

PRIIPS REGULATION / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS
– *The Bonds referred to (and as defined) herein are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any Retail Investor in the European Economic Area ("EEA") or in the United Kingdom (the "UK"). For these purposes, a "Retail Investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); or (ii) a customer within the meaning of Directive 2016/97/EU, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Regulation (EU) 2017/1129 (the "Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No. 1286/2014, as amended (the "PRIIPs Regulation") for offering or selling the Bonds, or otherwise making them available, to Retail Investors in the EEA or in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any Retail Investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.*

MIFID II PRODUCT GOVERNANCE / RETAIL INVESTORS, PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – *Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds, taking into account the five categories referred to in item 18 of the Guidelines published by the European Securities and Markets Authority on 5 February 2018, has led to the conclusion that: (i) the target market for the Bonds is retail investors, eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Bonds to retail investors, eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels. For the avoidance of doubt, even if the target market includes retail investors, the manufacturers have decided that the Bonds will be offered, as part of the initial offering, only to eligible counterparties and professional clients.*

GENERAL

The Bonds and the new shares or the existing shares to be delivered upon exercise of the Conversion Right may not be offered or sold, directly or indirectly, and neither the Terms and Conditions of the Bonds nor any other offering material relating to the Bonds may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Bonds or the new shares or the existing shares to be delivered upon exercise of the Conversion Right, or the possession or distribution of the Terms and Conditions or any other offering material relating to the Bonds or the new shares or the existing shares to be delivered upon exercise of the Conversion Right, in any country or jurisdiction where action for that purpose is required.

FRANCE

The Bonds will only be offered or sold, directly or indirectly, in France and the present Terms and Conditions or any other offering material relating to the Bonds will only be distributed or caused to be distributed in France to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

UNITED KINGDOM

The Terms and Conditions of the Bonds may only be distributed to and are only directed at persons who are (i) outside the United Kingdom or (ii) Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) High Net Worth Entities falling within article 49(2)(a) to (d) of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) may otherwise be lawfully communicated or cause to be communicated (all such persons in (i), (ii), (iii) and (iv) above together being referred to as "UK Relevant Persons"). The Bonds and the new shares or the existing shares to be delivered upon exercise of the Conversion Right are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire the Bonds or the new shares or the existing shares to be delivered upon exercise of the Conversion Right will be engaged in only with, UK Relevant Persons. Any person who is not a UK Relevant Person should not act or rely on these Terms and Conditions or any of its contents.

UNITED STATES OF AMERICA

The Bonds and the shares to be issued or granted upon conversion or exchange of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or with any securities regulatory authority of any state or other jurisdiction in the United States of America, and may not be offered or sold, directly or indirectly, in the United States of America except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such state securities laws. The Bonds and the shares to be issued or granted upon conversion of the Bonds are being offered and sold only outside of the United States in reliance on Regulation S under the Securities Act ("Regulation S").

Terms used in this paragraph and not otherwise defined have the meanings given to them in Regulation S.

CANADA SOUTH AFRICA, AUSTRALIA AND JAPAN

The Bonds and the new shares or the existing shares to be delivered upon exercise of the Conversion Right will not be offered or sold in Canada, South Africa, Australia and Japan.

SAFRAN

French *société anonyme* with a board of directors with a share capital of €85,446,831

Registered office: 2, boulevard du Général Martial Valin – 75015 Paris – France

562 082 909 R.C.S. Paris

SAFRAN 0.875 per cent. bonds issued for a nominal amount of €799,999,902.95 convertible into new Shares and/or exchangeable for existing Shares of SAFRAN due 15 May 2027

TERMS AND CONDITIONS OF THE BONDS

12 May 2020

SAFRAN

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The following text contains the terms and conditions of the Bonds (the "**Terms and Conditions**").

The combined general meeting (ordinary and extraordinary) of Safran of 23 May 2019, under resolution nineteen, delegated to the Board of Directors of the Company the authority to issue the Bonds. The Board of Directors, during its meeting of 28 April 2020, decided to authorise and granted power to the Chief Executive Officer (*Directeur Général*) of the Company to issue the Bonds and determine the terms and conditions of the Bonds.

For the purposes of these Terms and Conditions:

"Bonds" means the Company's 7,391,665 bonds convertible into new Shares and/or exchangeable for existing Shares of SAFRAN due 15 May 2027;

"Bondholders" means the holders of the Bonds;

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are open for business in Paris and on which Euroclear France and the trans-european automated real-time gross settlement express transfer system ("**TARGET**"), or any succeeding system operate;

"Calculation Agent" means Aether Financial Services, 36 rue de Monceau, 75008 Paris, France;

"Centralising Agent" means BNP Paribas Securities Services, Les Grands Moulins de Pantin 9, rue du Débarcadère - 93761 Pantin Cedex;

"Euronext Access" means the non-regulated open market of Euronext Paris;

"Independent Expert" means an independent financial institution of international repute or independent financial adviser with appropriate expertise (which may be the initial Calculation Agent acting in such Independent Expert capacity), chosen by the Company at its sole discretion;

"Relevant Exchange" means (a) in respect of the Shares, (i) Euronext Paris or (ii) (if the Shares are no longer listed on Euronext Paris at the relevant time) any other Regulated Market (of Euronext or otherwise) or other similar market on which the Shares have their main listing, and (b) in respect of any other security, the Regulated Market or any other similar market on which such security has its main listing.

"Regulated Market" means any regulated market pursuant to the terms the 2014/65/UE Directive dated 15 May 2014 on markets in financial instruments, as amended, within the European Economic Area;

"SAFRAN" and "Company" means the company SAFRAN;

"Shares" means the shares of the Company with a nominal value of €0.20 each;

"Trading Day" means a day on which (i) Euronext Paris ("**Euronext Paris**") trades the shares on the Regulated Market on which the Shares are admitted or (ii), as the case may be, any other market operator of a Regulated Market or similar market where the Shares are listed trades the shares on such Regulated Market or similar market, and in both cases, other than a day on which such trading ceases prior to the usual closing time (for the sake of clarity, trading sessions where the market closes before the usual closing time, whether such closing is scheduled (as it is often the case regarding trading on Euronext Paris on 24 and 31 December) or unscheduled, will not be deemed Trading Days);

"Volume-Weighted Average Trading Price" means, in respect of the Shares or other security, on any Trading Day, the volume-weighted average trading price of such Share or other security on such Trading Day on the Relevant Exchange in respect thereof as published by or derived from (i) Bloomberg page HP (or any successor page) (setting "**Weighted Average Line**", or any successor setting) in respect of such Share or other security for such Relevant Exchange (such page being as at the Issue Date of the Bonds (as defined below), in the case of the Share, SAF FP Equity HP), provided that in the case of a Volume-Weighted Average Trading Price to be observed over a period of several Trading Days, such Volume-Weighted Average Trading Price shall be equal to the volume-weighted average of the relevant daily Volume-Weighted Average Trading Prices (the daily volumes to be used for the purpose of determining such weighted average being the volumes as published on such Bloomberg page HP (or any successor page), setting "**VWAP Volume**" (or any successor setting)), as determined by the Calculation Agent, or, (ii) if the Volume-Weighted Average Trading Price cannot be determined as aforesaid, such Relevant Exchange.

1. **NATURE AND CLASS OF THE BONDS**

The Bonds which will be issued by the Company constitute securities that confer certain rights to receive Shares within the meaning of Articles L. 228-91 and seq. of the *Code de commerce*.

2. **NOMINAL AMOUNT OF THE ISSUANCE – PAR VALUE OF THE BONDS – ISSUE PRICE OF THE BONDS**

The nominal amount of the issuance will be €799,999,902.95 represented by 7,391,665 Bonds each with a par value of €108.23, representing an issue premium of 40% over the reference price of the Share used at the time of determination of the final terms of the Bonds and corresponding to the Volume-Weighted Average Trading Price of the Shares listed on the Regulated Market of Euronext Paris between the opening of trading on 12 May 2020 and the time of determination of the final terms of the Bonds the same day.

The issuance of the Bonds will be subject to a single settlement-delivery on 15 May 2020.

3. **GOVERNING LAW AND JURISDICTION**

The Bonds are governed by French law.

The courts having jurisdiction in the event of a dispute are those where the registered office of the Company is located when the Company is the defendant and are designated according to the nature of the dispute, unless otherwise provided by the French Code of Civil Procedure (*Code de procédure civile*).

4. **FORM AND METHOD OF REGISTRATION IN BONDS ACCOUNTS**

The Bonds may be held in registered or bearer form, at the Bondholders' option.

In accordance with Article L. 211-3 of the French Monetary and Financial Code (*Code monétaire et financier*), the Bonds shall be registered in securities accounts held, as the case may be, by the Company or an authorized intermediary.

Consequently, the rights of the holders will be represented via book entries in securities accounts opened in their name in the registries of:

- BNP Paribas Securities Services, appointed by the Company for Bonds held in fully registered form (*forme nominative pure*);
- an authorized financial intermediary chosen by the Bondholder and BNP Paribas Securities Services, appointed by the Company, for the Bonds held in administered registered form (*forme nominative administrée*); or
- an authorized financial intermediary chosen by the Bondholder for the Bonds held in bearer form (*forme au porteur*).

No document evidencing the ownership of the Bonds (including representative certificates under Article R. 211-7 of the French Monetary and Financial Code) will be issued relating to the Bonds.

In accordance with Articles L. 211-15 and L. 211-17 of the French Monetary and Financial Code, the Bonds are transferred from one account to another, and the transfer of ownership of the Bonds will occur upon their book entry in the purchaser's securities account.

A request for the admission of the Bonds to the operations of Euroclear France will be made and Euroclear France will be responsible for the clearing of the Bonds between entities managing securities accounts. In addition, a request will also be made for the admission of the Bonds to the operations of Euroclear Bank S.A. /N.V. and/or Clearstream Banking S.A.. The ISIN code of the Bonds is FR0013513041.

It is expected that the Bonds will be registered in securities accounts from 15 May 2020, date of the settlement-delivery of the Bonds and Issue Date of the Bonds (as defined in Condition 12 (*Issue Date*)) and admitted to trading on the Euronext Access within 30 days following the Issue Date.

5. **CURRENCY OF THE ISSUANCE OF THE BONDS**

The Bonds will be denominated in euros.

6. **RANKING OF THE BONDS**

6.1 **Status**

The Bonds constitute unsecured, direct, general, unconditional and unsubordinated debt obligations of the Company, ranking equally among themselves and, subject to legal exceptions as are from time to time mandatory under French law, *pari passu* with all other present or future unsecured debts and guarantees of the Company.

The servicing of the Bonds in terms of amortisation payments, taxes, costs and other amounts in respect of the Bonds is not guaranteed nor secured.

6.2 **Negative pledge**

6.2.1 So long as any of the Bonds remains outstanding (as defined below), the Company 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 Company or such Principal Subsidiary, or any guarantee or indemnity in respect of any Relevant Indebtedness unless the Company's obligations under the Bonds are equally and rateably secured therewith.

6.2.2 For the purposes of Condition 6.2,

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

"EBITDA" means earnings before interest, tax, depreciation and amortisation, calculated on the basis of (i) the Group's consolidated accounts or (ii) a Subsidiary's accounts, as the case may be, adjusted for the impact of:

(A) purchase price allocations with respect to business combinations (including but not limited to the Sagem/Snecma merger and the acquisition of Zodiac Aerospace), particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;

(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; and

(C) the resulting changes in deferred tax.

"Group" means the Issuer and its Subsidiaries.

"Original Financial Statements" means, the audited consolidated financial statements of the Group for the financial year ended 31 December 2019.

"outstanding" means, in relation to the Bonds, all the Bonds issued other than: (a) those which have been redeemed in accordance with the Terms and Conditions, (b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys have been duly paid to the Centralising Agent, (c) those which have been purchased

and cancelled as provided in Condition 9.7. and (d) those in respect of which claims have been prescribed under Condition 10.

"Principal Subsidiary" means, any consolidated Subsidiary with an EBITDA representing more than ten (10) per cent. of the consolidated EBITDA of the Group or whose Total Assets represent more than ten (10) per cent. of the Total Assets of the Group based on the most recent published annual audited consolidated accounts of the Group,

provided that:

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

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

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

"Total Assets" means, at any time, the total amount (as calculated in accordance with the accounting principles used for the preparation of the Original Financial Statements of the Issuer) of all property and assets of the Group listed as assets on the consolidated balance sheet of the Issuer in its then most recent published annual audited consolidated accounts.

6.3 Further issues

If the Company subsequently issues new bonds with rights identical in all respects to those of the Bonds (excepting, if applicable, the related first interest payment thereon), the Company may, without the consent of the Bondholders and provided that the terms and conditions of such bonds so permit, consolidate the Bonds with the bonds of any subsequent issuances, thereby treating such bonds as the same issue for purposes of financial agency services and trading. All holders of such bonds would in this case be grouped into a single *masse*.

7. **RIGHTS AND RESTRICTIONS ATTACHED TO THE BONDS AND TERMS OF EXERCISE OF SUCH RIGHTS**

The Bonds will bear interest payable annually and will be redeemed at par on the Maturity Date or on their early redemption date in accordance with the provisions of Condition 9 "*Redemption of the Bonds*".

Furthermore, in the event of exercise of the Conversion Right, as defined in Condition 15.1 (*Nature of the Conversion Right*), the Bondholders will have the right to receive new and/or existing Shares. The terms and conditions of the Conversion Right are defined in Condition 15.3 (*Terms of allocation pursuant to the Conversion Right*).

The exercise of the Conversion Right results in the cancellation of the Bonds for which it was exercised.

8. **INTEREST**

The Bonds will bear interest from the Issue Date (inclusive), at an annual nominal rate of 0.875%, payable annually in arrears on 15 May of each year (each such date, an "**Interest Payment Date**", and the period from (and including) the Issue Date to but (excluding) the first Interest Payment Date, and each period from (and including) an Interest Payment Date to (but excluding) the following Interest Payment Date, an "**Interest Period**") and for the first time on 15 May 2021. It is specified that if the Interest Payment Date is not a Business Day, the coupon will be paid on the first following Business Day and in any such case the Bondholders will not be entitled to further interest or to any other sum in respect of such postponed payment.

The annual interest amount per Bond will be calculated (and rounded down to the nearest whole multiple of €0.00001) by applying to the par value of each Bond the annual nominal rate of 0.875% (notwithstanding the number of days in a year).

Interest per Bond due in respect of any period which is shorter than an Interest Period will be determined (and rounded down to the nearest whole multiple of €0.00001) on an ICMA (Actual/Actual) basis by applying to the par value of each Bond the product of (a) the abovementioned annual nominal rate multiplied by (b) the ratio between (x) the actual number of days falling in the Interest Period, and (y) the number of days in such Interest Period.

Subject to the provisions of Condition 15, interest will cease to accrue upon maturity or early redemption of the Bonds.

9. **REDEMPTION OF THE BONDS**

9.1 **Redemption at maturity**

Unless the Bonds have been the subject of an early redemption or purchase pursuant to the terms set out below and in the absence of the exercise of the Conversion Right, the Bonds will be redeemed in full at par on 15 May 2027 (the "**Maturity Date of the Bonds**").

If the Maturity Date of the Bonds is not a Business Day, the redemption price shall be paid on the next following Business Day, and in any such case the Bondholders will not be entitled to further interest or to any other sum in respect of such postponed payment.

The term of the Bonds from the Issue Date of the Bonds to the Maturity Date of the Bonds is of 7 years.

9.2 **Early redemption by repurchase or tender or exchange offers at the Company's option**

The Company shall have the right to purchase all or part of the Bonds at any time before the Maturity Date of the Bonds, without any limitation on price or number, either by repurchasing them through on-market or off-market transactions, or through repurchase or exchange offers.

Any such transaction shall not affect the normal schedule for the redemption of any outstanding Bonds.

The Bonds so purchased by the Company will be (i) cancelled, (ii) or subject to change of law as described in Condition 9.7 (x) held by the Company in accordance with applicable laws, (y) re-sold on the market or (z) sold to a subsidiary or affiliate of the Company.

9.3 Early redemption at the Company's option

9.3.1 The Company may, at any time and at its option, from 5 June 2024 and until the Maturity Date of the Bonds subject to a minimum 30 (and a maximum of 45) calendar days prior notice as set out in Condition 9.6 (*Publication of information in the event of redemption at maturity or early redemption of the Bonds and exercise of the Conversion Right*), redeem all, but not some only, of the outstanding Bonds, at par plus interest accrued since the most recent Interest Payment Date (or, if applicable, since the Issue Date), if the arithmetic mean, calculated over a period of 20 consecutive Trading Days chosen by the Company from among the 40 consecutive Trading Day period ending on the Trading Day immediately preceding the publication of the early redemption notice, of the daily product:

- (A) of the daily Volume-Weighted Average Trading Price of the Shares; and
- (B) the Conversion Ratio (as defined in Condition 15.1 (*Nature of the Conversion Right*)) applicable at each date;

exceeds 130% of the par value of the Bonds, as verified by the Calculation Agent upon request by the Company.

9.3.2 The Company may, at any time and at its option, subject to a minimum 30 calendar days prior notice as set out in Condition 9.6 (*Publication of information in the event of redemption at maturity or early redemption of the Bonds and exercise of the Conversion Right*), redeem all, but not some only, of the outstanding Bonds at par plus interest accrued since the most recent Interest Payment Date (or, if applicable, since the Issue Date), if the total number of Bonds still outstanding represents less than 20% of the number of Bonds originally issued.

9.3.3 In the events described in paragraphs 9.3.1 and 9.3.2 above, the Bondholders will retain the ability to request the exercise of their Conversion Right pursuant to Condition 15.3 (*Terms of allocation pursuant to the Conversion Right*) until the seventh Trading Day (exclusive) preceding the early redemption date, as provided in Condition 15 (*Conversion Right*).

9.4 Events of Default

The Representative of the Masse (as defined in Condition 11 (*Representation of Bondholders*)) may, upon resolution of the general Bondholders' meeting, acting in accordance with the quorum and majority rules provided for by law, and upon written notice sent to the Company, with a copy to the Centralising Agent, cause all, but not some only, of the Bonds to become immediately due and payable at a price equal to par if any of the following events occurs:

- (a) the Company defaults in any payment when due on any amount on any Bond, if such default continues for a period of more than 15 calendar days from such due date; or
- (b) the Company 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 Centralising Agent of written notice of such default; or
- (c) (a) any other present or future indebtedness for borrowed monies or guarantee thereof of the Company or any Principal Subsidiary (as defined in Condition 6.2 *Negative Pledge*) 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 Company 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 Company, or any Principal Subsidiary in respect of any such indebtedness for borrowed monies or guarantee thereof of the Company or any Principal Subsidiary and the enforcement of any such *in rem* security interests (*sûretés réelles*) is not withdrawn or stayed within 60 calendar days,

provided that an Event of Default will only occur under this Condition 9.4(c) 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 €150,000,000 or its equivalent in any other currency unless such default is challenged in good faith by the Company 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 Company on the merits of the case (*statué au fond*); or

- (d) (a) the Company or a Principal Subsidiary (as defined in Condition 6.2 *Negative Pledge*) 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 Company 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 Company or any Principal Subsidiary in accordance with articles L.640-1 to L.644-6 of the French *Code de commerce*, or (c) the Company 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 Company or any Principal Subsidiary is subject to any proceedings under any applicable laws before a court having competent jurisdiction over the Company or such Principal Subsidiary which has an analogous effect to any of the proceedings referred to in this paragraph (d); or
- (e) the Company 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 Company 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, the United Kingdom, Switzerland or in the United States of America and expressly assumes all the obligations of the Company 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 by means of a notice published by the Company on its website (www.safran-group.com) not later than the effective date thereof; or
- (f) if the Shares are no longer admitted to trading on Euronext Paris or on any other Regulated Market.

9.5 **Early redemption at the Bondholders' option upon Change of Control of the Company**

9.5.1 If at any time while any Bond remains outstanding, there occurs a Change of Control (as defined in paragraph 15.7.3 (*Preservation of Bondholders' rights - Public offers*)), 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 Company gives notice to redeem the Bonds under Condition 9.3 (*Early redemption at the Company's option*)) to require the Company to redeem or, at the Company's option, to procure the purchase of that Bond, at par plus interest accrued since the most recent Interest Payment Date (or, if applicable, since the Issue Date), on the Optional Redemption Date (as defined below).

9.5.2 Promptly upon the Company becoming aware that a Change of Control has occurred, the Company shall inform the Bondholders by means of a notice published by the Company on its website (www.safran-group.com) (a "**Put Event**

Notice") specifying the nature of the Change of Control and the circumstances giving rise to it and the procedure for exercising the Put Option.

- 9.5.3 To exercise the Put Option to require redemption or, as the case may be, purchase of the Bonds under this Condition 9.5, Bondholders must make a request to the financial intermediary holding their Bonds in a securities account and cause to be transferred their Bonds to be so redeemed or purchased to the account of the Centralising Agent specified in the Put Event Notice for the account of the Company within the period (the "**Put Period**") of 30 calendar days after a Put Event Notice.

The request transmitted by the financial intermediary in whose accounts the Bonds are held must have been received and the corresponding Bonds transferred to the Centralising Agent by the relevant financial intermediary by 5:00 p.m., Paris at the latest on the last day of the Put Period.

- 9.5.4 Once given to the relevant financial intermediary a request of redemption shall be irrevocable. The Company shall redeem or, at the option of the Company 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 Centralising Agent for the account of the Company 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 financial intermediary of the Bondholders for credit of the Bondholders' bank account. For the avoidance of doubt, the Company 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).

9.6 **Publication of information in the event of redemption at maturity or early redemption of the Bonds and exercise of the Conversion Right**

Information relating to the number of Bonds repurchased, redeemed, or for which the Conversion Right has been exercised, and to the number of Bonds remaining outstanding, shall be provided to Euronext Access (or its successor). This information may also be obtained from the Company or from the Centralising Agent.

The decision of the Company to redeem outstanding Bonds upon or prior to their maturity shall be published on its website (www.safran-group.com) via a notice including the necessary information and informing the Bondholders of the redemption date, no later than 30 calendar days prior to the maturity date or early redemption date.

9.7 **Cancellation of the Bonds**

Shall cease to be considered outstanding and shall be cancelled in accordance with applicable law (i) the Bonds redeemed at or prior to maturity, (ii) the Bonds for which the Conversion Right has been exercised, as well as (iii) the Bonds repurchased on or off the market or by way of repurchase or exchange offers, except in case of a change of laws, applicable after the Issue Date of the Bonds, authorising the issuers to hold Shares or securities giving access to the company's capital (which is not currently the case, in particular pursuant to Article L. 225-149-2 of the French *Code de commerce*), in which case the Company will have the ability to hold the Bonds thus repurchased.

10. **PRESCRIPTION**

Any claims filed against the Company seeking redemption of the Bonds will be time barred at the expiration of a period of ten years from the normal or early redemption date. In addition, the redemption price will be forfeited to the benefit of the French State at the expiration of a period of ten years from the normal or early redemption date.

11. REPRESENTATION OF BONDHOLDERS

In accordance with Article L. 228-103 of the French *Code de commerce*, the Bondholders will be grouped together in a collective group with a legal personality to defend their common interests.

The Bondholders' general meeting is competent to authorise amendments to the terms and conditions of the Bonds and to vote on all decisions that require its approval under applicable law.

Under current law, each Bond carries the right to one vote. The general meeting of Bondholders may not validly deliberate unless the Bondholders present or represented hold at least one-quarter of the Bonds carrying voting rights at the first meeting convocation and at least one-fifth at the second meeting convocation. Decisions made by the general meeting of Bondholders are only valid if approved by a majority of two-thirds of the votes of the Bondholders present or represented.

In accordance with Article R. 228-71 of the French *Code de commerce*, the right of each Bondholder to participate in a general Bondholders' meetings 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 second (2nd) Business Day preceding the date set for the meeting of the relevant general assembly.

In accordance with Articles L. 228-59 and R. 228-67 of the French *Code de commerce*, notice of date, hour, place and agenda of any general meeting of Bondholders will be given by way of a notice published by the Company on its website (www.safran-group.com) not less than fifteen (15) days prior to the date of such general meeting on first convocation, and five (5) days on second convocation.

Each Bondholder has the right to participate in a general meeting of the Bondholders in person, by proxy or by correspondence.

Appointed Representative of the Masse of Bondholders

In accordance with Article L. 228-47 of the French *Code de commerce*, the designated appointed representative of the Masse of Bondholders (hereinafter referred to as the "**Representative of the Masse**") will be:

Aether Financial Services

36 rue de Monceau

75008 Paris

Email : agency@aetherfs.com

The Representative of the Masse will have the power, subject to any contrary resolution of the general meeting of Bondholders, to carry out, on behalf of the Masse all actions of an administrative nature that may be necessary to protect the common interests of the Bondholders.

The Representative of the Masse will exercise such duties until his death, liquidation, resignation, dismissal by the general meeting of Bondholders or in the event of a conflict. His appointment shall automatically cease on the date of total redemption of the Bonds, whether at or prior to maturity. This term may be automatically extended, as the case may be, until the final resolution of any legal proceedings in which the Representative of the Masse is involved and the enforcement of any judgments rendered or settlements made pursuant thereto, if applicable.

General

The Representative of the Masse will be entitled to an annual compensation of 500 euros (VAT excluded), payable on the Issue Date (*pro rata temporis*) and on 1 January (or the

following Business Day) of each of the years from 2021 to 2027 inclusive (*prorata temporis* from 1 January to the Maturity Date of the Bonds for 2027), provided that there are still Bonds outstanding at such time.

The Company will bear the cost of compensation of the Representative of the Masse and the expenses of calling and holding general meetings of the Bondholders, the costs related to publishing the decisions thereof, as well as any fees related to the appointment of the Representative of the Masse under Article L. 228-50 of the French *Code de commerce*, and, more generally, all duly incurred and justified administrative and operational expenses of the Masse.

General meetings of the Bondholders will be held at the registered office of the Company or such other place as will be specified in the notice convening the meeting. Each Bondholder will have the right, during the fifteen (15) – or five (5) on second convocation –calendar-day period preceding such meeting, to review or procure a written copy, whether on his own or by proxy, at the registered head office of the Company or any other location specified in the notice of the meeting, of the resolutions to be proposed and reports to be presented at such meeting.

In the event that future issuances of bonds give subscribers identical rights to those under the Bonds and if the terms and conditions of such future bonds so permit, the holders of all such bonds shall be grouped together in a single *masse*.

12. **ISSUE DATE**

The Bonds are expected to be issued on 15 May 2020 (the "**Issue Date of the Bonds**").

This date is also the entitlement and settlement-delivery date of the Bonds.

13. **RESTRICTIONS ON THE TRANSFERABILITY OF THE BONDS**

Subject to applicable selling restrictions, there are no restrictions imposed by the terms and conditions of the issue on the free transferability of the Bonds.

14. **TAXATION**

14.1 **Withholding Tax**

Payment of principal, or any other payment by or on behalf of the Company 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 any jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. If any law should require that payments of principal or any other payment by the Company in respect of any Bonds be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Company will not be required to pay any additional amounts in respect of any such deduction or withholding.

14.2 **French tax on financial transactions**

14.2.1 Pursuant to Article 235 ter ZD of the French *Code general des impôts*, the financial transactions tax (the "**FTT**") applies to acquisitions against payment of equity stocks or similar securities admitted to trading on a Regulated Market when issued by a company which head office is in France with a market capitalisation of over one billion euros on the 1st of December of the year preceding the acquisition. On 1 December 2019, the market capitalisation of the Company exceeds this threshold.

When the FTT is not due, stamp duty may apply, under certain conditions, to the acquisition of existing Shares when it is established by a deed (*acte*).

14.2.2 Under current French law, Bondholders are advised that:

- the acquisition of the Bonds is exempt from the FTT;

- the delivery of existing Shares as a result of the exercise by the Bondholders of their Conversion Right may be subject to the FTT (currently at a rate of 0.3%, based on the price fixed in the indenture) if the market capitalisation of the Company exceeds one billion euros on the 1st of December of the year preceding the delivery of the existing Shares, for which the financial intermediaries with whom the Bondholders have exercised their Conversion Right or their custodian are accountable for. Depending on the contractual provisions governing the relationship between the Bondholders, their financial intermediaries and custodians, Bondholders are likely to bear the cost of the FTT when it is applicable; and
- delivery of new Shares following the exercise by the Bondholders of their Conversion Right is exempt from FTT.

14.2.3 The Company is not required to assume the burden of the FTT or any registration fees that may be applicable.

Investors are invited to contact their usual tax advisor to assess the tax consequences of exercising their Conversion Right.

15. **CONVERSION RIGHT**

15.1 **Nature of the Conversion Right**

15.1.1 The Bondholders will have the right (the "**Conversion Right**") to receive during the time period defined in Condition 15.2 (*Period of the Conversion Right*) and in accordance with the terms of Condition 15.3 (*Terms of allocation pursuant to the Conversion Right*) a number of new and/or existing Shares (at the option of the Company) equal to the Conversion Ratio in effect on the Exercise Date (as defined below) multiplied by the number of Bonds for which the Conversion Right has been exercised (subject to the terms of paragraph 15.5.5 and Condition 15.10 (*Aggregation, Treatment of fractional entitlements*)).

Exercise of the Conversion Right results in the cancellation of the Bonds for which it was exercised.

15.1.2 For the purpose of these Terms and Conditions:

The "**Conversion Ratio**" is equal, as at the Issue Date of the Bonds, to 1 Share for 1 Bond and may be subject to future adjustments in accordance with Condition 15.7 (*Preservation of Bondholders' rights*).

15.2 **Period of the Conversion Right**

15.2.1 The Bondholders may request at any time the exercise of their Conversion Right from the Issue Date of the Bonds (inclusive) until the seventh Trading Day (exclusive) preceding the Maturity Date of the Bonds or, as the case may be, until the seventh Trading Day (exclusive) preceding the relevant early redemption date. It being specified that, as necessary, the Bonds for which the Bondholders requested the exercise of their Conversion Right prior to the seventh Trading Day (exclusive) preceding the Maturity Date of the Bonds or the early redemption date will not give a right to redemption at the Maturity Date of the Bonds or at the early redemption date of the Bonds respectively.

15.2.2 Any Bondholder who has not requested the exercise of its Conversion Right within the time period indicated above will be reimbursed in cash at the Maturity Date of the Bonds or at the early redemption date in accordance with Condition 9.1 (*Redemption at maturity*) or Condition 9.3 (*Early redemption at the Company's option*) respectively.

15.3 **Terms of allocation pursuant to the Conversion Right**

Upon exercise of its Conversion Right, each Bondholder will receive new and/or existing Shares.

The total number of new and/or existing Shares (the mix of which shall be determined by the Company at its sole discretion) shall be determined by the Calculation Agent and be equal, for each Bondholder, to the Conversion Ratio in effect on the Exercise Date (as defined in paragraph 15.5.1) multiplied by the number of Bonds transferred to the Centralising Agent and for which the Conversion Right has been exercised (subject to the terms of paragraph 15.5.5 and Condition 15.10 (*Aggregation, Treatment of fractional entitlements*)).

15.4 **Suspension of the Conversion Right**

In the event of a share capital increase or issuance of new Shares or securities conferring rights to receive Shares, or any other financial transactions conferring preferential subscription rights or reserving a priority subscription period for the benefit of the shareholders of the Company, the Company shall be entitled to suspend the exercise of the Conversion Right for a period not to exceed three months or such other period as may be established by applicable regulations. Any such suspension may not cause the Bondholders to lose their Conversion Right.

The Company's decision to suspend the Conversion Right of the Bondholders will be published in a notice in the *Bulletin des annonces légales obligatoires* ("**BALO**"). This notice shall be published at least seven calendar days before the suspension of the Conversion Right becomes effective. The notice shall specify the dates on which the suspension period begins and ends. This information will also be published by a notice of the Company on its website (www.safran-group.com).

15.5 **Conditions of exercise of the Conversion Right**

15.5.1 To exercise any Conversion Right, Bondholders must make a request to the financial intermediary holding their Bonds in a securities account. Any such request to exercise the Conversion Right is irrevocable once received by the relevant financial intermediary. The Centralising Agent will provide and ensure centralisation of the request.

The date of the request will correspond to the Business Day on which both paragraphs (A) and (B) below will have been satisfied, if satisfied at or prior to 5:00 p.m. (Paris time), or the following Business Day if satisfied after 5:00 p.m. (Paris time) (the "**Date of the Request**"):

- (A) the Centralising Agent will have received the exercise request transmitted by the financial intermediary in the books of which the Bonds are held in a securities account;
- (B) the Bonds will have been transferred to the Centralising Agent by the relevant financial intermediary.

Any request for the exercise of the Conversion Right received by the Centralising Agent during the Conversion Period will take effect as of the first Trading Day following the Date of the Request (such date being the "**Exercise Date**"). All requests for the exercise of the Conversion Right must be received by the Centralising Agent (and the Bonds must have been transferred to the Centralising Agent) prior to the seventh Trading Day preceding the Maturity Date of the Bonds or the early redemption date of the Bonds.

All Bondholders with Bonds having the same Exercise Date will be treated equally and will each receive an allocation for their Bonds of new and/or existing Shares, in the same proportion, subject to rounding.

15.5.2 The Bondholders will receive delivery of new and/or existing Shares no later than the seventh Trading Day following the Exercise Date.

15.5.3 Notwithstanding the foregoing, in the case of the exercise of the Conversion Right during the Adjustment Period in case of a Public Offer, the Bondholders will receive delivery of new and/or existing Shares no later than the fourth Trading Day following the Exercise Date.

15.5.4 In the circumstances described in paragraphs 15.5.2 and 15.5.3 above, any delivery of Shares occurring on a Trading Day that is not a Business Day shall take place on the next Business Day.

15.5.5

(A) In the event of a transaction constituting an adjustment event (see Condition 15.7 (*Preservation of Bondholders' rights*)) where the Record Date (as defined in Condition 15.7 (*Preservation of Bondholders' rights*)) occurs prior to the relevant delivery date (exclusive) of the Shares issued and/or allocated upon exercise of the Conversion Right (and whether such Record Date falls prior to, on or after the Exercise Date), the Bondholders will have no right to participate in, and will have no right to indemnification in respect of, subject however, as the case may be, to their adjustment right (as set forth in Condition 15.7 (*Preservation of Bondholders' rights*)) until the delivery date (exclusive) of the Shares.

(B) If the Record Date of a transaction constituting an adjustment event referred to in Condition 15.7 (*Preservation of Bondholders' rights*) occurs:

(1) prior to an Exercise Date but the Conversion Ratio in effect as of such date does not reflect the adjustment (if any) resulting from this transaction pursuant to Condition 15.7 (*Preservation of Bondholders' rights*), or

(2) between an Exercise Date (inclusive) and the delivery date of the Shares (exclusive),

the Company will deliver a number of additional Shares determined by the Calculation Agent such that the total number of Shares delivered will be equal to the number that would have been determined if the Conversion Ratio initially applied had taken into account the adjustment resulting, as the case may be, from this transaction pursuant to Condition 15.7 (*Preservation of Bondholders' rights*), subject to the provisions of Condition 15.10 (*Aggregation, Treatment of fractional entitlements*).

The delivery of these additional Shares will occur as soon as possible following the initial delivery of the Shares issued and/or allocated upon exercise of the Conversion Right.

15.5.6 The Company will not be required to compensate the Bondholders for any stamp duties, registration fees, financial transaction tax or other similar tax due in relation to the delivery of Shares pursuant to the exercise of a Conversion Right.

15.6 **Bondholders' rights to dividends with respect to Shares delivered - listing of the Shares delivered**

15.6.1 **Right to dividends of the Shares issued or allocated upon exercise of the Conversion Right.**

(A) **New Shares issued upon exercise of the Conversion Right**

The new Shares issued upon exercise of the Conversion Right will carry dividend rights and confer upon their holders, from their date of delivery, all the rights attached to Shares, it being specified that in the event that a Record Date for a dividend (or interim dividend) occurs between the Exercise Date and the delivery date of the Shares (exclusive), the Bondholders will not be entitled to such dividend (or interim dividend) nor to any compensation therefor, subject to the right to an adjustment provided for in Condition 15.7 (*Preservation of Bondholders' rights*).

It should be noted that in accordance with Condition 15.5 (*Conditions of exercise of the Conversion Right*) and Condition 15.7 (*Preservation of Bondholders' rights*), the Bondholders will have the right to an adjustment of the Conversion Ratio up to the date of the delivery of the Shares (exclusive).

(B) Existing Shares allocated upon exercise of the Conversion Right

The existing Shares allocated upon exercise of the Conversion Right will be existing ordinary Shares carrying dividend rights and conferring upon their holders, from their date of delivery, all the rights attached to Shares, it being specified that in the event that a Record Date for a dividend (or interim dividend) occurs between the Exercise Date and the delivery date of the Shares (exclusive), the Bondholders will not be entitled to such dividend (or interim dividend) nor to any compensation therefor, subject to the right to an adjustment provided for in Condition 15.7 (*Preservation of Bondholders' rights*).

It should be noted that in accordance with Condition 15.5 (*Conditions of exercise of the Conversion Right*) and Condition 15.7 (*Preservation of Bondholders' rights*), the Bondholders will have the right to an adjustment of the Conversion Ratio up to the date of the delivery of the Shares (exclusive).

15.6.2 Listing of the new or existing Shares issued or allocated upon exercise of the Conversion Right

(A) New Shares issued upon exercise of the Conversion Right

Applications will be made for the admission to trading on Euronext Paris of the new Shares issued upon exercise of the Conversion Right. Accordingly, the new Shares will immediately become fungible with the existing Shares listed on Euronext Paris and tradable, as from the date on which they are admitted to trading, on the same listing line as such existing Shares under the same ISIN code FR0000073272.

(B) Existing Shares allocated upon exercise of the Conversion Right

The existing Shares allocated upon exercise of the Conversion Right will be immediately tradable on Euronext Paris.

15.7 Preservation of Bondholders' rights

15.7.1 Specific provisions

In accordance with the provisions of article L. 228-98 of the French *Code de commerce*,

- (A) the Company may change its form or its corporate purpose without requesting the approval of the general Bondholders' meeting;
- (B) the Company may, without requesting the approval of the general Bondholders' meeting, redeem its share capital, or modify the allocation of its profit and/or issue voting or non-voting preference shares or other preferred equity instruments provided that, as long as any Bonds are outstanding, it takes the necessary measures to preserve the rights of the Bondholders;
- (C) in the event of a capital reduction resulting from losses and realised through a decrease of the par value or of the number of Shares comprising its share capital, the rights of the Bondholders will be reduced accordingly, as if they had exercised them prior to the date on which such share capital reduction occurred. In the event of a reduction of the share capital by a

decrease in the number of Shares, the new Conversion Ratio will be determined by the Calculation Agent and will be equal to the product of the Conversion Ratio in effect prior to the decrease in the number of Shares and the following ratio:

Number of Shares in the share capital after the transaction

Number of Shares in the share capital prior to the transaction

The new Conversion Ratio will be calculated to three decimal places by rounding to the nearest one-thousandth (with 0.0005 being rounded up to the nearest thousandth, i.e. 0.001). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion Ratio. However, because the Conversion Ratio may only result in the delivery of a whole number of Shares, fractional entitlements will be settled as specified in Condition 15.10 (*Aggregation, Treatment of fractional entitlements*).

In accordance with article R. 228-92 of the French *Code de commerce*, if the Company decides to issue, in any form whatsoever, new Shares or securities giving access to the share capital with a preferential subscription right reserved for shareholders, to distribute reserves, in cash or in kind, and issue premiums or to modify the allocation of its profits by creating preferred shares, it will inform (if so required by applicable regulations) the Bondholders by a notice published in the BALO.

15.7.2 Adjustments to the Conversion Ratio in the event of financial transactions of the Company

Following each of the following transactions:

- (A) financial transactions with listed preferential subscription rights or by free allocation of listed subscription warrants;
- (B) free allocation of Shares to shareholders, Share split or reverse split of Shares;
- (C) incorporation into the share capital of reserves, profits or premiums by an increase in the par value of the Shares;
- (D) distribution of reserves or premiums, in cash or in kind;
- (E) free allocation to the Company's shareholders of any securities other than Shares;
- (F) merger (*absorption* or *fusion*) or demerger (*scission*);
- (G) repurchase by the Company of its own Shares at a price higher than the Value of the Share;
- (H) redemption of share capital;
- (I) modification by the Company of its allocation of profits and/or creation of preferred shares; and
- (J) distribution by the Company of a dividend;

which the Company may carry out as from the Issue Date of the Bonds, for which the Record Date (as defined below) occurs before the delivery date of the new and/or existing Shares upon exercise of the Conversion Right, the rights of the Bondholders will be maintained up to the delivery date (exclusive) by means of an adjustment to the Conversion Ratio in accordance with the provisions set forth below.

The "**Record Date**" is the date on which the holding of the Shares is established so as to determine which shareholders are the beneficiaries of a given transaction or may take part in a transaction and, in particular, to which shareholders a dividend, a distribution or an allocation, announced or voted as of this date or announced or voted prior to this date, should be paid, delivered, or completed.

Such adjustment will be carried out so that, to the nearest thousandth of a Share, the value of the Shares that would have been delivered upon exercise of the Conversion Right immediately before the completion of any of the transactions mentioned above, is equal to the value of the Shares to be delivered upon exercise of the Conversion Right immediately after the completion of such a transaction.

In the event of adjustments carried out in accordance with paragraphs (A) to (J) below, the new Conversion Ratio will be calculated to three decimal places by rounding to the nearest one-thousandth (with 0.0005 being rounded up to the nearest thousandth, i.e. 0.001). Any subsequent adjustments will be carried out on the basis of such newly calculated and rounded Conversion Ratio. However, because the Conversion Ratio may only result in the delivery of a whole number of Shares, fractional entitlements will be settled as specified in Condition 15.10 (*Aggregation, Treatment of fractional entitlements*).

In the event that the Company carries out transactions in respect of which no adjustment has been made in accordance with paragraphs (A) to (J) below and a subsequent law or regulation requires an adjustment, the Company will apply such adjustment in accordance with applicable laws or regulations and the relevant market practice in effect in France.

In the event that the Company carries out a transaction likely to be subject to several adjustments, legal adjustments will apply by priority.

(A) Financial transactions with listed preferential subscription right or with the free allocation of listed subscription warrants

(a) In the event of financial transactions with a listed preferential subscription right, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\begin{aligned} & \text{Value of the Share ex right} \\ & + \text{Value of the preferential subscription right} \end{aligned}$$

$$\text{Value of the Share ex right}$$

For the purpose of the calculation of this formula, the Value of the Share ex right and the Value of the preferential subscription right will be equal to the arithmetic average of the opening prices quoted on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other Regulated Market or similar market on which the Share or the preferential subscription right is listed) on each Trading Day included in the subscription period.

(b) In the event of financial transactions with free allocation of listed subscription warrants to the shareholders with the corresponding ability to sell the securities resulting from the exercise of warrants that were unexercised by their holders at the end of their subscription period¹, the new Conversion Ratio will be determined by the Calculation Agent by

¹ Are only concerned warrants which are "substitutes" of preferential subscription rights (exercise price usually lower than the market price, term of the warrant similar to the period of subscription of the capital increase with upholding of the shareholders' preferential subscription right, option to "recycle" the non-exercised warrants). The adjustment as a result of a free allocation of standard warrants (exercise price usually greater than the market price, term usually longer, absence of option granted to the beneficiaries to "recycle" the non-exercised warrants) should be made in accordance with paragraph E.

multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\begin{array}{r} \text{Value of the Share after the detachment of the warrant} \\ + \text{Value of the warrant} \end{array}$$

$$\text{Value of the Share after the detachment of the warrant}$$

For the purpose of the calculation of this formula:

- the Value of the Share after the detachment of the warrant will be equal to the volume-weighted average of (i) the prices of the Share traded on the Relevant Exchange from each Trading Day during the subscription period, and (ii) (a) the sale price of the securities sold in connection with the offering, if such securities are fungible with the existing Shares, applying the volume of Shares sold in the offering to the sale price, or (b) the trading price of the Share traded on the Relevant Exchange on the date the sale price of the securities sold in the offering is set, if such securities are not fungible with the existing Shares;
 - the Value of the warrant will be equal to the volume-weighted average of (i) the prices of the warrants traded on the Relevant Exchange from each Trading Day during the subscription period, and (ii) the subscription warrant's implicit value resulting from the sale price of the securities sold in the offering, which is the difference (if positive) adjusted for the exercise ratio of the warrants, between the sale price of the securities sold in the offering and the subscription price of the securities through exercise of the warrants by applying to this amount the corresponding amount of warrants exercised in respect of the securities sold in the offering.
- (B) In the event of the free allocation of Shares to shareholders, or a Share split or reverse Share split, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\text{Number of Shares included in the share capital after the transaction}$$

$$\text{Number of Shares included in the share capital prior to the transaction}$$

- (C) In the event of a capital increase by incorporation of reserves, profits or premiums achieved by increasing the par value of the Shares, the par value of the Shares that will be delivered to the Bondholders exercising their Conversion Right will be increased accordingly.
- (D) In the event of a distribution of reserves or premiums, in cash or in kind (portfolio securities, etc.), the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\text{Value of the Share prior to the distribution}$$

$$\frac{\text{Value of the Share prior to the distribution} - \text{Amount distributed per Share or Value of the securities or assets distributed per Share}}{\text{Value of the Share prior to the distribution}}$$

For the purpose of the calculation of this ratio:

- the Value of the Share prior to the distribution will be equal to the Volume-Weighted Average Trading Price of the Share over the period

comprising the last three Trading Days preceding the date on which the Shares are traded ex-distribution;

- if the distribution is made in kind:
 - in the event of a distribution of securities that are already listed on a Regulated Market or similar market, the value of the distributed securities will be determined as provided above;
 - in the event of a distribution of securities that are not yet listed on a Regulated Market or similar market, the value of the distributed securities will be equal, if they are expected to be listed on a Regulated Market or similar market within the ten Trading Days period starting on the date on which the Shares are traded ex-distribution, to the Volume-Weighted Average Trading Price of such securities on such market over the period comprising the first three Trading Days included in such ten Trading Day period during which such securities are listed; and
 - in other cases (distribution of securities that are not listed on a Regulated Market or a similar market or traded for less than three Trading Days within the period of ten Trading Days referred to above or in the case of a distribution of assets), the value of the securities or assets allocated per Share will be determined by an Independent Expert.

- (E) In the event of a free allocation to the shareholders of the Company of financial instruments other than Shares or the financial instruments referred to in paragraph (A)(b) above, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

Value of the Share ex-right of free allocation + Value of the financial
instruments allocated to each Share

Value of the Share ex-right of free allocation

For the purpose of the calculation of this formula:

- the Value of the Share ex-right of free allocation will be equal to the Volume-Weighted Average Trading Price of the Share ex-right of free allocation over the period comprising the first three Trading Days starting on the date on which the Shares are traded ex-right of free allocation;
 - if the financial instrument allocated is listed or may be listed on Euronext Paris (or, in the absence of a listing on Euronext Paris, on any other Regulated Market or similar market), within the ten Trading Day period starting on the date on which the Shares are traded ex-right of free allocation, the value of such instrument will be equal to its Volume-Weighted Average Trading Price on such market over the period comprising the first three Trading Days included in such ten Trading Day period during which such instrument is listed.
 - If the financial instrument allocated is not traded during each of these three Trading Days, the value of such instrument will be determined by an Independent Expert.
- (F) In the event that the Company is merged into another company (*absorption*) or is merged with one or more companies forming a new company (*fusion*) or is demerged (*scission*), the Bonds will be convertible

into and/or exchangeable for Shares of the merged or new company or of the beneficiary companies of such demerger.

The new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the commencement of the relevant transaction by the exchange ratio of Shares in the Company to the shares of the merging company or the beneficiary companies of the demerger. These companies will automatically be substituted for the Company for the purpose of the performance of its obligations towards the Bondholders.

- (G) In the event of a repurchase by the Company of its own Shares at a price higher than the Value of the Share, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the repurchase by the following formula:

$$\text{Value of the Share} \times (1 - \text{Pc}\%)$$

$$\text{Value of the Share} - (\text{Pc}\% \times \text{Repurchase price})$$

For the purpose of the calculation of this formula:

- **"Value of the Share"** means the Volume-Weighted Average Trading Price of the Share over the period comprising the last three Trading Days preceding the repurchase (or the repurchase option);
- **"Pc%"** means the percentage of share capital repurchased; and
- **"Repurchase Price"** means the actual price at which any Shares are repurchased.

- (H) In the event of a redemption of the share capital, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\text{Value of the Share before the redemption}$$

$$\text{Value of the Share before the redemption} - \text{Amount of the redemption per Share}$$

For the purpose of the calculation of this formula, the value of the Share before the redemption will be equal to the Volume-Weighted Average Trading Price of the Share over the period comprising the last three Trading Days preceding the date on which the Shares are traded ex-redemption.

- (I) (a) In the event the Company changes its allocation of profit and/or creates preferred shares resulting in such a change, the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following formula:

$$\text{Value of the Share prior to the modification}$$

$$\text{Value of the Share prior to the modification} - \text{Reduction per Share of the right to profits}$$

For the purpose of the calculation of this formula:

- the Value of the Share prior to the modification will be determined on the basis of the Volume-Weighted Average Trading Price of the Share over the period comprising the last three Trading Days preceding the date of the modification; and
- the Reduction per Share of the right to profits will be determined by an Independent Expert.

(b) In the case of creation of preferred shares which do not result in a modification of allocation of the Company's profits, the adjustment of the Conversion Ratio, if any, will be determined by an Independent Expert.

(c) Notwithstanding the foregoing, if such preferred shares are issued with upholding of the preferential subscription rights of the shareholders or by way of a free allocation to the shareholders of warrants exercisable for such Shares, the new Conversion Ratio will be adjusted in accordance with paragraphs (A) or (E) above,

(J) Adjustment in the event of distribution of a Dividend.

In the event of payment of any dividend, interim dividend or any distribution, in cash or in kind, by the Company to the shareholders (prior to any withholdings and without taking into account any applicable deductions) (a "**Dividend**"), provided that:

(i) any dividend, fraction of dividend, interim dividend or distribution resulting in an adjustment to the Conversion Ratio pursuant to paragraphs A to I above shall be deemed not to be a Dividend and will not give rise to any adjustment provided for in this paragraph J, and

(ii) the amount of any such Dividend shall be equal to:

(A) in the case of a Dividend payable solely in cash: the amount of such cash per Share,

(B) in the case of a Dividend payable either in cash or in kind (including but not limited to Shares) at the option of the shareholders (including but not limited to pursuant to articles L.232-18 et seq. of the French *Code de commerce*): the amount of such cash payable per Share, i.e., disregarding the value of the in-kind property payable in lieu of such cash amount at the option of the shareholders as aforesaid, or

(C) in the case of a Dividend payable solely in kind: the value of such Dividend per Share determined in the same manner as that of the distribution of securities pursuant to paragraph D above,

the new Conversion Ratio will be determined by the Calculation Agent by multiplying the Conversion Ratio in effect prior to the relevant transaction by the following ratio:

$$A$$

$$A - B$$

For the purpose of the calculation of this ratio:

- "A" means the Volume-Weighted Average Trading Price of the Share over the period comprising the last three Trading Days preceding the date on which the Shares are traded ex-Dividend; and
- "B" means the amount of Dividend distributed per Share.

15.7.3 Public offers

Under current French regulations, any public offer (in cash or in securities, in cash and securities, etc.) filed by a third party for the Shares would also be required to be made for all securities giving access to the share capital of or voting rights in the Company, and therefore the Bonds described in these Terms and Conditions. Any such offer proposal and the offer document setting out the terms and conditions of such offer would be subject to prior review by the French Financial Markets Authority (*Autorité des marchés financiers*) (the "AMF") (or its successor), which would determine the admissibility of the offer based on the elements presented.

In the event that (i) the Shares and (ii) all the securities giving access to the share capital of or voting rights in the Company would be targeted by a public offer (in cash or in securities, in cash and securities, etc.) which may result in a Change of Control (as defined below) or filed following a Change of Control, and that the said offer would be declared admissible by the AMF (or its successor), the Conversion Ratio will be temporarily adjusted as determined by the Calculation Agent in accordance with the following formula (the result will be rounded pursuant to the method set out in Condition 15.7 (*Preservation of Bondholders' Rights*) above):

$$\text{NCR} = \text{CR} \times [1 + \text{ICP} \times (\text{D1} / \text{D2})]$$

where:

- "NCR" means the new Conversion Ratio applicable during the Adjustment Period in case of a Public Offer (as defined below) calculated to three decimal places by rounding to the nearest one-thousandth (with 0.0005 being rounded up to the nearest thousandth, i.e. 0.001);
- "CR" means the previous Conversion Ratio in effect prior to the Offer Opening Date (as defined below);
- "ICP" means the initial conversion premium, expressed as a percentage, showing the par value of the Bonds compared to the reference price of the Shares used at the time the final terms of the Bonds were determined, i.e. 40%;
- "D1" means the exact number of days left to run between the Offer Opening Date (inclusive) and the Maturity Date of the Bonds (exclusive); and
- "D2" means the exact number of days between the Issue Date of the Bonds (inclusive) and the Maturity Date of the Bonds (exclusive), i.e. 2,556 days.

The adjustment of the Conversion Ratio indicated above will benefit only to those Bondholders who will exercise their Conversion Right, between (and including):

- (A) the first day on which the Shares may be tendered to the offer (the "Offer Opening Date"), and
- (B)
 - (1) if the offer is unconditional, the date that is fifteen Business Days after the date of publication by the AMF (or its successor) of the result of the offer or, if the offer is re-opened, the date that is fifteen Business Days after the date of publication by the AMF (or its successor) of the result of the re-opened offer;
 - (2) if the offer is conditional, (x) if the AMF (or its successor) declares that the offer is successful, the date that is fifteen Business Days after the date of publication by the AMF (or its successor) of the result of the offer or, if the offer is re-opened, the date that is fifteen Business Days after the date of publication by the AMF (or its successor) of the result of the re-opened offer or (y) if the AMF (or its successor) declares that the offer is unsuccessful, the date of

publication by the AMF (or its successor) of the result of the offer;
or

- (3) if the bidder withdraws the offer, the date of publication by the AMF (or its successor) of the notice of such withdrawal.

This period will be referred to as the "**Adjustment Period in case of a Public Offer**".

For the purpose of the Terms and Conditions, "**Change of Control**" means the acquisition of control of the Company by one or several individual(s) or legal entity(ies), acting alone or in concert, it being specified that the concept of "control" for the purposes of this definition refers to the holding (direct or indirect through companies controlled by the relevant person(s)) of (x) the majority of the voting rights attached to the Shares or (y) more than 40% of these voting rights, if no other shareholder of the Company, acting alone or in concert, holds (directly or indirectly through companies controlled by this or these shareholder(s)) a higher percentage of these voting rights.

15.8 **Rights to interest on the Bonds**

In the event of the exercise of any Conversion Right, no interest will be payable to the Bondholders in respect of the period from the most recent Interest Payment Date (or the Issue Date, as the case may be) until the date on which the Shares are delivered.

15.9 **Calculation of adjustments of the Conversion Ratio and notice to Bondholders in the event of adjustment**

The adjustments of the Conversion Ratio will be calculated by the Calculation Agent.

In the event of an adjustment, the Company will inform the Bondholders through a notice published by the Company on its website (www.safran-group.com) no later than five Business Days following the date when the adjustment has taken effect.

Such notice shall in any case indicate (a) the adjustment of the Conversion Ratio and (b) the date when such adjustment has taken effect.

In addition, the board of directors of the Company will report the calculations and results of all adjustments in the annual report following such adjustment.

15.10 **Aggregation, Treatment of fractional entitlements**

Each Bondholder exercising its Conversion Right in relation to the Bonds may receive, as the case may be, a number of Shares calculated in accordance with Condition 15.3 (*Terms of allocation pursuant to the Conversion Right*) based on the aggregate number of Bonds transferred to the Centralising Agent and for which the Conversion Right has been exercised by such Bondholder.

If the number of Shares thus calculated is not a whole number, the Bondholder may request allocation of:

- 15.10.1 either the whole number of Shares immediately below such number; in this case, the Bondholder will receive an amount in cash determined by the Calculation Agent and equal to the product of the remaining fractional Share and the value of the Share, equal to the closing price of the Share traded on Euronext Paris (or, in the absence of listing on Euronext Paris, on any other Regulated Market or similar market on which the Share is listed) on the Trading Day immediately preceding the Date of the Request;
- 15.10.2 or the whole number of Shares immediately above such number, on the condition that an amount in cash determined by the Calculation Agent and equal to the value of the additional fraction of a Share thus requested, valued on the basis provided for in the preceding paragraph, is paid to the Company.

In both cases, such amount in cash (if any) will be rounded to the nearest cent (with € 0.005 being rounded up to € 0.01).

In the event that the Bondholder would not specify its preferred option, such Bondholder will be given the whole number of Shares immediately below in addition to a cash supplement as described above.

15.11 Calculation Agent, Independent Expert

The Company reserves the right at any time to modify or terminate the appointment of the Calculation Agent or the Centralising Agent and/or appoint a substitute Calculation Agent or Centralising Agent or approve any change in the office through which such agent acts, provided that, so long as any Bond is outstanding, there will at all times be (i) a Calculation Agent, and (ii) a Centralising Agent having a specified office in a European city.

Any termination or appointment of the Centralising Agent shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 days' notice thereof shall have been given to the Bondholders by the Company through a notice published on its Internet website (www.safran-group.com)

Adjustments, calculations and determinations performed by the Calculation Agent or, where applicable, an Independent Expert, pursuant to these Terms and Conditions shall be so made upon request by the Company and shall be final and binding (in the absence of bad faith or manifest error and subject to any determinations by an Independent Expert) on the Company, the Bondholders and the Centralising Agent and (in the case of adjustments, calculations and determinations performed by an Independent Expert) the Calculation Agent.

The Calculation Agent is acting exclusively as an agent for the Company. Neither the Calculation Agent (acting in such capacity) nor any Independent Expert appointed in connection with the Bonds (acting in such capacity), shall have any relationship of agency or trust with, and, to the extent permitted by law, shall incur no liability as against, the Bondholders and the Centralising Agent.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Ratio or as to the appropriate adjustment to the Conversion Ratio, and following consultation between the Company, the Calculation Agent and an Independent Expert, a written opinion of such Independent Expert in respect thereof shall be conclusive and binding on the Company and the Bondholders, save in the case of manifest error.