

**Krauss-Maffei Wegmann (KMW) and Nexter Systems (Nexter), two leading European providers of land defence systems, intend to share their future road ahead. On 01. July 2014 in Paris, the owners of the French and German companies signed a Heads of Agreement to this effect. The alliance of the two groups under the umbrella of a joint holding company creates a Franco-German defence technology group with a current annual turnover nearing 2 billion euro, an order book of around 6.5 billion euro, and more than 6,000 employees.**

KMW, Nexter and their owners view this step as decisive for the consolidation of the defence technology industry in Europe. Their new strategic alignment makes it possible to retain jobs and skills in the heart of the European Union. The product portfolios of the two companies and their regional presences on the world market complement each other. The alliance of KMW and Nexter creates a group with the momentum and innovative force required to succeed and prosper in international competition. In addition, it offers to its European and NATO customers the opportunity of increased standardisation and interoperability for their defence equipment, with a dependable industrial base.

Nexter S. A. is in the sole ownership of the French State holding company GIAT Industries S. A.; Krauss-Maffei Wegmann GmbH & Co. KG is in the sole ownership of Wegmann GmbH & Co in Kassel.

For the intended unification of the two companies, the current sole owners intend to contribute their shares into a newly incorporated joint holding company. They will each receive 50 percent of the shares of this holding company, which will become the sole shareholder in KMW and Nexter. The governance of the holding company will take into account the balance between the two shareholders, who will be reference investors in the new combined group with a long term industrial perspective.

The target date for the alliance is early 2015. In the meantime, the two future partners will both be subject to a process of due diligence. The alliance project will be subject to legal and customary regulation approvals.