

Safran enters into a definitive agreement for the purchase of Goodrich Electric Power Systems to create a world leader in aerospace electrical power systems

Paris, October 16, 2012 - Safran (NYSE Euronext Paris: SAF) announced today that it has entered into a definitive agreement with Goodrich Corporation, a subsidiary of United Technologies, to acquire the electrical power systems activities of Goodrich (Goodrich Electric Power Systems - GEPS), a leading supplier of on-board aerospace electrical power systems.

These activities are expected to generate revenues of over USD 200 million in 2012, of which the aftermarket business (spares and MRO services) should contribute half. GEPS employs approximately 560 people, primarily at its headquarters and facility in Pitstone Green (c. 460 people), UK, and at a facility in Twinsburg (c. 100 people), OH, USA.

Strategic rationale

The transaction, by combining GEPS and Safran's complementary strengths, gives birth to a world leader in aerospace electrical power systems with a comprehensive product portfolio. GEPS brings new capabilities to Safran's product offering, including the critical electrical power generation know-how and experience which is the heart of electrical power systems. One year after the first gain by Safran of a global electrical distribution system on the Embraer KC-390, the acquisition of GEPS brings to Safran key additional capabilities in electrical technologies. Thanks to the combination of electrical power generation and distribution capabilities thus acquired, Safran achieves a decisive breakthrough in its "all electrical aircraft" strategic roadmap.

The acquisition will also allow Safran to continue to develop new leading-edge solutions for the electrification of aircraft equipment (including landing gear, nacelle and equipment linked to power transmissions) and closer integration of electrical systems with the aircraft engine.

Safran will combine its R&D heritage and expertise in electrical wiring components (Labinal) and power electronics (Safran Power) as well as its innovative electrically powered equipments (Messier-Bugatti-Dowty's brakes, Aircelle's thrust reverser) with the GEPS business to produce world-class electrically powered systems.

Safran's electrical power systems activities will benefit from GEPS sustained revenues derived from a strong installed base on all types of aircraft including commercial (large and regional), business jets, helicopters and military (including A380, A320ceo, A320neo, Embraer ERJ145 family, Dassault Falcon 7X and Bombardier GX) and associated growing aftermarket revenues.

Thanks to GEPS's longstanding customer relationships, Safran will enjoy growth on existing and new platforms. The company's advanced technology roadmap, which includes for example the development of starter-generator technologies and high-power Variable Frequency generation, provides a superior platform for future wins.

Jean-Paul Herteman, Safran Chairman and CEO, declared : *"This transaction represents a decisive step in the implementation of Safran's strategy to be a global leader in the field of aircraft electrical systems. The trend towards More Electrical Aircraft is a long term irreversible industry evolution which opens up new opportunities for our industry. This is a targeted acquisition ideally complementary with our current electrical assets (Labinal, Safran Power) and fully in line with our strategy of development based on technological differentiation. It will provide R&D savings versus internal development, and key customer access based on recognized expertise and excellence."*

The More Electric Aircraft opens opportunities

The accelerating trend towards More Electric Aircraft (MEA) is a priority for airframers. It entails the replacement of hydraulic and pneumatic power systems present in today's aircraft with electrical systems, which in turn creates a requirement for a significantly larger power generation and distribution system. The benefits of electrical power include improved safety, gains in weight and space, as well as lower fuel consumption and thus lower carbon emissions. The introduction of electrical systems will also reduce the assembly and maintenance costs of aircraft and increase their availability. This trend is at the heart of Safran's strategy to bring to market innovative and competitive electrical power solutions in its three core aerospace activities: equipment, electrical systems and propulsion. Safran estimates the global aerospace electrical systems market may reach USD 4 to 5 billion on the long term.

Safran is a pioneer in the electrification of on-board equipment:

- World's first electrical thrust reversers for the Airbus A380
- World's first electric brakes for the Boeing 787
- Development in partnership with Honeywell of the "Electric Green Taxiing System" that allows aircraft to taxi without requiring the use of primary engines

Terms of the transaction

The cash consideration for the transaction amounts to approximately EUR 310 million.

The transaction, which is expected to close late in 2012 or early in 2013, is subject to regulatory approvals and satisfaction of other customary closing conditions.

GEPS' 60% equity interest in Aerolec, a joint venture with Thales, is included in the scope of the transaction. Aerolec is a supplier to Airbus for the main electrical power generation of the A380 and A400M programs.

These activities will be consolidated within the Aircraft Equipment business.

Safran will host today a conference call open to analysts at 8:30 am which can be accessed at +33 (0) 1 70 77 09 35 from France and +44 (0) 203 367 9457 from the UK. A replay will be available for 3 months at +33 (0) 1 72 00 15 00, +44 (0) 203 367 9460 (access code 278609#).

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

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Safran is a leading international high-technology group with three core businesses: Aerospace (propulsion and equipment), Defence and Security. Operating worldwide, the Safran group has close to 60,000 employees and generated sales of 11.7 billion euros in 2011. Working alone or in partnership, Safran holds world or European leadership positions in its core markets. The Group invests heavily in Research & Development to meet the requirements of changing markets, including expenditures of 1.3 billion euros in 2011. Safran is listed on NYSE Euronext Paris and is part of the CAC40 index.

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