law, at an aggregate rate of 15.5% on interest and similar income paid to French tax resident individuals.

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

SUBSCRIPTION AND SALE

CM-CIC Securities and Morgan Stanley & Co. International plc (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 8 April 2014 (the “**Subscription Agreement**”), agreed jointly and severally with the Issuer, subject to the satisfaction of certain conditions, to subscribe and pay for, the Bonds at a price equal to 99.529 per cent. of the principal amount of the Bonds, 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 Bonds.

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

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 Bonds, or possession or distribution of the Prospectus (in proof or final form) or any other offering or publicity material relating to the Bonds, 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 Bonds 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 Bonds by a prospective investor of the Bonds, 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 Bonds 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 Bonds 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 Bonds 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 Bonds, (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 Bonds, 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 Bonds during the

distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds 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 Bonds 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 Bonds 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 Bonds in, from or otherwise involving the United Kingdom.

GENERAL INFORMATION

Corporate Authorisations

The issue of the Bonds was authorised by the *Conseil d'administration* of the Issuer on 20 March 2014.

Listing and Admission to trading of the Bonds

For the sole purpose of the admission to trading of the Bonds 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. 14-132 dated 8 April 2014.

The total expenses related to the admission to trading of the Bonds are estimated to €6,000.

Clearing of the Bonds

The Bonds have been accepted for clearance through Clearstream, Luxembourg (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: FR0011839851

Common Code: 105689217

Yield

The yield of the Bonds is 2.93 per cent. *per annum*, as calculated at the Issue Date on the basis of the issue price of the Bonds. It is not an indication of future yield.

No Material Adverse Change

There has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2013.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2013.

No Litigation

Except as mentioned in pages 144 – 145 (Note 31 *Litiges*) of the 2013 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 Bonds, 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 Bonds has an interest material to the issue.

No Material Contracts

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 Bonds in respect of the Bonds 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 2012 and 31 December 2013. 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 Bonds 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).

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 in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The historical financial data presented in this Prospectus has been discussed in the statutory auditors' reports found on pages 151-152 of the 2013 Reference Document.

The consolidated financial statements for the financial year ended 31 December 2013 were subject to a report by the statutory auditors which includes an emphasis of matter referring to note 1 to the consolidated financial statements which describes the impact of the mandatory application of new standards and their amendments to existing standards from 1 January 2013 and, in particular, the amended version of IAS 19 "employees benefits".

Safran

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75724 Paris Cedex 15

Duly represented by:

Ross Mc Innes
Directeur général délégué
Safran

dated 8 April 2014



In accordance with articles L. 412-1 et L. 621-8 of the *Code monétaire et financier* and its General Regulations (*Règlement général*), in particular articles 211-1 à 216-1, the *Autorité des marchés financiers* ("**AMF**") has granted to this Prospectus the *visa* n°14-132 on 8 April 2014. 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 Bonds.

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