ANNUAL REPORT

2013 | 2014

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

GENERAL CONTENTS

FINANCIAL INFORMATION

CORPORATE SOCIAL RESPONSIBILITY

FINANCIAL STATEMENTS

FINANCIAL INFORMATION

CONSOLIDATED KEY FIGURES

	2013/2014	2012/2013 [4]	Change 13/14-12/13
Reported figures:			
Sales revenue	**€4,174.5m**	**€3,891.6m**	**7.3%**
Number of Group employees	28,061	25,208	11.3%
Current operating income	€566.4m	€584.3m	(3.1%)
Net income attributable to equity holders of the parent company	**€354.4m**	**€370.9m**	**(4.4%)**
Earnings per share attributable to equity holders of the parent company	€1.291	€1.362	(5.2%)
Proposed dividends [1]	€88.1m	€87.4m	0.8%
Debt/Equity [2]	0.43	0.39	10.3%
Figures restated after excluding IFRS 3 impact:			
Current operating income [3]	€567.3m	€584.9m	(3.0%)
Net income attributable to equity holders of the parent company	€369.1m	€388.5m	(5.0%)
Earnings per share attributable to equity holders of the parent company [5]	€1.345	€1.427	(5.7%)

OTHER FINANCIAL INDICATORS

	2013/2014	2012/2013	Change 13/14-12/13
Profitability			
Reported figures:			
Current operating income/Sales revenue	13.6%	15.0%	(9.3%)
Net income attributable to equity holders of the parent company/Net equity at the beginning of the year [6]	16.1%	19.5%	(17.4%)
Figures restated after excluding IFRS 3 impact:			
Current operating income/Sales revenue	13.6%	15.0%	(9.3%)
Financial position			
Reported figures:			
Cash flow from operations	€509.2m	€509.5m	(0.1%)
Tangible and intangible fixed assets	€195.2m	€169.1m	15.4%
Net equity after appropriation of net income [7]	€2,473.4m	€2,188.2m	13.0%
Cost of net debt	€31.3m	€25.7m	21.8%

(1) After neutralization of treasury stock.

(2) Calculation based on total equity.

(3) The IFRS 3 restatements pertain to items booked under mergers and acquisitions. These restatements in current operating income concern reversals of inventory adjustments. Added to the restated net income attributable to equity holders of the parent company are restated amortization of intangible assets valued at the time of the acquisitions, acquisition costs, and the related corporate tax. A reconciliation of current operating income and net income before and after IFRS 3 is included in the Management Report.

(4) The comparative 2013 financial statements have been restated as detailed in Note 1.

(5) Note that at the start of trading on February 25, 2014, the total number of shares comprising the Company's capital was increased fivefold as a result of the division of the share's par value by five, which took effect on that date.

(6) Net equity at the beginning of the year used in the calculation is equal to the net equity at the end of the year, attributable to equity holders of the parent company, excluding net income for the fiscal year, i.e. €2,207.4 million.

(7) Net equity after appropriation is equal to total net equity minus the proposed dividends, i.e. €2,561.5 million minus €88.1 million.

MANAGEMENT REPORT

In fiscal year 2013/2014, Zodiac Aerospace generated revenue of €4,174.5 million, up 7.3% over the previous fiscal year. This represented a 7.7% rise in organic growth and a 2.7% rise due to changes in consolidation scope (Aircraft Systems and Cabin & Structures Segments), while exchange rate fluctuations accounted for a negative 3.1%.

Fluctuations in exchange rates are mainly due to the euro's decline against the dollar. The average $/€ conversion rate for the fiscal year increased from 1.31 to 1.36 and the average transaction rate from 1.29 to 1.36.

Current operating income before IFRS 3 came to €567.3 million, down 3.0% despite good organic growth of 1.5% (€8.7 million) and a positive change in consolidation scope of 2.5% (€14.8 million) offset by a negative 7% exchange rate impact (€41.1 million, of which €12.2 million arose from conversion and €28.9 million from transaction impact).

IFRS 3 had a negative impact of €0.9 million on current operating income, compared to a negative €0.6 million in 2012/2013.

Including this accounting impact, current operating income came to €566.4 million, down 3.1% in reported data and up 1.6% at like-for-like consolidation scope and exchange rates.

RESULTS BY SEGMENT

The **AeroSafety Segment (13.8% of sales revenue)** delivered sales revenue of €574.8 million, representing an increase of 1.9%. This was due to a 5.2% increase in organic growth and a negative exchange rate impact of 3.3%. As in previous quarters, the Segment's sales revenue was driven by the Evacuation Systems (slides) and Arresting Systems divisions. In contrast, the Parachute & Protection division saw its sales revenue decline in a sluggish market.

The Segment's current operating income excluding the impact of IFRS 3 was up 12.6%, at €112.0 million. Foreign currency fluctuations had a negative impact of 7%, down €6.9 million (€3.1 million conversion and €3.8 million transaction impact). There was no change in consolidation scope.

Current operating income saw a 19.6% increase in organic growth before IFRS 3.

The Segment continues to benefit from the good performance of its principal activities as well as from actions to boost performance carried out in its other divisions since last fiscal year.

The **Aircraft Systems Segment (31.1% of sales revenue)** performed well in fiscal year 2013/2014, with sales revenue up 17.7% at €1,297.4 million. Newly acquired companies added 6.5% to the Segment's revenue growth while exchange rate fluctuations clawed back a negative 3.1%. Organic growth was up 14.3% thanks to the various divisions' solid performance.

Current operating income excluding IFRS 3 for the Aircraft Systems Segment came to €188.0 million in 2013/2014, up 10.5%.

Acquisitions contributed €9.5 million (5.6%) to the increase in current operating income, while currency fluctuations had a negative 15.6% impact of €25.9 million (€23.6 million on transaction and €2.3 million on conversion).

Organic growth of current income before IFRS 3 came to 20.5% and reported current operating income totaled €187.1 million, up from €170.2 million, representing growth of 9.9%.

The Aircraft Systems Segment continues to benefit from increased production rates at various commercial platforms, both for commercial aircraft (Boeing 787) and in the business aviation sector (Gulfstream, Bombardier, Dassault).

Aircraft Interiors activities generated revenue of €2,302.3 million, 3.4% higher excluding foreign currency variations; changes in consolidation scope contributed 1.3% to this increase while foreign currency changes had a negative impact of 3.0%. Organic growth therefore amounted to 5.1%.

- The **Seats Segment (26.6% of sales revenue)** recorded sales revenue of €1,111.2 million, up 4.6%, of which 6.8% came from organic growth and a negative 2.2% derived from the foreign exchange impact. Catching up with the delivery backlog continued in the fourth quarter. The organic growth rate of sales revenue was 14.7% versus 9.0% in the third quarter, 4.2% in the second quarter and a negative 0.9% in the first quarter.
- Sales revenue for the **Cabin & Structures Segment (16.6% of sales revenue)** came to €692.9 million, up 2.2%, of which 1.9% of the increase came from organic growth and 4.5% from changes in consolidation scope (Northwest Aerospace Technologies), offset by a negative 4.2% due to foreign currency changes. The acquisition of Greenpoint Technologies, consolidated for the first time at August 31, had no impact on annual sales revenue.
- The **Galleys & Equipment Segment (11.9% of sales revenue)** posted revenue of €498.2 million, up 2.6%, of which 5.7% came from organic growth, countered by a negative foreign exchange impact of 3.1%. The Segment, which was significantly impacted in the first half by production difficulties in its galleys business, continued its efforts to get delivery schedules back on track.

Production difficulties encountered by the Galleys & Equipment Segment in the first half and by Seats in the second, and the priority given to the rapid return to on-time delivery to our customers, resulted in a decline in current operating income before IFRS 3 of Aircraft Interiors activities, which came to €285.5 million, a fall of 13.8%. The change in consolidation scope had a positive impact of €5.3 million (up 1.6%). Foreign exchange fluctuations accounted for a negative €7.8 million (€6.7 million conversion and €1.1 million transaction impact), representing a 2.4% decrease.

Current operating income before IFRS 3 amounted to a 13.0% decrease in organic growth. Reported current operating income came to €285.5 million, compared to €331.1 million in the previous year, a 13.8% decrease.

To facilitate the comparison of its financial statements with those of its peers, Zodiac Aerospace has decided to restate the impact of the research tax credit in current operating income. This restatement is included in the above figures. The amount included in this respect for 2013/2014 is €17.4 million, compared to €20 million in 2012/2013. The income tax expense is correspondingly increased in the amounts shown under income tax below.

NET INCOME

Non-current operating income was unchanged compared to the previous year: it represents an expense of €24.6 million compared to an expense of €23.2 million in 2012/2013. Non-current items include restructuring costs in the amount of €1 million, compared to €0.5 million in 2012/2013, the balance being accounted for by IFRS 3 charges.

Operating income came to €541.8 million in 2013/2014, compared to €561.1 million (down 3.4%).

The cost of net debt was an expense of €31.3 million, compared to an expense of €25.7 million in 2012/2013. This increase was mainly due to the exceptional amortization of the €1.1 million set-up costs for the previous "Club Deal" and the higher cost of our resources, the average interest rate of which was 2.71%, compared to 2.33% in 2012/2013.

The tax charge amounted to €153.4 million, compared to €161.6 million in 2012/2013. In 2013/2014, the effective income tax rate was 30.2%, compared to 30.3% the previous fiscal year.

Increased production at EZ Air Interior – a company 50-50 owned by Zodiac Aerospace and Embraer – which manufactures interiors for Embraer regional aircraft, resulted in an equity-accounted expense of €1.1 million in 2013/2014, compared to €0.7 million in 2012/2013.

Net income totaled €353.6 million, compared to €370.7 million the previous year, while net income attributable to equity holders of the parent company was down 4.4% at €354.4 million, compared to €370.9 million in 2012/2013.

Excluding the impact of IFRS 3, net income came to €369.1 million, compared to €388.5 million, a decline of 5% (see IFRS 3 reconciliation statement in the appendix to this report).

Net earnings per share came to €1.291 versus €1.362 after IFRS 3, and €1.345 versus €1.427 attributable to equity holders of the parent company excluding IFRS 3.

At its meeting on January 8, 2014, the Combined General Meeting of Zodiac Aerospace shareholders voted to divide the par value of each company share by five in order to increase the stock's liquidity and make the Zodiac Aerospace share more accessible to individual shareholders. Consequently, at the close of trading on February 24, 2014, each outstanding share was exchanged for five new shares with the same rights, and no change to the share capital. The operation incurred no costs, required no formalities on the part of Zodiac Aerospace shareholders, and had no impact on shareholder rights. The new number of shares and net earnings per share reflected this adjustment.

A SOLID FINANCIAL STRUCTURE

At August 31, 2014, the Group's net debt came to €1,067 million, compared to €844 million at the end of the previous year. Gearing (the net debt-to-equity ratio) came to 43%, compared to 38.5% at the end of fiscal year 2012/2013. Net debt to EBITDA came to 1.42 at the end of August 2014, excluding the debt for the acquisition of Greenpoint Technologies (1.59 including the acquisition of Greenpoint Technologies), compared to 1.26 at the end of August 2013.

The increase in net debt is due to:

- Cash flow from operations of €509.2 million, stable compared to 2012/2013 (€509.5 million).
- Acquisitions forming part of the external growth program during the fiscal year totaling €163 million. Three such acquisitions were made:
  - TriaGnoSys GmbH, consolidated at September 1, 2013, is a German company specializing in onboard connectivity which supplements the onboard entertainment systems offering.
  - Pacific Precision Products (PPP), consolidated at February 28, 2014, is a U.S. company based in Irvine, California, employing some 40 people. It designs and manufactures equipment for oxygen systems primarily for the business aviation market and cabin layout specialists. This company is a significant complement to the existing oxygen systems activities in Zodiac Aerospace's Aircraft Systems Segment.
  - Greenpoint Technologies, first consolidated at August 31, 2014, strengthens Zodiac Aerospace's expertise in cabin interiors, extending it to VIP and VVIP aircraft. Greenpoint Technologies is a world leader in cabin fitments for wide-bodied VIP aircraft and is a completion center for Boeing Business Jets (BBJ). The company employs 450 people and has annual sales revenue of around $150 million.
- A €277 million increase in the working capital requirement (WCR). The ratio of operating WCR[1] to sales revenue increased. Excluding changes in scope of consolidation, it came to 34.2%, compared to 31% at the end of the previous fiscal year, an increase related to expansion of the Group's business and temporary operating difficulties in the Seats Segment.
- Intangible investments of €82.0 million, compared to €73.9 million in 2012/2013. This amount is mainly due to capitalizing the development costs of current programs, such as the Airbus A350 XWB, pursuant to IAS 38 (€71.4 million in 2013/2014, compared to €62.8 million in 2012/2013, before amortization charges of €21.3 million and €16.0 million respectively).
- Tangible investments of €113.2 million, compared to €95.2 million the previous year, mainly due to acquisitions and/or the refurbishment of buildings to meet the Group's need for more space.

PROPOSED DIVIDEND OF €0.32

At the General Meeting of shareholders on January 15, 2015, the Supervisory Board will propose the distribution of a dividend of €0.32 per share. This is the same as the dividend for fiscal year 2012/2013 (adjusted for the division of the share by five).

(1) Operating working capital requirement: inventories + customers – suppliers.

OUTLOOK

The Zodiac Aerospace Group is continuing to evolve in a fast-developing market driven by the growth in air traffic. Air traffic has been expanding at a faster rate than its long-term average (4.9%) and cumulatively increased by 5.8% over the first 10 calendar months of 2014, despite a number of isolated problems (the pilots' strike in Europe, for example). At the same time, the aircraft occupancy rate is seeing a high cumulative average of over 80%. This situation has led to strong demand for new aircraft, encouraging manufacturers to steadily ramp up their production, and boosted demand for cabin retrofits for older aircraft.

This context is advantageous for Zodiac Aerospace, which profits from faster production rates on programs already launched, the step-up of new programs (Boeing 787, Airbus A350 XWB, Embraer), and retrofits for older aircraft. The AeroSafety, Aircraft Systems and Cabin & Structures Segments benefit from the aircraft manufacturers' original selections made when the programs were launched, while the Seats and Galleys & Equipment Segments are mainly driven by the airlines' choices. This enables Zodiac Aerospace to post a higher organic growth rate for its activities than the rate of increase in air traffic.

Thanks to a complete overhaul of its product offering across the entire range – economy, premium economy, business and first class – Zodiac Seats has increased its market share in recent years, especially for economy class and business seats for long-haul flights.

In the short term, these commercial successes, combined with stricter seat certification standards, have made the design departments extremely busy, causing delays in development and manufacture. As a result of Zodiac Aerospace's decision to prioritize on-time delivery to customers, production costs increased; this impacted the operating income of the Aircraft Interiors activities in the second half and will similarly impact the first half of 2014/2015. However, the industrial plans that are now in place will lead to the second half being more in line with the company's usual financial performance. Zodiac Aerospace expects a steady return to a level of operating profit matching the Group's norms for the year as a whole.

In 2014/2015, Zodiac Aerospace will also benefit from a more favorable €/$ exchange rate. The U.S. dollar is the Group's main source of exposure to foreign currencies. The sensitivity of the current operating margin (ratio of current operating income to revenue) is approximately 115 basis points for every 10 cent change in the dollar's average parity with other currencies.

For fiscal 2014/2015, Zodiac Aerospace has put in place foreign exchange hedges to cover 73% of its net forecast €/$ transaction exposure at an average exchange rate of 1.28.

APPENDIX

RECONCILIATION OF CURRENT OPERATING INCOME AND NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY AFTER AND BEFORE IFRS 3

(in millions of euros)	Year ended Aug. 31, 2014	Year ended Aug. 31, 2013
Current operating income after IFRS 3	**566.4**	**584.3**
Inventory valuation	0.9	0.6
Current operating income before IFRS3	**567.3**	**584.9**
Net income attributable to equity holders of the parent company after IFRS 3	**354.4**	**370.9**
Inventory valuation	0.9	0.6
Amortization of intangible assets	17.1	21.1
Acquisition costs	3.0	3.0
Corporate income tax	(6.3)	(7.1)
Net income attributable to equity holders of the parent company before IFRS 3	**369.1**	**388.5**

GOVERNANCE

The Supervisory Board of Zodiac Aerospace has confirmed that the Company continues to refer to the French AFEP-MEDEF Code, available on the AFEP and MEDEF websites, at the same time as applying a reasonable standard of governance that reflects the special characteristics of a Group with "longstanding major shareholders".

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success.

As part of its annual review of the Group's operations and governance, the Supervisory Board and its committees adopted the decisions detailed below. These will strengthen the Board's independence within the meaning of the AFEP-MEDEF Code and the interpretation thereof by the High Committee on Corporate Governance. The Board hereby reiterates that it has always operated independently and demonstrated freedom of judgment and critical thinking with regard to Senior Management, regardless of its members' length of service.

The decisions made by the Supervisory Board and its committees are as follows:

- Marc Assa and Gilberte Lombard, who have both served on the Board for more than 12 consecutive years, will no longer qualify as independent in respect of the fiscal year beginning September 1, 2014. The Board noted that despite this requalification as "non-independent", Gilberte Lombard and Marc Assa have never hesitated to question Senior Management, and while their term of office may now be associated with a loss of independence (within the meaning of the AFEP-MEDEF Code), they will nevertheless both be in a position to be completely independent in their thinking.
- The chairmanship of the Audit Committee will be awarded to an independent member of the Supervisory Board during the fiscal year beginning September 1, 2014.
- Didier Domange, Chairman of the Supervisory Board and a member of the Audit, Appointments and Compensation Committees, decided not to continue serving on those three committees but will continue to serve as Chairman of the Supervisory Board.
- Didier Domange expressed his wish to relinquish his chairmanship of the Compensation Committee and this was then awarded to independent member Patrick Daher on September 1, 2014. Patrick Daher has been a member of the Compensation Committee since January 8, 2014.
- Vincent Gerondeau, an independent member, joined the Appointments and Compensation Committees on January 8, 2014, as did Marc Assa.
- The Board asked the Appointments Committee to find new Supervisory Board members who meet the AFEP-MEDEF Code's independence criteria and could replace the Supervisory Board members whose term of office was about to expire. The Appointments Committee will also seek female members to comply with future legislative requirements and the AFEP-MEDEF Code, which requires at least 40% of members of the Supervisory Board to be women.
- Lastly, as a reminder, the Company's Articles of Association include an age limit for members of the Supervisory Board (individuals and permanent representatives). This is set at 70 and may be renewed twice, each time for a period of no more than two successive years. This Article of Association is the basis of an independent and dynamic system of governance.

The Company has also implemented the "Comply or Explain" rule provided for in Article L. 225-37 of the French Commercial Code and referred to in Article 25.1 of the AFEP-MEDEF Code. It explains, where applicable, the reasons why some rules were not applied. The table on page 10 provides a summary of the provisions not adopted and the reasons for non-adoption.

THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

The Executive Board and Executive Committee meet every two months to appraise Group trends in terms of business mix, investments, mergers and acquisitions. The Executive Board and Executive Committee review the current operating performance of each segment. Chaired by Olivier Zarrouati, the Executive Committee is composed of the Group's key functional and operational executives and had 11 members at the end of the fiscal year.

SUPERVISORY BOARD

The Supervisory Board ensures the correct operation of the Company and the Group and reports to the shareholders. The Supervisory Board appoints the Executive Board Chairman and CEO and its members. It oversees the Group's management and administration.

COMPOSITION OF THE SUPERVISORY BOARD

Every member of the Supervisory Board has signed the "Supervisory Board Member Charter" introduced in February 1997 and updated in 2006 and 2011, which sets out all their rights and obligations (general and special rules). The Charter was revised in 2014 and is now known as "the Internal Rules of the Supervisory Board and its committees". These internal rules include the Charter applicable to Board members as well as Zodiac Aerospace's Code of Stock Trading Ethics with which Board members agree to comply.

The Supervisory Board now has 11 members:

Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Patrick Daher, Élisabeth Domange, Laure Hauseux, Vincent Gérondeau, Gilberte Lombard, Robert Maréchal, FFP Invest, represented by Robert Peugeot and, since September 1, 2014, by Frédéric Banzet, and Anne Aubert, who was elected on July 1, 2014 to represent the Group's employees.

During the fiscal year ended August 31, 2014, six members were "independent" (Marc Assa, Patrick Daher, Laure Hauseux, Vincent Gérondeau, Gilberte Lombard and FFP Invest, represented by Robert Peugeot and, since September 1, 2014, by Frédéric Banzet) within the meaning of the criteria set out in the AFEP-MEDEF Code, excluding the Code's recommendations on the terms of office served by Supervisory Board members. These members provide the Board with wide-ranging experience in terms of their own industries and the wider international business environment.

On the advice of the Appointments Committee, the Supervisory Board carefully reviewed and discussed the independence criteria and deemed that, despite the length of service of Marc Assa and Gilberte Lombard, the Supervisory Board still operates independently and demonstrates freedom of judgment and critical thinking with regard to Senior Management. Furthermore, neither Marc Assa nor Gilberte Lombard has any financial links with the Group (other than directors' fees paid in respect of their terms of office).

In accordance with the provisions of the AFEP-MEDEF Code, at least half of the Supervisory Board members were independent during the fiscal year ended August 31, 2014.

With regard to the fiscal year beginning September 1, 2014, Gilberte Lombard and Marc Assa were requalified as "non-independent" members in strict accordance with the AFEP-MEDEF Code, due to the fact that their length of service exceeded 12 years. This temporarily reduced the percentage of independent members on the Board to 40%. The Appointments Committee was tasked with finding appropriate candidates to satisfy, as quickly as possible, the requirement for half the Board's members to be independent.

Four members are women, including the employee representative, and at least two-thirds of the members have international experience from current or past professional responsibilities.

The term of office for Supervisory Board members has been set at four years, in accordance with the AFEP-MEDEF Code (since January 8, 2014). As an exception, the terms of office of Supervisory Board members in effect at January 8, 2014 will continue until their original expiry date and also for those who have reached the age limit of 70, in accordance with the statutory clauses referred to in the above introduction (see Statutory information, Company administration, Supervisory Board - Articles 18 to 24 of the Company's Articles of Association).

No Board member exercises any executive management function either at parent company of the Group or subsidiary level.

The Supervisory Board, through its Appointments Committee, noted that no member of the Supervisory Board had a business relationship with the Group, with the exception of Patrick Daher and/or the companies of which he is a director or Chairman. With regard to Patrick Daher and/or the companies of which he is a director or Chairman, the Supervisory Board noted that the business connection with the Group is not significant because of the low volume of services provided and/or products sold by those companies. Furthermore, the Group does not provide or sell services to the companies of which Patrick Daher is Chairman or director.

In addition, the internal rules of the Supervisory Board and its committees stipulate that each member of the Supervisory Board and its committees must inform the Supervisory Board of any conflict of interest that may arise. The Board member concerned cannot take part in deliberations nor vote on a decision affecting him or her. No conflict of interest was brought to the attention of the Supervisory Board.

FREQUENCY OF SUPERVISORY BOARD MEETINGS

During the last fiscal year, the Board met on six scheduled occasions: September 24 and November 19, 2013, and January 8, February 13, April 22, and July 16, 2014. The members of the Board were conscientious in their attendance at meetings, resulting in an attendance rate for the year of over 93%.

SUPERVISORY BOARD OPERATION

At each Board meeting, members review business performance indicators against the forecast. They examine the Group's results, as well as opportunities for new acquisitions and for disposing of companies that are not, or are no longer, compatible with the Group's core business. Major strategy meetings are held as and when required. The Board dedicates three meetings per year to reviewing the financial statements for the first half and the full year. An "Outlook" seminar was instigated two years ago. Supervisory Board members receive a copy of the draft minutes as quickly as possible after each meeting, prior to final approval at the subsequent meeting. The minutes are then entered in the minute book, and signed by the Chairman and one Board member.

COMMITTEES

In complying with official guidelines on corporate governance, and at the recommendation of its Chairman, the Supervisory Board formed three special committees in 1995: the Audit Committee, the Compensation Committee and the Appointments Committee.

All three Committees are regulated under the terms of the relevant dedicated chapters of the internal rules of the Supervisory Board and its committees, which define their roles, composition, number of meetings, resources, members' compensation and the requirement for minutes to be drafted after each meeting.

Acceptance of an appointment to the Committees means attending all meetings held by those committees.

- The Audit Committee met five times during the year. It met twice to review the Group's half-year and consolidated full-year financial statements and the main reporting options. The other meetings primarily involved defining risks and changes to the risk map.

  During the fiscal year ended August 31, 2014, the Committee comprised five Board members (Gilberte Lombard as Chairman, Didier Domange, Louis Desanges, Laure Hauseux, and FFP Invest, represented by Robert Peugeot and, since September 1, 2014, by Frédéric Banzet). Meetings are also attended by the Auditors and the Executive Vice-President, Administration and Finance.

  The Audit Committee is chaired by a member qualified as independent, unless that member has served on the Supervisory Board for more than 12 years.

  Due to the adoption of the independence criterion within the strict meaning of the AFEP-MEDEF Code during the fiscal year beginning September 1, 2014, the chairmanship of the Audit Committee shall be awarded to an independent member and Didier Domange will no longer serve on that Committee.

  The members of the Audit Committee have been specially selected for their financial and accounting skills, background and experience.

  In addition to their regular key task of reviewing and verifying the financial statements, during the last fiscal year the Audit Committee developed a risk-management matrix and followed up on the internal audit plan.

  Risk management:

  - Enterprise Risk Management organizational improvement (individual roles and responsibilities);
  - Risk-management coordination and stronger communication with operational teams;
  - Update of risk mapping, continuation of risk-reduction plans and presentation of the first self-assessment results.

Internal audit:

- Monitoring of the internal audit plan and assessment of audit tasks;
- Follow-up on major audit recommendations not yet implemented;
- Changes in audit programs and working methods.

The Audit Committee had a face-to-face meeting with the Auditors and the Director of Audit and Internal Control.

- The Compensation Committee usually meets twice during the fiscal year, and did so this year. The four Committee members during the fiscal year ended August 31, 2014 – Didier Domange, (Chairman), Gilberte Lombard, Marc Assa and Vincent Gérondeau – are tasked by the Supervisory Board with setting the compensation paid to Executive Board and Executive Committee members, allocating stock options and/or performance-based free shares to these executives within the terms authorized by the General Meetings of Shareholders, setting the compensation paid to the Chairman of the Supervisory Board, and allocating the fees paid to Supervisory Board members.

  At the beginning of the fiscal year that started on September 1, 2014, Patrick Daher became chairman in place of Didier Domange, who decided not to continue serving on the Compensation Committee. Consequently, since September 1, 2014 the Committee has comprised four members (including two "independent" members) and is chaired by an independent member within the strict definition of the AFEP-MEDEF Code. Anne Aubert, the Board member representing employees, does not serve on the Compensation Committee.

  The Compensation Committee's work focused in particular on the revision of corporate officers' compensation in September 2013 and the establishment of a new directors' fees matrix which favors an "attendance bonus" for those physically present at Supervisory Board meetings (see under Compensation and Benefits).

- The Appointments Committee meets only when required; it met three times during the fiscal year ended August 31, 2014. It has four members: Louis Desanges (Chairman), Marc Assa, Didier Domange and Vincent Gérondeau.

  As of the fiscal year beginning September 1, 2014, Didier Domange will no longer serve on the Appointments Committee. As a result, the Committee will comprise the three members mentioned above.

  The Appointments Committee is tasked with reviewing the Board's composition and selecting Supervisory Board members and Group senior managers. It also reviews the criteria established for appointing Supervisory Board members, focusing in particular on aerospace or industrial experience, international experience and independence within the meaning of the AFEP-MEDEF Code.

  The Appointments Committee reviewed the criteria pertaining to the independence of the Board members and approved the qualification as "independent" members of Gilberte Lombard, Laure Hauseux, Marc Assa, Patrick Daher, Vincent Gérondeau and FFP Invest for fiscal year ended August 31, 2014. For the fiscal year beginning September 1, 2014, members who are "independent" within the strict definition of the AFEP-MEDEF Code will be Patrick Daher, Vincent Gérondeau, Laure Hauseux and FFP Invest.

  The Appointment Committee's key tasks during the fiscal year were (i) to find someone who could be proposed to the General Meeting on January 8, 2014, namely Patrick Daher, to conduct the standard review of the independence criteria of Board members; and (ii) to find female members in order to comply with future legislative requirements and the AFEP-MEDEF Code requiring at least 40% of Supervisory Board members to be women.

For the fiscal year ended August 31, 2014, the Appointments Committee was chaired by Louis Desanges. The Supervisory Board decided to continue with his chairmanship even though he is not independent within the meaning of the AFEP-MEDEF Code, based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families.

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it was natural to assign the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding.

All the Group's committees have a lower representation of non-independent members. For the Audit and Compensation Committees, this is due to the requalification during the fiscal year beginning September 1, 2014 of Gilberte Lombard and Marc Assa as "non-independent" members within the strict meaning of the AFEP-MEDEF Code; for the Appointments Committee, it is due to the specificities of our Group, which is composed of major long-term shareholders, some of whom are related to the founders. The Appointments Committee has been tasked with finding candidates who meet the criteria of independence within the strict meaning of the AFEP-MEDEF Code so that there is a greater representation of independent members on these committees.

After each Committee meeting, the Supervisory Board is informed of all proposals and observations made at the meeting.

IMPLEMENTATION OF THE "COMPLY OR EXPLAIN" RULE OF THE AFEP-MEDEF CODE

Provisions of the AFEP-MEDEF Code not adopted	Reason
Number of independent members on the Supervisory Board Article 9.2: Independent directors should account for half the members of the Board in widely held corporations without controlling shareholders.	As the Board continued to apply the definition of independence, excluding the 12-year length of service criterion, during the fiscal year ended August 31, 2014, the proportion of independent members during the fiscal year ended August 31, 2014 complied with the AFEP-MEDEF Code. Following the Supervisory Board's discussion on governance, the percentage of independent members was reduced to 40% for the year beginning September 1, 2014. This was lower than the fiscal year ended August 31, 2014 because Gilberte Lombard and Marc Assa were requalified as "non-independent" members within the strict meaning of the AFEP-MEDEF Code. The Appointments Committee has been tasked with looking for independent members in order to reach the proportion required under the AFEP-MEDEF Code.
Members of the Audit Committee Article 16.1: The proportion of Supervisory Board members serving on the Audit Committee "shall be at least to two-thirds".	Because of the odd number of Audit Committee members during the fiscal year ended August 31, 2014, this rule does not apply, even though three out of five members are independent. This relatively lower proportion is also due to the lack of widely held capital and the fact that several major long-term shareholders are members of the Supervisory Board. For the fiscal year beginning September 1, 2014, the lower representation of independent members on the Audit Committee (two out of four) is due to the requalification of Gilberte Lombard as a "non-independent" member within the strict meaning of the AFEP-MEDEF Code and the Supervisory Board Chairman stepping down. The Appointments Committee has been tasked with looking for independent members in order to reach the proportion required under the AFEP-MEDEF Code as soon as possible.
Members of the Compensation Committee Article 18.1: The Committee should have a majority of independent directors.	During the fiscal year ended August 31, 2014, the Committee's composition was in compliance with the AFEP-MEDEF Code. For the fiscal year beginning September 1, 2014, the lower representation of independent members on the Compensation Committee (two out of four) is due to the requalification of Gilberte Lombard and Marc Assa as "non-independent" members within the strict meaning of the AFEP-MEDEF Code and the Supervisory Board Chairman stepping down. The Appointments Committee has been tasked with looking for independent members in order to reach the proportion required under the AFEP-MEDEF Code as soon as possible. In addition, the chairmanship of the Compensation Committee has now been awarded to an independent member in accordance with the AFEP-MEDEF Code.
Members of the Appointments Committee Article 17.1: When the Appointments Committee is separate from the Compensations Committee, it should be chaired by an independent member of the Supervisory Board. Reference by analogy to Article 18.1: The Committee should have a majority of independent directors..	The Appointments Committee is chaired by Louis Desanges, whom the Supervisory Board decided once again to appoint as chairman, even though he is not independent within the meaning of the AFEP-MEDEF Code. His chairmanship is based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families. The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it was natural to award the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding. Lastly, for the same reason and also because of the Supervisory Board chairman stepping down, there are fewer independent members on the Appointments Committee (one out of the three), the majority being major long-term shareholders and some being related to the founders.

Executive Board

Olivier Zarrouati
Chairman and CEO

Maurice Pinault
Member

Supervisory Board

Didier Domange
Chairman of the Supervisory Board

Louis Desanges
Vice-Chairman

Marc Assa [1]
Member

Patrick Daher, effective January 8, 2014 [1] [2]
Member

Élisabeth Domange
Member

Laure Hauseux [1] [2]
Member

Vincent Gerondeau [1] [2]
Member

Gilberte Lombard [1]
Member

Robert Maréchal
Member

FFP Invest [1] [2]
Member, represented by Robert Peugeot,
then by Frédéric Banzet effective September 1, 2014

Anne Aubert
Employee representative effective July 1, 2014

Executive Committee

Olivier Zarrouati
Chief Executive Officer

Maurice Pinault
Member of the Executive Board
Deputy CEO, Strategy and Business Development

Jean-Jacques Jégou
Executive Vice-President, Administration and Finance

Yannick Assouad
CEO, Zodiac Aircraft Systems Segment

Christophe Bernardini
CEO, Zodiac Services

Jean-Michel Condamin
CEO, Zodiac Galleys & Equipment Segment

Gilles Debray
CEO, Zodiac AeroSafety Segment

Christian Novella
CEO, Zodiac Seats Segment

Stephen Zimmerman
CEO, Zodiac Cabin & Structures Segment

Adri Ruiter
Executive Vice-President,
Business Development-Airlines

Delphine Segura Vaylet [3]
Executive Vice-President, Group Human Resources

Pierre-Antony Vastra
Executive Vice-President, Communication and Investor Relations

Carine Vinardi [4]
Executive Vice-President, Group Lean

Statutory Auditors

Ernst & Young Audit

Fidaudit
(a member of the Fiducial network)

(1) Independent member during the fiscal year ended August 31, 2014.
(2) Independent member during the current fiscal year.
(3) Effective November 3, 2014.
(4) Effective September 1, 2014.

Details of the functions and other terms of office of members of the Supervisory and Executive Boards are provided on pages 12 and 13.

APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS

Members	Date of appointment or reappointment	Year of appointment expiry	Position held in the Company	Other positions or offices held	Nationality
Didier Domange (71 years)	Jan. 8, 2014	2015	- Chairman of the Supervisory Board Until August 31, 2014: - Member of the Audit Committee - Chairman of the Compensation Committee - Member of the Appointments Committee	- Director of Zodiac Seats France - CICOR representative on the Board of Directors of Banque Transatlantique - Chairman of the Supervisory Board of Fidoma	French
Louis Desanges (67 years)	Jan. 10, 2012	2017	- Vice-Chairman of the Supervisory Board - Chairman of the Appointments Committee - Member of the Audit Committee	- Chief Executive of Omnium Delabordère - Member of the Supervisory Board of Altergie - Director of Ecod'Air EI and Ecod'Air EA - Director of Compagnie Solaire du Gallion	French
Marc Assa (73 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board - Member of the Compensation Committee - Member of the Appointments Committee (1) *Independent member (2)*	- Chairman of the Board of Directors of CDCL Luxembourg - Member of the Supervisory Board of Nora Systems, Germany	Luxembourgish
Anne Aubert (43 years)	July 1, 2014	June 30, 2018	- Member of the Supervisory Board, representative of Group employees	- Mechanical engineer, Zodiac Seats France	French
Patrick Daher (65 years)	Jan. 8, 2014	2017	- Member of the Supervisory Board (1) - Chairman of the Compensation Committee since September 1, 2014 *Independent member (2)(3)*	- Director and Chief Operating Officer of Sogemarco-Daher - Chairman and Chief Executive Officer of Daher - Director of LISI - Vice-chairman of GIFAS and GEAD	French
Élisabeth Domange (71 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board	- Farm manager - Member of the Supervisory Board of Fidoma	French
FFP Invest, represented by Frédéric Banzet (4) (54 years)	Jan. 9, 2013	2018	- Member of the Supervisory Board - Member of the Audit Committee *Independent member (2)(3)*	- Director of EPF - Non-voting member of the Supervisory Board of PSA - Director of FFP (resigned on September 1, 2014)	French

(1) Effective January 8, 2014.

(2) Independent member during the fiscal year ended August 31, 2014.

(3) Independent member during the current fiscal year.

(4) Replaces Robert Peugeot, effective September 1, 2014.

Members	Date of appointment or reappointment	Year of appointment expiry	Position held in the Company	Other positions or offices held	Nationality
Vincent Gerondeau (49 years)	Jan. 10, 2011	2017	- Member of the Supervisory Board - Member of the Appointments Committee (1) - Member of the Compensation Committee (1) *Independent member (2)(3)*	- Chairman of Clairsys SAS	French
Laure Hauseux (52 years)	Jan. 10, 2011	2017	- Member of the Supervisory Board - Member of the Audit Committee *Independent member (2)(3)*	- Member of the Executive Board and Chairman of the Audit Committee of PHM France Holdco	French
Gilberte Lombard (70 years)	Jan. 9, 2013	2014	- Member of the Supervisory Board - Chairman of the Audit Committee - Member of the Compensation Committee *Independent member (2)*	- Director, Chair of the Audit Committee, member of the HSE Committee (Social and environmental responsability) of CGG (formerly CGG Veritas) (NYSE Euronext) - Director, Chair of the Compensation Committee, member of the Audit Committee of Robertet (NYSE Euronext) - Director of Vernet Retraite	French
Robert Maréchal (73 years)	Jan. 8, 2014	2015	- Member of the Supervisory Board	- Director of Tech Industrie	French

(1) Effective January 8, 2014.

(2) Independent member during the fiscal year ended August 31, 2014.

(3) Independent member during the current fiscal year.

APPOINTMENTS HELD BY EXECUTIVE BOARD MEMBERS

Members	Appointment and last renewal date	Positions held in the Company	Other positions or offices held
Olivier Zarrouati	November 15, 2007 reappointed on November 17, 2011	Chairman of the Executive Board (1)	Directorships: **GROUP COMPANIES** **France:** Zodiac Aerotechnics, Zodiac Engineering, Zodiac Seats France **Other countries:** Air Cruisers Company LLC (United States), Avox Systems Inc. (United States), C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (United States), Esco (United States), Heath Tecna (United States), Zodiac Interconnect UK Ltd (2) (United Kingdom), Mag Aerospace Industries LLC (United States), Parachutes Industries of Southern Africa Pty (South Africa), Sicma Aero Seat Services (United States), Zodiac Aerospace Services UK Ltd (United Kingdom), Zodiac US Corporation (United States) **COMPANIES OUTSIDE THE GROUP** **France:** Coface SA, Member of the Board of Directors
Maurice Pinault	September 18, 1992 reappointed on September 25, 2012	Member of the Executive Board (1)	Directorships: **GROUP COMPANIES** **France:** Zodiac Engineering, Zodiac Seats France **Other countries:** Sicma Aero Seat Services (United States)

(1) Reappointed by the Supervisory Board for a period of four years.

(2) New name of Icore International UK Ltd.

COMPENSATION AND BENEFITS

The information and tables in this section:

- have been produced in accordance with the French AFEP-MEDEF Code (version dated June 16, 2013);
- comply with AMF Recommendations Nos. 2012-02, 2012-14 and 2013-15 contained in its 2012 and 2013 Annual Reports on corporate governance, compensation of corporate directors and officers, and internal control of listed companies, and with AMF Position–Recommendation No. 2009-16 as amended on December 17, 2013, constituting drafting guidelines for Registration Documents.

The Executive Board and the Supervisory Board of Zodiac Aerospace have opted to apply the AFEP-MEDEF Code recommendation on consulting shareholders with regard to individual compensation for executive corporate officers.

The information to be submitted for shareholder advisory options about elements of compensation due, awarded or to be awarded for fiscal year 2013/2014 to Olivier Zarrouati and Maurice Pinault are presented as defined by the AFEP-MEDEF Code and its implementation guide (published on January 12, 2014).

A. COMPENSATION POLICY FOR MEMBERS OF THE SUPERVISORY BOARD

The Combined General Meeting held on January 10, 2011 increased the maximum amount of directors' fees payable to Board members to €400,000.

At its meeting of September 23, 2014, the Supervisory Board approved the renewal of directors' fees on an individual basis, identical to those approved at the Board's meeting of July 12, 2011 (apart from the attendance bonus, which was increased from €1,000 to €1,500 per meeting up to a maximum of €10,000 instead of €5,000), according to the following criteria:

- the Chairman will receive €70,000;
- the Vice-Chairman will receive a supplementary fixed amount of €5,000 (he may be required to replace the Chairman if the latter is unable to attend);
- each of the members will be allocated a fixed annual sum of €15,000 (excluding the Chairman);
- an attendance bonus will be introduced of €1,500 per meeting, up to a maximum of €10,000.

Committee members will also receive the following flat fees:

- €6,000 for members of the Audit Committee and €10,000 for its Chairman;
- €4,000 for members of the Compensation Committee and €6,000 for its Chairman;
- €1,000 per meeting for members of the Appointments Committee, up to a maximum of €2,000.

Members of the Supervisory Board do not receive any compensation or benefit of any kind from controlled companies within the meaning of Article L. 233-16 of the French Commercial Code (see Table 11 "Directors' fees and other compensation paid to non-executive corporate officers").

B. COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS (MEMBERS OF THE EXECUTIVE BOARD)

I. Summary of elements of compensation due or awarded for fiscal year 2013/2014

submitted for shareholder advisory opinion at the Combined General Meeting on January 15, 2015

a. Compensation due or awarded for fiscal year 2013/2014 to Olivier Zarrouati, Chairman of the Executive Board

Elements of compensation	Amount	Details
Fixed	€620,000	Fixed gross compensation determined by the Supervisory Board on September 24, 2013, representing no change compared to fixed compensation for 2012/2013.
Variable	€252,216	Set at a maximum of €620,000 if the target is 120% achieved and €0 if the target is 80% achieved. The total amount is proportional between these two limits. The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n". Target "n" = (Actual net income for fiscal year n -1 + net income budget for fiscal year n)/2. The variable portion due for 2013/2014 is 40.68% of the fixed compensation, compared to €566,308 for the previous fiscal year, a decrease of 55.4%.
Multi-year variable	N/A	Olivier Zarrouati does not benefit of such compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€41,779	Olivier Zarrouati benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €4,349 and €37,430 into the contribution pension plan.
Benefits in kind	€11,772	Olivier Zarrouati benefited from: - severance insurance taken out with GSC, for which the contribution for fiscal year 2013/2014 was €5,114. - a company car, for which the usage value in fiscal year 2013/2014 was €6,658.
Award of stock options	No award	Stock options are awarded at the same time of year, every four years. These options can be exercised in quarters from each of the anniversary dates following the award date. The next four-year award will be made in the last quarter of calendar year 2015. Olivier Zarrouati was not awarded any such stock options during fiscal year 2013/2014.
Award of performance-based free shares	No award	Free shares are awarded at the same time of year, every four years. These awards are subject to conditions of presence in the company and performance. The next four-year award will be made in the last quarter of calendar year 2015. Olivier Zarrouati was not awarded any free shares during fiscal year 2013/2014.
Non-compete payment	No payment	In the event of Olivier Zarrouati leaving the Group, and in consideration for entering into a non-compete agreement for a minimum period of one year, he will receive a monthly payment equivalent to one month of the average gross annual compensation he received during the previous 12 months of his period of office. This commitment was authorized by the Supervisory Board on November 19, 2009. This amount will be payable up to a maximum of 12 months' gross compensation. However, it is agreed that this arrangement may be terminated should Olivier Zarrouati leave the Group, provided the termination is notified within 60 days following the date on which Olivier Zarrouati leaves office.

b. Compensation due or awarded for fiscal year 2013/2014 to Maurice Pinault, Member of the Executive Board

Elements of compensation	Amount	Details
Fixed	€372,000	Fixed gross compensation determined by the Supervisory Board on September 24, 2013, representing no change compared to fixed compensation for 2012/2013.
Variable	€151,330	Set at a maximum of €372,000 if the target is 120% achieved and €0 if the target is 80% achieved. The total amount is proportional between these two limits. The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n". Target "n" = (Actual net income for fiscal year n -1 + net income budget for fiscal year n)/2. The variable portion due for 2013/2014 is 40.68% of the fixed compensation, compared to €339,785 for the previous fiscal year, a decrease of 55.4%.
Multi-year variable	N/A	Maurice Pinault does not benefit of such compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€41,779	Maurice Pinault benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €4,349 and €37,430 into the contribution pension plan.
Benefits in kind	€6,999	Maurice Pinault benefited from a company car, for which the usage value in fiscal year 2013/2014 was €6,999.
Award of stock options	No award	Stock options are awarded at the same time of year, every four years. These options can be exercised in quarters from each of the anniversary dates following the award date. The next four-year award will be made in the last quarter of calendar year 2015. Maurice Pinault was not awarded any such stock options during fiscal year2013/2014.
Award of performance-based free shares	No award	Free shares are awarded at the same time of year, every four years. These awards are subject to conditions of presence in the company and performance. The next four-year award will be made in the last quarter of calendar year 2015. Maurice Pinault was not awarded any free shares during fiscal year 2013/2014.
Non-compete payment	N/A	Maurice Pinault is not subject to a non-compete agreement.
Compensation or benefits due or likely to be due on termination or change of function	No payment	As part of his employment contract, pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Maurice Pinault could benefit from the following payments: - Severance payment in the event of termination of the employment contract by the employer (17 months of gross fixed and variable salary [1]); - Lump-sum retirement gratuity if Maurice Pinault chooses to implement his pension rights (5 months of gross fixed and variable salary) [1]. (1) Based on the preceding 12 months.

II. Compensation Policy

The compensation of executive corporate officers is determined by the Supervisory Board following a recommendation from the Compensation Committee.

The main guidelines on which the Supervisory Board bases its decisions are as follows:

- The compensation policy must reflect the company's values and culture; the compensation tools and systems deployed must therefore be those considered as being the best able to provide for sustainable performance and a long-term vision, as well as involvement in the entrepreneurial risk, particularly through share ownership.
- A significant proportion of the executive corporate officers' compensation (and that of members of the Executive Committee) must be a factor of performance, assessed over a certain length of time:
  - short-term through the achievement of annual targets,
  - long-term through profit-sharing tools,

  where the performance conditions and ultimate value depend on sustainable value creation for all shareholders.
- The levels of compensation for executive corporate officers (and for members of the Executive Committee) while being measured, must be competitive with the practices of groups comparable to Zodiac Aerospace (activities, degree of internationalization, size, profitability, market capitalization).

- All compensation components (fixed portion, annual variable portion, awards of stock options and free shares) and the balance between these components are taken into account to determine the compensation of executive corporate officers and members of the Executive Committee who are not corporate officers.
- Long-term compensation tools are a fundamental component of Zodiac Aerospace's entrepreneurial culture and its compensation policy.
- In 2011, Zodiac Aerospace decided to award performance-based free shares in addition to or instead of stock options.
- The tax obligation to retain shares awarded as free shares strengthens the convergence of interest between shareholding employees and external shareholders (see under "Investor Information", page 32).
- Awards of stock options and performance-based free shares to corporate officers and members of the Executive Committee, are made at the same time of year, every four years. The last award was made in December 2011.
- At the next four-yearly award, which will be in the last quarter of calendar year 2015, executive corporate officers will only be awarded performance-based free shares (stock options will no longer be offered).

III. Description of components of stock option and/or performance-based free share programs for executive corporate officers applicable through August 31, 2014

1. STOCK OPTIONS

Options expire after a period of eight years. They are awarded without a discount to the share price; a quarter of the whole award can be exercised as of each successive anniversary of the award date.

The award is made every four years, except for awards to executive corporate officers joining the company between two four-yearly awards.

The award is made during the first four months of the fiscal year, unless exceptional legal constraints prevail, and the award price is based on the average share price over the 20 trading days preceding the award date.

The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

No stock options were awarded to corporate officers in fiscal year 2013/2014.

2. AWARD OF PERFORMANCE-BASED FREE SHARES

Two conditions pertain to the award of performance-based free shares:

- presence,
- performance.

a. Presence condition

The condition of presence for the award of shares to corporate officers is two years following the award date (additional to this condition is a holding period of two years after the date of acquisition). These awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new corporate officers who are appointed between two four-yearly awards.

b. Performance condition

The performance condition applies to a percentage of the number of shares awarded, that amount being 100% of the award.

The calculation formula for the performance target is identical for all beneficiaries. They are vested when the target, as defined in the variable compensation calculation, is 100% achieved on average over the fiscal year of the award and the following fiscal year. The number of shares vested is reduced if the target is only partially achieved and canceled if only 80% is achieved on average.

The number of shares vested is proportional between these two limits.

IV. Description of components of stock option and/or performance-based free share programs for executive corporate officers applicable after August 31, 2014

Executive corporate officers are no longer offered a choice between stock options and free shares; they are only awarded free shares, all of which are subject to a performance condition.

V. Situation of Olivier Zarrouati

Olivier Zarrouati was a full-time employee of the Group for nine years prior to being appointed Member and Chairman of the Executive Board on November 15, 2007. This appointment was renewed on November 17, 2011.

On December 1, 2009, Olivier Zarrouati resigned from his employment contract; in order to take account of Olivier Zarrouati's length of service in the Group, at its meeting on November 19, 2009, the Supervisory Board approved the establishment of a compensation plan for Olivier Zarrouati's office, providing for two compensation payments: one with a clause terminating on December 17, 2011 which has not been renewed, and the second, a "non-compete" agreement, described as follows:

> "In the event of Olivier Zarrouati leaving the Group, and in consideration for entering into a non-compete agreement binding for a minimum period of one year, Olivier Zarrouati will receive a monthly payment equivalent to one month of the average gross annual compensation he received during the previous 12 months of his appointment."

The maximum payment in this respect is 12 months of gross fixed and variable compensation (as defined in the formula below). However, it is agreed that this arrangement may be terminated should Olivier Zarrouati leave the Group, in which case Zodiac Aerospace will be released from the payment of this non-compete compensation provided that this termination is notified within 60 days of the date on which Olivier Zarrouati leaves office.

Compensation for Olivier Zarrouati

a. Annual compensation

This includes a fixed and variable portion (see summary table of compensation for each executive corporate officer, page 20).

1. FIXED PORTION

- The fixed portion was determined by the Supervisory Board on September 24, 2013 at €620,000. This amount was applied to fiscal years 2012/2013, 2013/2014 and will apply to fiscal year 2014/2015; i.e. there was no increase in the fixed portion for the year ended August 31, 2014.

2. VARIABLE PORTION

- The variable portion is a maximum of €620,000 if the target is 120% achieved and €0 if it is 80% achieved; it varies proportionally between these two limits.

The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n".

$$\text{Target "n"} = \frac{\text{Actual net income for FY n -1 + Net income budget for FY n}}{2}$$

For this calculation:

- net income from companies whose functional currency is not the euro is converted at the same exchange rate as that used for calculating the budget for fiscal year "n";
- transactions in a currency that is "foreign" to the functional currency are booked at their transaction rate (i.e. without any adjustment to net income), the aim being to retain the effect of decisions taken by the Executive Board and the Group's Executive Vice-President, Administration and Finance, regarding the establishment of hedges for foreign currencies on the Group's net income.

Net income realized in fiscal year "n" is determined for the purposes of the calculation formula using the same criteria for currencies as those used for calculating the target for the fiscal year.

The variable portion paid in January 2014 for fiscal year 2012/2013 was €566,308, representing 91.34% of the 2012/2013 fixed compensation.

The variable portion due for fiscal year 2013/2014 and payable in fiscal year 2014/2015 was €252,216, representing 40.68% of the fixed compensation for 2013/2014. The variable portion for fiscal year 2013/2014 was 55.4% lower than that for 2012/2013.

b. Collective life, health and defined-contribution pension plans

Olivier Zarrouati benefits from the same collective plan as other Zodiac Aerospace executives regarding life, health and defined-contribution pension plans.

Employer contributions paid into these plans in 2013/2014 were:

- life/health plan €4,349
- pension plan €37,430

Olivier Zarrouati does not benefit from a "top-hat" retirement plan.

c. Benefits in kind

Olivier Zarrouati benefits from severance insurance taken out with GSC. The 2013/2014 contribution amount was €5,114 and is included in the amount declared under benefits in kind.

Olivier Zarrouati benefits from the provision of a company car, purchased by the Company for €64.5k; its usage value for fiscal year 2013/2014 of €6,658 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

No stock options or free shares were awarded to Olivier Zarrouati in fiscal year 2013/2014.

e. Obligation to retain shares

Pursuant to the provisions of the French Commercial Code and the AFEP-MEDEF Code, the Supervisory Board has imposed an obligation to retain shares derived from the exercise of stock options and/or free shares. The executive corporate officers are required to retain them until the end of their term of mandate (see Table 8 "Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers").

VI. Situation of Maurice Pinault

Maurice Pinault was employed in the Group for 14 years before being appointed as a member of the Executive Board on September 18, 1992. This appointment was renewed most recently on September 25, 2012.

Maurice Pinault does not receive any compensation for his position as a member of the Executive Board.

Maurice Pinault has kept his employment contract as Deputy CEO, Strategy and Business Development.

As regards this mandate, Maurice Pinault is not entitled to any compensatory payment on termination of employment or change of position, or in respect of a non-compete clause.

As part of his employment contract, and pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Maurice Pinault could benefit from the following payments:

- severance payment in the event that the employer terminates the employment contract;
- retirement gratuity in the event that Maurice Pinault claims his pension rights.

If either of these events had occurred on August 31, 2014, the amounts payable would have been:

- Severance payment – 17 months,
- Retirement gratuity – 5 months,

of gross fixed and variable salary for the preceding twelve months.

Compensation for Maurice Pinault

a. Annual compensation under his employment contract

This includes a fixed and variable portion (see summary table of compensation for each executive corporate officer, page 20).

1. FIXED PORTION

- The fixed portion was determined by the Supervisory Board on September 24, 2013 at €372,000. This amount was applied to fiscal years 2012/2013, 2013/2014 and will apply to fiscal year 2014/2015; i.e. there was no increase in the fixed portion for the year ended August 31, 2014.

2. VARIABLE PORTION

- The variable portion is a maximum of €372,000 if the target is 120% achieved and €0 if it is 80% achieved; it varies proportionally between these two limits.

The target for each fiscal year "n" is composed of the average of the Group's consolidated net income for fiscal year "n-1" and the budget for fiscal year "n".

$$\text{Target "n"} = \frac{\text{Actual net income for FY n -1 + Net income budget for FY n}}{2}$$

For this calculation:

- results from companies whose functional currency is not the euro are converted at the same exchange rate as that used for calculating the budget for fiscal year "n";
- transactions in a currency that is "foreign" to the functional currency are booked at their transaction rate (i.e. without any adjustment to net income), the aim being to retain the effect of decisions taken by the Executive Board and the Group's Executive Vice-President, Administration and Finance, regarding the establishment of hedges for foreign currencies on the Group's net income.

Net income realized in fiscal year "n" is determined for the purposes of the calculation formula using the same criteria for currencies as those used for calculating the target for the fiscal year.

The variable portion paid in January 2014 for fiscal year 2012/2013 was €339,785, representing 91.34% of the 2012/2013 fixed compensation.

The variable portion due for fiscal year 2013/2014 and payable in fiscal year 2014/2015 was €151,330, representing 40.68% of the fixed compensation for 2013/2014.

The variable portion for fiscal year 2013/2014 was 55.4% lower than that for 2012/2013.

b. Collective life, health and defined-contribution pension plans

Maurice Pinault benefits from the same collective plan as other Zodiac Aerospace executives regarding life, health and defined-contribution pension plans.

Employer contributions paid into these plans in 2013/2014 were:

- life/health plan €4,349
- pension plan €37,430

Maurice Pinault does not benefit from a "top-hat" retirement plan.

c. Benefits in kind

Maurice Pinault benefits from the provision of a company car, purchased by the Company for €66.7k; its usage value for fiscal year 2013/2014 of €6,999 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

No stock options or free shares were awarded to Maurice Pinault in fiscal year 2013/2014.

e. Obligation to retain shares

Pursuant to the provisions of the French Commercial Code and the AFEP-MEDEF Code, the Supervisory Board has imposed an obligation to retain shares derived from the exercise of stock options and/or free shares. The executive corporate officers are required to retain them until the end of their term of mandate (see Table 8 "Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers").

COMPENSATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

Table 1. Summary of compensation and stock options and free shares awarded to each executive corporate officer

(in euros)	2013/2014	2012/2013
Olivier Zarrouati, Chairman of the Executive Board		
Compensation due for the period (details in Table 2)	€883,988	€1,195,978
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of free shares awarded during the period (details in Table 6)	None	None
TOTAL	**€883,988**	**€1,195,978**
Maurice Pinault, Member of the Executive Board		
Compensation due for the period (details in Table 2)	€530,329	€716,765
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of free shares awarded during the period (details in Table 6)	None	None
TOTAL	**€530,329**	**€716,765**

Table 2. Summary of each executive corporate officer's compensation

(in euros)	2013/2014		2012/2013	
	Amounts due	Amounts paid	Amounts due	Amounts paid
Olivier Zarrouati, Chairman of the Executive Board				
Fixed compensation	€620,000	€620,000	€620,000	€620,000
Variable compensation	€252,216	–	€566,308	€566,308
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€11,772	€11,772	€9,670	€9,670
TOTAL	**€883,988**	**€631,772**	**€1,195,978**	**€1,195,978**
Maurice Pinault, Member of the Executive Board				
Fixed compensation	€372,000	€372,000	€372,000	€372,000
Variable compensation	€151,330	–	€339,785	€339,785
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€6,999	€6,999	€4,980	€4,980
TOTAL	**€530,329**	**€378,999**	**€716,765**	**€716,765**

Table 3. Summary of employment contract, supplementary pension contract, compensatory payment and benefits

Name	Employment contract		Supplementary pension plan		Compensatory payment or benefits due or likely to be due on termination or change of function		Compensatory payment due under a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Olivier Zarrouati, Chairman of the Executive Board		X		X		X	X	
Maurice Pinault, Member of the Executive Board	X			X	X			X

Table 4. Stock options awarded during the fiscal year to each executive corporate officer

Name	No. and date of plan	Type of options (purchase or subscription)	Valuation of options based on the method used for the consolidated accounts	Number of options awarded in the fiscal year	Exercise price	Exercise period
Olivier Zarrouati	None	None	None	None	None	None
Maurice Pinault	None	None	None	None	None	None

Table 5. Stock options exercised during the fiscal year by each executive corporate officer

Name	No. and date of plan	Number of options exercised in the fiscal year	Exercise price
Olivier Zarrouati	Plan No. 07b Dec. 3, 2007	28,400	€8.22
Maurice Pinault	Plan No. 07b Dec. 3, 2007	221,320	€8.22
Maurice Pinault	Plan No. 07b Dec. 3, 2007	7,660	€8.22

Table 6. Free shares awarded during the fiscal year to each executive corporate officer

Name	No. and date of plan	Number of shares awarded during the fiscal year	Valuation of shares according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Olivier Zarrouati	None	None	None	None	None	None
Maurice Pinault	None	None	None	None	None	None

Table 7. Free shares becoming available during the fiscal year per executive corporate officer

Name	No. and date of plan	Number of shares vested during the fiscal year	Vesting date	Transferability date	Vesting conditions
Olivier Zarrouati	Dec. 29, 2011	266,670	Dec. 29, 2013	Dec. 29, 2015	Presence and performance
Maurice Pinault	Dec. 29, 2011	80,000	Dec. 29, 2013	Dec. 29, 2015	Presence and performance

Table 8. Information on the requirements to retain shares issued from the exercise of options applicable to executive corporate officers

Name	Plan	Quantity	Description of requirement to continue holding shares
Olivier Zarrouati	2007 options	50,000	Until date of termination of office on Executive Board
	2011 free shares	50,000	Until date of termination of office on Executive Board
Maurice Pinault	2007 options	35,000	Until date of termination of office on Executive Board
	2011 free shares	50,000	Until date of termination of office on Executive Board

C. COMPENSATION POLICY FOR MEMBERS OF THE EXECUTIVE COMMITTEE WHO ARE NOT CORPORATE OFFICERS

1. FIXED AND VARIABLE COMPENSATION

In addition to their fixed salary, Members of the Executive Committee who are not corporate officers benefit from a variable portion payable for fiscal year "n". Depending on the functions exercised, this is based on a target:

- determined using an identical formula to that applicable to executive corporate officers who are members of the Executive Committee,
- or, determined according to a formula constituted of components with a "different weighting":

- (A) Average of the current operating income for fiscal year "n -1" and the budget for "n", calculated using the same conversion and transaction rate (for currencies other than the euro) for actual fiscal year "n -1" and budget "n";
- (B) Percentage reduction of the working capital requirement between fiscal year "n- 1" and fiscal year "n";
- (C) Actual working capital requirement/sales revenue ratio lower than or equal to the working capital requirement/sales revenue ratio of the Group overall;
- (D) Achievement of an "on-time delivery" rate to customers.

The formula is therefore:

Target "n": (70% (A) + 15% (B) + 15% (C)) x achievement factor (D).

For the calculation of actual "n", the same conversion and/or transaction rate for currencies other than the euro is used.

This variable portion is a maximum of 100% of the fixed compensation if the target is:

- 120% achieved for beneficiaries of the identical formula to that of the executive corporate officers, and for these beneficiaries the variable portion is 0% if under 80% of the target is achieved;
- 125% achieved for beneficiaries of the four-component formula; for these beneficiaries, the variable portion is zero if under 75% of the target is achieved.

In both cases, the amount is proportional between these limits.

2. STOCK OPTIONS AND PERFORMANCE-BASED FREE SHARES

a. Stock options

Options expire after a period of eight years. They are awarded with no discount to the share price and a quarter of the whole award can be exercised from each successive anniversary of the award date.

The award is made every four years, except for awards to members joining the Executive Committee between two four-yearly awards.

The awards are made during the first four months of the fiscal year, unless exceptional legal constraints prevail, and the award price is based on the average share price over the 20 trading days preceding the award date. The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

b. Performance-based free shares

These awards are subject to two conditions:

- presence,
- performance.

(i) The presence condition varies according to tax residence:

- French tax residents: two years after the award date (to which a two-year retention period is added);
- residents of other tax jurisdictions: either the same as French tax residents or four years after the award date (in which case there is no additional retention period).

The awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new members of the Executive Committee who are appointed between two four-yearly awards.

(ii) The performance condition applies to a percentage of the number of shares awarded, that amount being 80% of the award.

The calculation formula for the performance target is identical for all beneficiaries. The shares are vested when the target, as defined by the variable compensation calculation, is 100% achieved on average over two fiscal years (the year of the award and the following year). The number of shares vested is reduced if the target is only partially achieved, and canceled if on average under 75% or 80% is achieved, depending on the variable compensation formula applied as defined above (section C.1.).

Between these two limits, a proportional number of shares is vested.

3. COMPENSATION FOR THE FISCAL YEAR AND AWARD OF STOCK OPTIONS AND/OR PERFORMANCE-BASED FREE SHARES

a. Compensation

There were eleven members of the Executive Committee in fiscal year 2013/2014, the same number as in 2012/2013. Their total compensation paid for fiscal year 2013/2014 amounted to €3,329k fixed and €2,351k variable, plus €87k benefits in kind, amounting to €5,767k, including compensation for members of the Executive Board (details of which appear in Note B.1 a and b). In the previous fiscal year, total compensation amounted to €3,212k fixed and €2,053k variable, plus €76k benefits in kind, amounting to €5,341k.

b. Stock options and/or performance-based free shares

During the fiscal year, members of the Executive Committee who are not executive corporate officers and were not members of the Executive Committee at the time of the previous multi-year award (four-year period) were awarded a total of:

- 63,750 stock options;
- 54,170 performance-based free shares, with a vesting date of December 4, 2015 and a transferability date of December 4, 2017.

A total of 74,345 stock options were exercised by members of the Executive Committee who were not corporate officers during the fiscal year.

Table 9. History of stock options awards to employees or executive corporate officers

	Plan No. 6	Plan No. 7a	Plan No. 7b	Plan No. 7c	Plan No. 8	Plan No. 9
Date of General Meeting	Dec, 16, 2004	Dec, 16, 2004	Dec, 16, 2004	Dec, 16, 2004	Jan. 8, 2008	Jan. 8, 2008
Date of Supervisory Board or Executive Board meeting	Nov. 30, 2006	Feb. 13, 2007	Dec. 3, 2007	Dec. 3, 2007	Dec. 4, 2008	Dec. 10, 2009
Total number of shares that may be subscribed or purchased That may be subscribed or purchased by executive corporate officers:	941,665	375,000	1,300,000	793,425	723,500	752,000
– Olivier Zarrouati	–	375,000	300,000	–	–	–
– Maurice Pinault	–	–	400,000	–	–	–
Start date for exercise of options "**Date D**"	Nov. 30, 2007	Feb. 13, 2007	Dec. 3, 2008	Dec. 3, 2008	Dec. 4, 2009	Dec. 10, 2010
Expiration date	Nov. 30, 2014	Feb. 13, 2015	Dec. 3, 2015	Dec. 3, 2015	Dec. 4, 2016	Dec. 10, 2017
Subscription or purchase price	€9.33	€9.86	€8.22	€8.22	€5.87	€4.72
Exercise procedure (when the plan contains several tranches)	• 50% on Date D • 50% one year after Date D	• 75,000 on Date D • 50,000 one year after Date D • 150,000 two years after Date D	• 1st quarter on Feb. 12, 2008 (E) • Subsequent quarters on each successive anniversary date (E)	• 50% on Date D • 50% one year after Date D	• 50% on Date D • 50% one year after Date D	• 50% on Date D 50% one year after Date D
Number of shares subscribed on Aug. 31, 2014	644,825	374,990	629,380	470,935	469,875	345,710
Aggregate number of stock options canceled or null and void	101,350	–	–	93,395	47,500	37,250
Stock options remaining at year-end	195,490	10	670,620	229,095	206,125	369,040

	Plan No. 10	Plan No. 11 a	Plan No. 11 b	Plan No. 12	Plan No. 13	TOTAL
Date of General Meeting	Jan. 8, 2008	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	
Date of Supervisory Board or Executive Board meeting	Dec. 10, 2010	Dec. 29, 2011	Dec. 29, 2011	May 13, 2013	Dec. 4, 2013	
Total number of shares that may be subscribed or purchased That may be subscribed or purchased by executive corporate officers:	827,250	499,475	309,950	1,043,500	1,196,250	8,762,015
– Olivier Zarrouati	–	–	–	–	–	675,000
– Maurice Pinault	–	–	160,000	–	–	560,000
Start date for exercise of options "**Date D**"	Dec. 10, 2011	Dec. 29, 2012	Dec. 29, 2012	May 13, 2014	Dec. 4, 2014	
Expiration date	Dec. 10, 2018	Dec. 29, 2019	Dec. 29, 2019	May 13, 2021	Dec. 4, 2021	
Subscription or purchase price	€10.15	€12.47	€12.47	€18.91	€24.34	
Exercise procedure (when the plan contains several tranches)	• 50% on Date D • 50% one year after Date D	• 50% on Date D • 50% one year after Date D	• 1st quarter on Dec. 29, 2012 • Each subsequent quarter on successive anniversary dates of Date D	• 50% on Date D • 50% one year after Date D	• 50% on Date D • 50% one year after Date D	
Number of shares subscribed on Aug. 31, 2014	153,900	27,000	–	–	–	3,116,615
Aggregate number of stock options canceled or null and void	38,250	25,000	–	502,560	666,375	1,511,680
Stock options remaining at year-end	635,100	447,475	309,950	540,940	529,875	4,133,720

Table 10. History and information on performance-based free shares to employees or executive corporate officers

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6	Plan No. 7	TOTAL
Date of General Meeting	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	Jan. 11, 2011	
Date of Supervisory Board or Executive Board meeting	Dec. 29, 2011	Dec. 29, 2011	Dec. 29, 2011	June 5, 2013	June 5, 2013	Dec. 4, 2013	Dec. 4, 2013	
Total number of shares awarded Number of shares awarded to executive corporate officers:	113,420	354,190	346,670	130,190	37,505	164,855	54,170	1,261,000
Olivier Zarrouati	–	–	266,670	–	–	–	–	266,670
Maurice Pinault	–	–	80,000	–	–	–	–	80,000
Vesting date	Dec. 29, 2013 Dec. 29, 2015[1]	Dec. 29, 2013	Dec. 29, 2013	June 5, 2015	June 5, 2015	Dec. 4, 2015	Dec. 4, 2015	
Date of end of retention period	Dec. 29, 2015	Dec. 29, 2015	Dec. 29, 2015	June 5, 2017	June 5, 2017	Dec. 4, 2017	Dec. 4, 2017	
Performance condition	For 50% of shares awarded	For 80% of shares awarded	for 100% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	
Number of shares vested at Aug. 31, 2014	86,620	354,190	346,670	–	–	–	–	787,480
Number of shares subscribed at Aug. 31, 2014	–	–	–	–	–	–	–	–
Aggregate number of shares canceled or null and void	6,490	–	–	–	–	–	–	6,490
Performance-based free shares remaining at year-end	20,310[2]	–	–	130,190	37,505	164,855	54,170	407,030

(1) At the time of the award, beneficiaries who were not tax-resident in France could opt for either of the following:
- vesting four years after the award date;
- vesting two years after the award date followed by a two-year retention period.

(2) These remaining shares correspond to shares awarded to employees who were not tax-resident in France and who opted for vesting four years after the award date.

Table 11. Directors' fees and other compensation paid to non-executive corporate officers [1]

(in thousands of euros)	2013/2014	2012/2013
Non-executive corporate officers		
Didier Domange		
– Directors' fees	70	70
– Other compensation	120	120
Louis Desanges		
– Directors' fees	33	33
– Other compensation	–	–
Marc Assa		
– Directors' fees	25	24
– Other compensation	–	–
Elisabeth Domange		
– Directors' fees	20	20
– Other compensation	–	–
FFP Invest, represented by Robert Peugeot, through Aug. 31, 2014		
– Directors' fees	26	26
– Other compensation	–	–
Vincent Gerondeau		
– Directors' fees	26	22
– Other compensation	–	–

(1) Members of the Supervisory Board, apart from the member of the Supervisory Board representing the employees, do not receive any compensation or benefits of any kind from controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

(in thousands of euros)	2013/2014	2012/2013
Non-executive corporate officers		
Laure Hauseux		
– Directors' fees	26	26
– Other compensation	–	–
Gilberte Lombard		
– Directors' fees	34	34
– Other compensation	–	–
Robert Maréchal		
– Directors' fees	20	20
– Other compensation	–	–
Patrick Daher		
– Directors' fees	15	–
– Other compensation	–	–
Employees' representative elected with effect from July 1, 2014 Anne Aubert		
– Directors' fees	–	–
Edmond Marchegay [2]		
– Directors' fees	–	26
– Other compensation	–	–

(2) Through January 8, 2014.

Table 12. Declaration of Company share trading by senior management and similar persons
(as governed by Article 621-18-2 of the French law of July 20, 2005 and AMF regulation 223-22a *et seq.*)

For the period from September 1, 2013 to August 31, 2014, a total of 35 transactions were recorded in this category, as detailed in the table below.

Note that at the start of trading on February 25, 2014, the total number of shares comprising the capital of the Company increased fivefold as a result of dividing the share's par value by five, which took effect on that date. The quantities and prices in the following table have therefore been adjusted for transactions taking place on or after February 25, 2014.

Person concerned (first name, last name and position)	Type of financial instrument	Type of transaction	Date of transaction	Number of shares/ securities	Unit price (euros)
Yannick Assouad	Shares	Exercise of stock options	June 19, 2014	20,000	5.87
Member of the Executive Committee	Shares	Exercise of stock options	June 19, 2014	8,330	4.72
Didier Domange Chairman of the Supervisory Board	Shares	Purchase	Jan. 23, 2014	1,710	26.24
Legal entity connected to	Shares	Purchase	Dec. 2, 2013	20,267	24.99
Didier Domange	Shares	Purchase	Jan. 15, 2014	7,601	26.46
Chairman of the Supervisory Board	Shares	Purchase	Jan. 16, 2014	17,500	26.46
	Shares	Purchase	Jan. 16, 2014	15,000	26.32
	Shares	Purchase	Jan. 17, 2014	13,220	26.29
	Shares	Purchase	Jan. 22, 2014	35,000	26.26
	Shares	Purchase	Jan. 27, 2014	50,000	25.40
	Shares	Purchase	Jan. 31, 2014	25,000	26.16
	Shares	Contribution	June 17, 2014	4,000,000	25.89
FFP Invest Member of the Supervisory Board	Shares	Sale	March 19, 2014	4,875,014	17.11
Vincent Gerondeau	Shares	Sale	Sept. 18, 2013	11,500	22.83
Member of the Supervisory Board	Shares	Sale	Sept. 19, 2013	1,500	23.00
	Shares	Sale	Sept. 19, 2013	1,500	22.94
	Shares	Sale	Sept. 19, 2013	4,750	22.98
	Shares	Sale	Sept. 24, 2013	4,850	23.40
	Shares	Sale	June 19, 2014	11,000	25.58
	Shares	Sale	Aug. 7, 2014	10,000	22.95
Christian Novella	Shares	Sale	Sept. 19, 2013	5,000	22.98
Member of the Executive Committee	Shares	Sale	Nov. 25, 2013	5,000	25.51
	Shares	Exercise of stock options	Jan. 20, 2014	8,900	8.22
	Shares	Sale	Jan. 20, 2014	8,900	26.29
	Shares	Sale	June 23, 2014	10,000	25.00
	Shares	Subscription	July 1, 2014	7,500	8.22
	Shares	Sale	July 16, 2014	27,500	23.41
Individual connected to Christian Novella Member of the Executive Committee	Shares	Sale	July 4, 2014	42,500	24.84
Maurice Pinault	Shares	Subscription	Oct. 7, 2013	7,660	8.22
Member of the Executive Board	Shares	Sale	Jan. 13, 2014	120,000	25.84
	Shares	Exercise of stock options	Jan. 15, 2014	221,320	8.22
Olivier Zarrouati	Shares	Sale	Jan. 10, 2014	28,400	25.91
Chairman of the Executive Board	Shares	Exercise of stock options	Jan. 16, 2014	28,400	8.22
Stephen Zimmerman	Shares	Exercise of stock options	Feb. 5, 2014	25,000	10,15
Member of the Executive Committee	Shares	Exercise of stock options	Feb. 5, 2014	20,000	4.72

In addition, in accordance with the AFEP-MEDEF Code, the members of the Executive Committee have made a formal commitment not to engage in risk-hedging transactions either on shares issued from the exercise of options or from free shares, through to the end of the retention period applicable to the shares. To the Company's knowledge, no hedging instruments have been put in place.

RISK MANAGEMENT

PRESENTATION OF THE GROUP'S MAIN RISKS

Zodiac Aerospace is faced with risks that may affect its business, reputation, financial position or ability to meet its targets.

The risks below are the Group's main risks; those which are currently considered as not significant are included in our risk-management system but are not listed in this section of the report.

In conducting its operations, the Zodiac Aerospace Group applies a responsible risk-management policy designed to safeguard the assets entrusted by our shareholders, the safety of people, the interests of customers and consumers, and the natural environment.

1. BUSINESS RISKS

A. SECTOR-RELATED RISKS

Local, regional and international economic conditions may have an impact on Group activities, and therefore on the Group's financial results. These risks include:

1. Downturn in the aerospace industry cycle

The flow of orders for aircraft tends to be cyclical. It is driven by trends in passenger traffic, the rate at which airline fleets age and are replaced, equipment specification decisions and the financial health of airlines. The Zodiac Aerospace Group considers that these cycles may affect the level of its business and have an unfavorable effect on its future financial position.

Unpredictable influences, such as terrorism, pandemics, natural disasters, air disasters and a sharp rise in energy costs, may also have significant repercussions for air traffic and, therefore, for the aircraft equipment markets served by Zodiac Aerospace.

In 2013/2014, approximately 85% of the Group's adjusted consolidated revenue was generated from civil aviation.

2. Market assessment

The business sectors in which Zodiac Aerospace is involved demand significant levels of investment, particularly in terms of research and development. These investment programs depend on long-term profitability. The market and profitability assumptions adopted by the Group may prove inaccurate, with the result that products in which these investments have been made may not be sufficiently successful in commercial terms to earn a satisfactory return on the initial investment (see note on intangible assets).

3. Reduction in defense orders

A reduction in defense contract budgets or the postponement of certain programs could affect the military activities of Zodiac Aerospace. In 2013/2014, approximately 13% of the Group's consolidated revenue was generated from defense markets. The Zodiac Aerospace Group complies with the provisions of the Oslo agreement.

4. Competition and program delays

Zodiac Aerospace faces competition in all its markets.

The financial and program assumptions set by the Group have been incorporated into the process of preparing the budget and the Business Plan.

Difficulties encountered by some aircraft construction companies on their programs may result in changes to delivery schedules and delays in the planned completion of new aircraft which could affect the rate at which Zodiac Aerospace earns revenue for aerospace business.

5. Product liability risks

The Zodiac Aerospace Group is exposed to the risk of warranty actions filed by customers and consumers, and has made reasonable allowances for such risks (see Note 22 to the consolidated financial statements). The Zodiac Aerospace Group has civil liability insurance to cover any instances of defective products that might cause damage to third parties (see section on insurance below).

The Group may be liable for penalty payments where delivery lead times are not met.

B. RISKS RELATED TO OUR GLOBAL PRESENCE

1. Country risks

Due to its presence in 18 countries, the Group may be exposed to:

- Political risks:
  - measures or decisions taken by local authorities (e.g. embargoes);
  - social risks (general strikes, civil disturbances);
- And/or economic or financial risks:
  - currency depreciation;
  - foreign exchange shortages.

2. Interest rate and currency risks

■ Exchange rate risk

Since the Zodiac Aerospace Group operates in the aerospace industry, it is mainly exposed to fluctuations in the US dollar ($) and in particular to fluctuations in the euro/dollar exchange rate.

In 2013/2014, approximately 44% of Group revenue and 39% of its current operating income were generated by its U.S.-based companies. In addition, approximately 23% of total Group revenue is billed in dollars by its European companies, and is therefore also exposed to euro/dollar exchange rate risks (see Note 2.B to the consolidated financial statements).

To limit the direct impact of fluctuations in the euro/dollar exchange rate, the Zodiac Aerospace Group is taking action to increase the percentage of dollar-denominated purchases made by its bases outside the United States.

This provides a "natural" hedge against the dollar, covering approximately 33% of dollar sales generated in the 2013/2014 fiscal year by companies located in countries other than the United States. The Group also uses financial instruments to hedge the residual transaction exposure of its asset and/or liability positions and, where necessary, its future dollar transaction flows.

■ Interest rate risk

The majority of Group debt is subject to interest at a variable rate. Details of interest rate and currency risks are given in Note 2 to the consolidated financial statements.

The approach adopted is to hedge the risk posed by variable rates using fixed-rate swaps, the effect of which is to provide partial fixed-rate funding for the Group.

2. OPERATIONAL AND STRATEGIC RISKS

A. EXTERNAL GROWTH RISKS

The leadership strategy implemented by Zodiac Aerospace Group for more than 30 years has been supported by an ongoing policy of combining organic growth with external growth.

External growth requires the ability to ensure the effective integration of the companies acquired and maximize the benefits of synergies. The Zodiac Aerospace Group has developed this ability over many years of successful acquisitions. The progress of integration initiatives is regularly monitored at Executive Committee and Segment Committee meetings.

Nevertheless, despite the resources implemented and efforts made toward the integration process, success can never be certain at the outset, and may sometimes depend on external factors.

Supply chain failures may disrupt the management of this risk.

B. SUPPLY CHAIN RISKS

Due to the Group's external growth and the relocation of some procurement to the dollar area, the Group has developed a Segment-based structure to manage risks relating to the supply chain, such as management of supplier relations, monitoring critical suppliers, improving the quality and punctuality of deliveries, improving the process of analyzing and selecting suppliers, and managing framework agreements.

C. INFORMATION SYSTEM RISKS

The Group is continuing with its deployment of compatible information systems in all its subsidiary companies as part of enhancing service to customers, improving management quality and minimizing the risks posed by obsolete local systems. In this context, investment is being focused on deploying a limited number of software packages within the Group (Movex M3, Lotus Notes, Catia, Hyperion/OBI) with the aim of reducing installation and usage risks.

This increased dependence on information systems that are used throughout the Group may give rise to risks concerning data integrity and confidentiality and the potential interruption of IT services. A broad range of resources are in place to counter these risks, including backup systems, data backup procedures, rebooting procedures and user access rights management. However, despite such safeguards, system failures could result in a loss of data, errors and/or delays prejudicial to the smooth running of the company, and therefore its financial results. Long periods of testing prior to the live introduction of new systems and combined continued monitoring of a rigorous information systems policy (by the Steering Committee) are designed to ensure the required levels of reliability, confidentiality, task separation and necessary availability.

D. DATA CONFIDENTIALITY RISKS

With the number of communicating devices rapidly increasing and the volume of stored and exchanged data accelerating, Zodiac Aerospace must protect itself against illegal attempts to seize its information assets.

As the Group operates IT infrastructure within its offices and remotely (SaaS mode), it has strengthened its data protection policy in order to protect itself from the main threats.

This includes increased employee awareness, recognizing this subject as one of the main risks identified in the Group's risk mapping, and also implementing suitable operating methods in terms of IT security.

This also applies to user authentication and authorization, as well as securing non-mobile and mobile workstations, exchanges with our partners and the physical security of our data centers.

Information system security is regularly audited by both internal and external services.

To define, improve and monitor security processes for information systems, in 2014 Zodiac Aerospace appointed an Information Systems Security Manager (ISSM).

E. COMMODITY RISKS

The Group has no significant direct exposure to fluctuations in the price and/or availability of commodities and energy. Any indirect exposure results primarily from the business activities pursued by its customers, which may be affected by the price per barrel of oil. This is the case with airlines, for example, and can be a source of solvency risk for them. As a result, the Group has no hedging policy in place for commodities and/or energy.

F. HUMAN RESOURCES-RELATED RISKS

The Group is implementing close monitoring of succession plans for the Group's key positions (in particular positions in the hierarchy between "n -1" and "n -3"). It ensures that these key positions are covered by at least one potential successor and consolidates all development plans for potential successors for these key positions at the Group level.

The Group has set up a global survey to provide information regarding Group employees' views on various themes including managerial practices, the organization of work and quality of life at work, and implements action plans in response to the different needs expressed via this survey.

Finally, the Group has introduced an expert community management system. These experts have been identified and recognized for their work in order to retain their services and manage them over the long term and to facilitate the transfer of knowledge where this is necessary.

G. NON-COMPLIANCE RISK

Conduct by Group employees which is contrary to the Group's ethical rules or which violates applicable laws and regulations could expose Zodiac Aerospace to criminal and civil sanctions and affect its reputation or its shareholder value.

The Group's Ethics Code, which was updated in October 2013, applies to all employees and formalizes the Group's commitments in terms of integrity and compliance with applicable legal requirements.

Specialized central services are responsible for monitoring the correct application of these laws and regulations.

H. INDUSTRIAL RISKS RELATING TO SAFETY AND THE ENVIRONMENT

This fiscal year has seen the continuation of actions to improve industrial risk management and protection of the Group's property.

1. Damage to goods and operating losses

a. Partnership with insurance companies

The Group has intensified its management of industrial risks to safeguard its future. Its priorities are to improve fire protection on its sites by acting on the inspection reports submitted by our insurance company, FM Insurance, and to deploy a business continuity plan.

Twenty-six production units were classified as HPR (Highly Protected Risk) sites in 2013/2014, representing one-third of Group sites. This is our insurer's own classification. It is based on identification and measurement of sites visited. The scope changes annually, modifying the data year on year.

A risk matrix drafted per site, based on visit reports by engineers employed by the insurance company who are specialists in risk management, contributes to improving protection of sites against fire and natural disasters and to the deployment of a business continuity plan at all sensitive sites.

This risk matrix includes the classification established by our insurer's local engineers and is used to evaluate the level of the risk relating to the site. It also helps identify sites which are "sensitive" to climate change and therefore exposed to risks related to climate change.

The Group has identified:

- three sites which have significant potential exposure to rising water levels;

- two sites which are potentially exposed to increased risk of tornadoes.

RISK CLASSIFICATION

Classification	August 2010	August 2011	August 2012	August 2013	August 2014
A (1)	18	19	19	21	26
B (2)	13	12	10	13	15
C (2)	37	35	39	38	39
D (3)	5	8	3	5	4
E (4)	0	0	0	0	0
TOTAL SITES	**73**	**74**	**71**	**77**	**84**

(1) A = HPR (Highly Protected Risk).
(2) B et C: low risk.
(3) D: medium risk.
(4) E: high risk.

The number of sites included has increased from 73 sites (at the end of fiscal year 2009/2010) to 84 sites (this fiscal year).

For the last four fiscal years, no sites have been classified E. Of the four sites classified D, one was included in site visits this fiscal year and is expected to move into a new building during the next fiscal year. Another site will undergo significant modifications that will improve its standard of protection and therefore its classification. Regarding the other two sites, an action plan has been implemented and should produce an improvement in the next fiscal year.

Actions are still underway to achieve the Group's target of having 100% of its sites classified between A and C.

b. Business continuity plan

Although the production and/or assembly of the Group's products are located at various sites around the world, the Group ensures the ongoing management of business continuity plans in order to minimize the risks posed by accidental interruption of production at any given site.

The Group has continued to deploy its business continuity plans (BCPs). In particular, these BCPs are designed to identify the risks and methods for restarting internal and sub-contracted production activities in the event of a major disaster at a Group site. During this fiscal year, the Finance Department of our insurer, FM Insurance, performed a substantial number of business impact analyses in North America. These will help with the deployment and improvement of the BCPs in the next fiscal year.

2. Environmental risks

Environmental audits are carried out at the main sites and a Group standard will allow conditions for the storage of hazardous products to be established and define the means of protection and intervention in the event of accidental pollution. No accidental or chronic pollution has been recorded at the Group level.

The Group abides by current regulations when suspending business activities. The Group is not subject to compulsory financial guarantees for its French sites.

A network of environmental experts present at each site ensures quantitative and qualitative monitoring of waste. Recycling and treatment of waste take precedence. Group targets include recycling and treatment rates that limit landfill or badly managed waste.

Sites with ISO 14001 certification are required to have copies of all approvals of waste management service providers; for other sites, awareness-raising measures will be implemented.

Each site complies with national waste treatment regulations.

I. LEGAL – LITIGATION RISKS

1. Industrial property

The Group invests heavily in research and innovation to strengthen its competitiveness in its historical markets and to develop in new niche markets.

Manufacturing and design procedures are drawn up by the research and development teams and are protected by patents in preparation for the Group's positioning in future programs.

The Group's business does not depend on third-party patents.

The Group has created a Scientific and Technical Council to ensure governance and coordinate innovation.

2. Sales contracts

Due to its international presence and its business sectors, the Group is subject to national legislation and international standards governing anti-corruption.

Non-compliance with such legislation would trigger serious legal consequences, not just for the Group's employees, but also for the entities that may be involved and could thus severely harm the Group's image and reputation.

In response to these regulatory requirements governing anti-corruption and more generally ethical business practices, Zodiac Aerospace stepped up its compliance program in fiscal year 2013/2014 and rolled out a global training program aimed at employees exposed to these risks.

3. Litigation

There are no exceptional events and instances of litigation other than those referred to in Note 24.2 to the consolidated financial statements.

During the last 12 months, there were no other governmental, judicial or arbitration proceedings, including any proceedings of which the Group was aware, that were adjourned or threatened, and which had, or posed the potential to have, any significant effect on the financial position or profitability of the Group other than those reflected in the financial statements or referred to in the notes to the financial statements.

3. FINANCIAL AND MARKET RISKS

A. COUNTERPARTY RISK MANAGEMENT

The following transactions have the potential to pose a counterparty risk for the Group:

1. Derivatives

The Group conducts transactions in these instruments for the sole purpose of reducing its overall exposure to exchange rate and interest rate risks arising as a result of its current business operations.

These transactions are limited to organized markets and OTC transactions with leading operators.

Details of the risks relating to exchange rates, interest rates and associated instruments are given in Note 24.2 to the consolidated financial statements.

2. Temporary financial investments

Given its financial structure, any cash surpluses held by the Group are extremely short-term (less than one month). Such surpluses are invested in top-quality monetary instruments and traded with leading banks.

3. Customer receivables

At August 31, 2014, the Group had not identified any significant counterparty risk remaining unprovisioned in its financial statements. The variety and multiplicity of the Group's sales and marketing networks limit both the risk and likelihood of customer receivables having a major impact on its consolidated financial statements. The only category of customers with the potential to pose a significant risk is that of airlines, which are specifically monitored in terms of their consolidated indebtedness using a process that could lead to the suspension of supplies until such time as the corresponding risk can be mitigated through the provision of suitable payment guarantees and/or through debt collection to reduce the risk (see Note 2 to the consolidated financial statements).

B. LIQUIDITY RISK MANAGEMENT

Group financial management is centralized and, where legislation permits, all cash surpluses and capital requirements of the Group companies are invested in, or funded by, the parent company. See Note 21, "Financial liabilities", to the consolidated financial statements.

The central cash management team provides the Group with the ability to meet its financial commitments by maintaining a level of cash, cash equivalents and confirmed credit facilities compatible with its needs.

Details of the maturity dates of the hedging instruments used and available sources of funding are given in Notes 21.1 and 21.2 to the consolidated financial statements.

The Group reduced its funding risk in July 2013 by securing finance of €0.66 billion through private placements, including:

- €0.13 billion maturing in 2016;
- €0.37 billion maturing in 2018;
- €0.16 billion maturing in 2020.

The Group also signed a new €1.03 billion "Club Deal" on 14 March 2014, giving it access to additional liquidity if necessary. This funding, for an initial period of five years, may be extended for an additional year at the request of Zodiac Aerospace during each of the two years following its set up. The March 14, 2019 maturity may therefore be extended to March 14, 2020 and then to 14 March 2021.

INSURANCE AND RISK COVERAGE

The Group's policy on insurance is to protect its assets against risks that could adversely affect its business. In addition to transferring risks to insurers, the Zodiac Aerospace Group also applies a protection and prevention policy.

Integrated worldwide programs

The Group has put in place a global program with leading insurers to cover its main risks, specifically property damage and consequential operating losses, and public liability.

Property damage and operating losses

Under a policy underwritten by FM Insurance, the Group has cover for fire, explosion and other risks of damage to property and any consequential operating losses of up to €300 million per claim, per year, or for all industrial and warehousing site claims combined per year.

This cover was calculated using an assumed maximum level of risk, in agreement with the insurance company and its appraisers. There are lower thresholds for other types of more specific or localized claims, such as earthquakes in some regions with Group sites, as defined in paragraph 1 above.

This cover factors in the protective measures in place on Group sites, which are subject to Prevention Engineering inspections conducted by the specialist services of FM Insurance.

Public liability

All Group companies are covered under a worldwide public liability insurance program that covers their operating liability and liability due to the products they manufacture, via two policies: one is specific to the aerospace businesses and one to other Group businesses.

Cover is based on quantification of the risks that the Group can reasonably be expected to incur as a result of its business activities. The Group also holds liability insurance cover for its directors and officers under the terms of a special insurance policy contracted for the purpose.

Transportation

The Group's transport insurance covers damage to goods transported irrespective of the mode of transport: by sea, land or air, worldwide.

This program covers transport risks to €4 million per event.

Local insurance policies

For more specific risks, each Group company takes out its own insurance policies locally to cover its own needs.

INVESTOR INFORMATION

Information regarding Zodiac Aerospace shares, share price trends and market statistics can be found in the brochure "TRAVEL JOURNAL 2013/2014".

The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the share's par value took effect.

STOCK OPTION PLANS

For many years, Zodiac Aerospace has awarded stock options to its corporate officers and employees in France and abroad as an incentive, and to reward them for their loyalty to the Group by giving them the opportunity to gain from long-term increases in the Zodiac Aerospace share price. The Supervisory Board grants prior authorization for any stock option plan within the overall terms approved by the General Meeting of Shareholders.

Options expire after a period of eight years. They are granted without discount at 100% of the market value, and are exercised in tranches:

- under the arrangements for annual stock option awards, half the options are granted on each anniversary of the date of grant;
- options awarded to Executive Committee members under four-year plans, may be exercised in quarters on each anniversary of the date of grant.

This exercise period may differ where options are awarded to new members of the Executive Committee between two separate four-year periods.

Annual stock option awards are granted during the first four months of the fiscal year, except in the case of legal constraints. For the 2013/2014 fiscal year, the annual awards were granted on December 4, 2013 based on the average closing price for the 20 trading days preceding December 4, 2013. The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

Individual stock option awards are determined by the Executive Board. Stock option awards granted to Executive Board members are approved by the Supervisory Board on the recommendation of the Compensation Committee. The annual award of stock options on December 4, 2013 concerned 539,875 options (after the option described above) at the price of €24.34 awarded to 123 employees. The award to the members of the Executive Committee, including corporate officers, takes place once every four years, with the exception of new members joining the Executive Committee between two separate four-year periods.

AWARD OF FREE SHARES

On December 4, 2013 the Executive Board awarded 219,025 free shares under the annual plan (after the option described above). No free shares were awarded under the four-year plan. These awards were granted under the authorizations given by the General Meeting on January 10, 2011.

Under this plan, a performance condition is applied to 50% of the shares awarded to non-Executive Committee members, and to 80% of the shares awarded to Executive Committee members who are not corporate officers. A performance condition is applied to all shares awarded to Executive Committee members who are corporate officers.

SHARES HELD BY CORPORATE OFFICERS

	Number of registered shares held at August 31, 2014
Executive Board members	
Maurice Pinault	2,304,230
Olivier Zarrouati	403,115
Supervisory Board members	
Didier Domange	1,033,005
Louis Desanges	2,815,825
Marc Assa	2,985
Élisabeth Domange	4,321,595
Gilberte Lombard	2,500
Robert Maréchal	6,738,780
FFP Invest	11,641,635
Vincent Gerondeau, including joint holdings	3,928,213
Laure Hauseux	2,500
Patrick Daher	1,000

SHAREHOLDER AGREEMENTS

It should be noted that some shareholders are bound by collective agreements to retain their shares, concluded pursuant to Article 787 B and 885 I *bis* of the French General Tax Code, registered on June 19, 2014 with the tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month periods (unless terminated by one of the parties following a free transfer during the initial collective agreement period).

The shareholders also signed a non-transferability agreement on June 18, 2012 to further consolidate their commitments to retaining their shares under specific tax schemes.

This agreement is for an initial period of one year that may be tacitly renewed in 12-month periods. Apart from the non-transferability undertaking, it allows for respite on 10% of the number of shares promised by each signatory, provided the aggregate of the shares subject to the agreement does not come to represent less than 20% of the capital and voting rights of Zodiac Aerospace.

As of June 20, 2014, shares subject to the above-mentioned agreements represented approximately 23% of the capital and 36% of total voting rights attached to the shares issued by Zodiac Aerospace.

Also on that date, shareholders who are corporate officers or hold over 5% of the capital or voting rights who signed the aforementioned agreements were: the Louis Desanges family, the Didier Domange family, the Vincent Gerondeau family, the Robert Maréchal family, the Maurice Pinault family, the Marc Schelcher family and the Olivier Zarrouati family.

Certain shareholders are also bound by a collective retention agreement registered on December 21, 2005 and entered into in accordance with the provisions contained in Article 885 I *bis* of the French General Tax Code under which they are bound to hold a certain number of Zodiac Aerospace shares for a period of six years from that date. The agreement may be tacitly renewed in 12-month periods. This agreement is still in effect. It also grants signatories a mutual right of first refusal on locked-up shares.

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2014

The table below illustrates the theoretical change in the Company's total number of shares including those that could be issued if all stock options were exercised.

THEORETICAL CHANGE IN THE TOTAL NUMBER OF SHARES

	Shares outstanding (exc. treasury stock)	Maximum potential number of shares
Ordinary shares issued at August 31, 2014	275,321,805	288,434,325
Stock options	4,133,720	4,133,720
Allotment of free shares	407,030	407,030
Maximum total number of shares	**279,862,555**	**292,975,075**

SHARE BUYBACK PROGRAM

At the General Meeting of January 8, 2014, the shareholders renewed the authorization previously granted to the Executive Board, acting under the terms of Articles L. 225-209 *et seq.* of the French Commercial Code, to buy back ordinary shares of the Company up to a maximum of 10% of the total number of shares constituting its capital stock on the date of purchase. This authorization was granted for a period of 18 months, expiring on July 9, 2015.

In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2013/2014 fiscal year, the Company did not exercise the authorization granted by shareholders at the General Meeting of January 8, 2014.

The Company exercised the authorization granted by the General Meeting of January 8, 2008, and between February and September 2008 acquired shares with the eventual aim of using them in the form of share swaps, payments or other means of transaction for potential future acquisitions. At August 31, 2013, a total of 13,900,000 shares was held for this purpose (after the share's par value had been divided by five). In January 2014, 787,480 of those shares were withdrawn and awarded to Group employees under the free share award of December 2011. Consequently, the number of treasury shares at August 31, 2014 was reduced to 13,115,520, corresponding to 4.55% of capital on that date.

PRINCIPAL PROVISIONS OF THE COMPANY ARTICLES OF ASSOCIATION

Company name

Zodiac Aerospace

Registered office

61 rue Pierre Curie
78370 Plaisir - France

Legal form, nationality and governing law

French société anonyme (Joint Stock Corporation) with an Executive and a Supervisory Boards, subject to current and future French legal and regulatory provisions.

Date of incorporation and duration

The Company was created in 1908.
The term of the Company will expire on March 12, 2033, unless the Company is dissolved prior to that date or its term is extended.

Trade and companies register

729 800 821 RCS Versailles
NAF code: 7010Z

Fiscal year

September 1 to August 31.

Corporate purpose (Article 3 of the Articles of Association)

- The design, construction, sale, purchase, lease and representation of all maritime and aerial navigation equipment of all kinds and all materials.
- The design, construction, sale, purchase, lease and representation of all objects, whether or not made of rubber, including, without limitation, pneumatic watercraft and equipment; balloons and other airborne devices; sports and camping gear; protective and other clothing; storage equipment; tents and hangars, whether pneumatic or not.
- The purchase, sale and operation of all patents for inventions concerning the objects mentioned in paragraphs 1 and 2 of this Article; the purchase, sale and operation of all licenses related to them; and the design, refinement and production of all structures and equipment and production of all industrial structures, equipment and facilities relating to them.
- The creation or participation in the creation of any companies, associations, groupings or generally any industrial or financial tangible or intangible asset transactions related directly or indirectly to the aforementioned object or to any similar or connected objects or objects that could facilitate the application, production and development thereof or potentially able to strengthen the material or moral position of the Company or its subsidiaries.

Distribution of earnings (Article 44 of the Articles of Association)

Distributable earnings consist of net profit for the fiscal year, minus prior losses and those sums to be transferred to a reserve in accordance with the law and the Articles of Association, plus any retained earnings brought forward. The Annual Ordinary General Meeting is solely responsible for deciding on the allocation of these distributable earnings, and it may also resolve to distribute sums taken from the reserves available to it. Where this is the case, its resolution will expressly identify those reserve items from which such distribution will be made. It is specifically stated that dividend payments must be deducted firstly from the distributable earnings for the fiscal year.

Excluding capital reductions, no distribution may be made to shareholders at any time when the equity of the Company is, or may subsequently fall, below the amount of capital plus reserves that the law and the Articles of Association do not allow to be distributed.

CORPORATE GOVERNANCE

Executive Board (Articles 15 to 17 of the Articles of Association)

The Company is managed by an Executive Board under the oversight of a Supervisory Board; the Executive Board may have between two and seven members, all of whom must be individuals, but who may or may not be Company employees and may or may not be shareholders in the Company.

Executive Board members are appointed by the Supervisory Board, which appoints one of them as Chairman.

The Executive Board is appointed for a term of four years.

In respect of third parties, the Executive Board is vested with the most extensive powers to act on behalf of the Company in all circumstances. It exercises these powers within the full extent of the corporate purpose, and subject to those expressly granted by law to the Supervisory Board and Shareholders' Meetings.

The Chairman of the Executive Board represents the Company in its dealings with third parties.

Supervisory Board (Articles 18 to 24 of the Articles of Association)

The Supervisory Board has at least three but no more than twelve members, who must be shareholders and all of whom are appointed by, and may be dismissed by, the Ordinary General Meeting of Shareholders.

Supervisory Board members are appointed for a term of six years. The age limit for Supervisory Board membership is 70, and applies equally to individuals and representatives of legal entities. However, Supervisory Board members reaching this age limit may be reappointed on two occasions, each of no longer than two successive years.

All "non-employee" Supervisory Board members are required to hold 500 shares during their term in office. These shares are registered and may not be transferred until after the General Meeting called to approve the annual financial statements and discharge the outgoing or resigning Board member.

The Supervisory Board provides permanent oversight of the Executive Board's management of the Company, and provides the Executive Board with the prior authorizations required to conclude those transactions that it may not conclude without such authorization.

The Supervisory Board appoints the members of the Executive Board and its Chairman. The Supervisory Board may dismiss Executive Board members, and is responsible for setting their compensation.

SHAREHOLDERS' MEETINGS AND VOTING RIGHTS

Shareholders' Meetings are convened, held and transact business as provided by law.

Any shareholder may attend Shareholders' Meetings, whether in person or by proxy, as long as the share registers of the Company show the shares concerned to be registered either in the name of the shareholder or that of the shareholder's intermediary (subject to the applicable legal conditions), no later than midnight Paris time three working days prior to the date of the Shareholder Meeting.

Shareholders may be represented by another shareholder or their spouse, or by any individual or legal entity holding a proxy in accordance with legally applicable conditions. Proxies completed in accordance with the prevailing regulations must be sent to the Company's registered office at least three days before the meeting.

In principle, each share entitles its holder to one vote.

However, a double voting right is attributed to all fully paid-up shares for which evidence can be shown that the share register has contained an entry in the name of the same shareholder for at least four years.

The provisions of the French Commercial Code require that this double voting right terminates as of right when a share is converted to a bearer share. The double voting right will also terminate as of right in the event of a share transfer where such transfer involves a change of ownership. Where transfers are made for the purpose of surety, usufruct or loan, the shares concerned will retain this right.

Furthermore, shares transferred by way of inheritance, liquidation of communal property by spouses or deed of gift to a spouse or parent with entitlement to inherit will also retain the double voting right.

Disclosure thresholds (Article 9 of the Articles of Association)

Any person, whether acting alone or in concert with others, now holding, or who may hereafter hold, a proportion of Company capital stock equivalent to 2% or more of the capital stock, or a multiple thereof, will be required to notify the Company of the total number of Company shares held, whether directly, indirectly or in concert with others within 15 days of reaching such threshold.

Failure to comply with this obligation and subject to a request recorded in the minutes of the General Meeting by one or more shareholders holding at least 2% of the stock capital or a multiple thereof, will result in the shares exceeding the 2% threshold which should have been disclosed being stripped of their voting right for all General Meetings of shareholders which are held for a period of two years following the date on which the failure to make the disclosure has been remedied.

Any person, acting alone or in concert with others, is also required to inform the Company within the above-mentioned 15-day period, if the percentage of capital such person owns falls below 2% of the capital or a multiple thereof.

Identification of shareholders (Article 9 of the Articles of Association)

The Company may, at any time, request the centralizing entity, on payment of the corresponding fee, to provide the name, address and nationality of holders of securities conferring an immediate or deferred right to vote at its shareholder meetings, as well as the number of securities held by each holder and any restrictions that may apply to the securities concerned.

Description of provisions whose effect would be to delay, defer or prevent a change in control

The Articles of Association contain no specific provisions whose effect would be to delay, defer or prevent a change of control of the Company.

LOCATION WHERE COMPANY DOCUMENTS MAY BE CONSULTED

The following Company documents may be consulted at the Company's Legal Department – 61 rue Pierre Curie – 78370 Plaisir – France:

- the Articles of Association;
- the annual reports;
- the parent company financial statements and consolidated financial statements of Zodiac Aerospace and other documents pursuant to Articles L. 225-115 and R. 225-83 of the French Commercial Code.

The annual reports containing the parent company financial statements and consolidated financial statements of Zodiac Aerospace may be consulted and downloaded from the website at: **www.zodiacaerospace.com**.

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

Zodiac Aerospace has been in operation for more than a century, and has enjoyed strong growth over the last 30 years. This performance is underpinned by a proven strategy based on organic growth, innovation and acquisitions, alongside the commitment of the men and women of the Group and their fundamental values of humility, realism, entrepreneurial spirit and respect.

Zodiac Aerospace attaches great importance to its social and environmental responsibilities in all its activities and in all countries where it is present, by taking positive action at both the Group and local level.

In particular, the Group demands the highest standards for the safety of its employees and its facilities, reducing its environmental footprint, and respect for human rights.

This undertaking was strengthened in fiscal year 2013/2014 when the Group joined the United Nations Global Compact, committing to continue aligning its operations with ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption.

HUMAN RESOURCES

1. EMPLOYMENT

At August 31, 2014, there were 29,708 permanent Group employees. The number of employees is up 13.9% compared to August 31, 2013, and by 11.7% at like-for-like consolidation scope (579 employees were added through acquisitions made in the fiscal year).

At August 31, 2014, the countries with the most employees were, in decreasing order: the United States, France, Mexico, Germany, Thailand, the United Kingdom, Tunisia and Canada.

Breakdown of workforce by country

	Aug. 31, 2014
USA	10.537
France	6,480
Mexico	3,898
Germany	1,931
Thailand	1,511
UK	1,343
Tunisia	1,324
Canada	1,096
Other	1,588
TOTAL	**29,708**

The tables below show the breakdown of employees by gender, business segment, region, age group, length of service and grade.

Breakdown by gender

	Aug. 31, 2013	Aug. 31, 2014
Total number of employees	**26,082**	**29,708**
Women	31%	31%
Men	69%	69%

Breakdown of workforce by business segment

	Aug. 31, 2013	Aug. 31, 2014
Zodiac AeroSafety	15.6%	14.8%
Zodiac Aircraft Systems	23.0%	22.7%
Aircraft Interiors (1)	60.9%	62.0%
Parent company	0.5%	0.5%

(1) Activities include the Zodiac Seats, Zodiac Galleys & Equipment and Zodiac Cabin & Structures Segments.

Breakdown of workforce by geographic region

	Aug. 31, 2013	Aug. 31, 2014
France	24%	22%
Europe (excl. France)	13%	12%
USA	37%	35%
Rest of the world	26%	31%

Breakdown of workforce by age group

	Aug. 31, 2013	Aug. 31, 2014
< 30 years old	22%	23%
30-39 years old	27%	28%
40-49 years old	24%	23%
≥ 50 years old	27%	26%

Breakdown of workforce by length of service

	Aug. 31, 2013	Aug. 31, 2014
< 5 years	46%	53%
5 to 14 years	34%	32%
15 to 24 years	12%	9%
≥ 25 years	8%	6%

Distribution of managerial staff or equivalent

	Aug. 31, 2013	Aug. 31, 2014
% of managerial staff in workforce	**27%**	**28%**
% of women managerial staff	22%	22%
% of men managerial staff	78%	78%

1.1 NEW HIRES AND DEPARTURES

Permanent hires

	Aug. 31, 2013	Aug. 31, 2014
Total number of permanent hires	4,461	5,400
Women	35%	33%
Men	65%	67%

Nearly 40% of hires were in Mexico, Thailand and Tunisia, and nearly 40% were in the United States.

Departures

	Aug. 31, 2013	Aug. 31, 2014
Layoffs	1,234	809
Resignations	2,082	2,764
Other	661	878

1.2 COMPENSATION

The Zodiac Aerospace Group's approach to compensation (salary and benefits) is guided by a double imperative: external competition, with wages and benefit plans positioned relative to the local market, and internal equity. These common principles are adapted at the local level according to such parameters as social legislation, the economic context and the employment market of the different countries in which the Group operates.

General raises and merit raises are conducted annually. Group companies may also use tools that reward collective performance (for example, in France, profit-sharing and incentives), as well as supplements to the base salary, such as a bonus or variable element, to recognize performance. In addition, complementary pension systems are in place in some countries, notably France (with the PERCO[1] collective retirement savings plan) and the United States.

In addition, as in 2012/2013, employees in France received a profit-sharing bonus in 2013/2014.

The Group also pays particular attention to health and life insurance for its employees and 83% of the Group's employees are covered by a death benefit policy.

2. ORGANIZATION OF WORKING TIME

The average working week is set according to local legislation. It is under 40 hours at most subsidiaries.

Depending on the prevailing legislation, various provisions are designed to foster a balance between work and private life and promote equal opportunities. For example, over 90% of non-managerial employees in France enjoy flexible working hours.

Absenteeism:

The definitions of working time and absenteeism differ depending on the subsidiary and the region of operation. The Human Resources Department is currently holding discussions on how to harmonize the monitoring of absenteeism around the world. In 2013/2014, the absenteeism rate only covered the French scope of consolidation. This will be expanded to a global scale in the years to come.

The absenteeism rate in France is established by accounting for hours absent related to illness, irrespective of the duration or cause, including travel and workplace-related accidents, occupational illness, non-justified absences and authorized unpaid leave.

Absenteeism rate in France

	Aug. 31, 2014
Absenteeism	3.04%

3. SOCIAL DIALOGUE

Among the many stakeholders with whom Zodiac Aerospace maintains or intends to develop regular dialogue, employees and their representatives are the main priority. In France, in addition to the subsidiaries' staff representative bodies, a Group Committee, comprising members of different French Works Committees, meets once a year. The majority of subsidiaries outside France have employee representatives. The topics covered by social dialogue are not always the same for all companies although they generally include key issues such as working hours, health and safety, compensation and training.

After analyzing the results of the Group internal opinion survey conducted in 2013, 450 action plans were put in place across the Group, within the divisions and at the local level, focusing particularly on improving communication regarding the Group's strategy. This comes on top of efforts made in recent years to hold more employee briefings to provide employees with more information on the development and outlook of the Group and their entity.

(1) *Plan d'Épargne Retraite Collectif*

4. TRAINING

The Group's training focuses on four major challenges:

- sharing the fundamentals of Group culture, in particular in the fields of ethics, health, safety and the environment;
- strengthening key skills in all our businesses and maintaining a high capacity for innovation and operational performance of teams;
- promoting the integration and professional development of employees through training on the Group, management and personal development;
- supporting the Group's policy of mobility and diversity, particularly through language learning.

The Group's training initiative continued in 2013/2014 with an average of three days of training per employee.

Average number of days of training/employee

	2013/2014
France	3.0
USA	2.8
Competitive cost countries	3.1
Rest of the world	3.4
TOTAL	**3.0**

5. EQUAL OPPORTUNITIES

5.1 ANTI-DISCRIMINATION POLICY

Zodiac Aerospace aims to make diversity within its teams a driving force in its development. The Group stresses the principle of non-discrimination, both in recruitment and management. In France, this principle is reiterated in agreements on professional equality between men and women, agreements on the employment of seniors and, more recently, "generation contracts" (agreements to offer open-ended contracts to young people and hire or maintain jobs for seniors).

In the United States, most Group entities have implemented positive-action programs to prevent discrimination against employees or new hires.

5.2 PROFESSIONAL GENDER EQUALITY

The Group's performance depends strongly on its capacity to appoint the most suitable, competent person, whether male or female, to each position.

Recruitments must reflect the demographic proportion of the candidate populations. Similarly, promotion statistics must reflect those of the workforce. The Group also aims to ensure that absence for family reasons is an opportunity rather than a hindrance to the careers of women in the Group.

Eighteen months ago, the Zodiac Aerospace Group made the following commitments:

1. to measure and publish statistics to enable the representative bias of men and women hired or promoted to be analyzed;
2. to ensure that women who go on or come back from maternity leave are not penalized in terms of personal advancement;
3. to offer people on family leave who so wish, the possibility of:
   - taking a training program, particularly a program leading to certification, to acquire new skills;
   - having appropriate resources to arrange their working time and keep in touch with the company during their absence.

In France, these commitments are formalized and monitored. The first annual summary appears below.

MEASUREMENT AND PUBLICATION OF RECRUITMENT AND PROMOTION STATISTICS

In 2013/2014, of a total of 236 managers hired, 24% were women against a benchmark of 27%. Management is informed of the statistics per company and entity and, in the event of significant deviation from the benchmark, it assesses the situation and implements an action plan.

In 2013/2014, of a total of 175 non-managers hired, 34% were women against a benchmark of 21%. Again, detailed results were sent to management for analysis and action plans.

In 2013/2014, women accounted for 25% of promotions against 31% of women in the population. A breakdown by category shows that 31% of women managers were promoted even though they only represented 20% of the population. Among non-management, 35% of women were promoted against their 36% representation in the population.

MONITORING RAISES OF WOMEN GOING ON OR COMING BACK FROM MATERNITY LEAVE

To comply with this commitment, we check that the average raise of the women concerned is at least that of the category to which they belong and we bridge the gap if necessary.

MAINTAINING CONTACT AND TRAINING PROGRAMS DURING FAMILY LEAVE

The aim of our commitment in this area is to ensure that maternity, adoption or parental leave does not hamper professional development but instead becomes an opportunity: the announcement of leave is used as an opportunity to take stock of the individual's career and establish a training path, ideally leading to certification, which will enable the individual to obtain additional technical, communication and management skills.

Better understanding of this approach by the people concerned should lead to the development of certification-based training in the future.

5.3 MEASURES PROMOTING THE EMPLOYMENT AND INCLUSION OF PEOPLE WITH DISABILITIES

The Group supports the insertion, vocational training and job retention of people with disabilities. It aims to promote the direct hiring of people with disabilities, particularly through relationships with recruitment agencies and employment agencies, and collaboration with the protected sector.

6. NOTE ON METHODOLOGY: HR INDICATORS

Quantitative information about the Zodiac Aerospace Group's global workforce reflects the total of all the fully consolidated subsidiaries.

Permanent staff: these are employees paid by the Zodiac Aerospace Group whose work for the Group is not limited to a fixed term.

The specific case of Tunisia: it should be noted that the 1,135 employees in Tunisia are not included as permanent employees due to the legal structure of their local employment contract but that despite this, they should be viewed as permanent.

Managerial or equivalent staff: for indicators concerning managers, an equivalent category has been defined for countries outside France. For example, in the United States, employees with a job status of "manager" or "professional" are considered managers.

Recruitment: the figures on new hires take into account people hired during the year who were still employed at August 31, 2014; they do not include people changing from a temporary or fixed-term contract to a permanent contract.

Training: the figures for training are calculated on a base of 80% of the permanent workforce.

Gender equality – measurement and publication of recruitment and promotion statistics: the measurement for management recruitment consists of comparing the percentage of women managers hired against a "benchmark". This benchmark is the average weighted percentage of women leaving the colleges and universities attended by the managers hired during the current and previous year.

The measurement for non-management recruitment consists of comparing the percentage of women non-managers hired against a "benchmark". This benchmark, based on INSEE[1] statistics, is the average weighted percentage of women by level of diploma and business sector (technical or non-technical) from which non-managerial staff are hired during the current and preceding year.

The measurement for promotions consists of comparing the percentage of women who have been promoted with the percentage of women in the reference population.

(1) INSEE (*Institut National de la Statistique et des Études Économiques*): the French national institute for statistics and economic studies.

SAFETY, HEALTH AND THE ENVIRONMENT

Signed in September 2014 by Olivier Zarrouati, the Safety, Health and Environment policy marks the Zodiac Aerospace Group's commitment to step up its actions to improve the occupational health and safety of its employees, limit its environmental footprint and consolidate its industrial risk management policy.

The Environment and Safety Departments check that all Group entities implement this policy which translates the Group's objectives into action.

To help them achieve this, safety and environment roadmaps have been developed over the past several years. The majority of Group entities have a safety and environment manager who ensures that the Group Charter and roadmaps are followed and local applicable regulations and internal requirements are applied.

1. GENERAL POLICY ON THE ENVIRONMENT, HEALTH AND SAFETY

In addition to abiding by stricter legislation on the environment and safety, Zodiac Aerospace has implemented its own framework.

A system for complying with regulatory issues (monitoring and identifying actions to be adopted) has been set up in most countries.

In addition, the French and Tunisian entities use a software program to monitor safety data sheets, which measure the impact of changes in REACH regulations. The purchasing departments are responsible for verifying that suppliers take into account the regulatory changes.

This global approach to the management of safety data sheets has been extended to operations in North America.

In addition to regulatory compliance, the Group has asked the North American entities to look for opportunities to replace CMRs (carcinogenic, mutagenic and reprotoxic chemicals) used on their sites. This action is also part of an approach to reduce the risks to the health and safety of employees and upstream and downstream users.

A periodic report is sent to the Group's Environment Department.

A factsheet describes the Group standard on the selection criteria for materials and chemicals, the authorization process for a new material or chemical, and prioritizes those that need to be replaced, according to their proven or suspected level of danger. The Safety-Environment managers are also empowered to stop the introduction of a new material or chemical if they consider it presents a danger to people and the environment.

2. HEALTH AND SAFETY AT WORK

2.1 ACCIDENT RATE

In all its entities, the Group gives absolute priority to occupational health and safety and aims to reduce the risk of accidents at work to zero. To this end, a number of tools and standards have been instituted in all Group entities.

For several years, data on accident-related events such as "near-misses", first aid and work-related accidents have been centralized at Group level.

Given the importance of analyzing "near misses", the Group places strong emphasis on educating operating entities on the need to monitor and report these events to the Group so that preventive actions can be put in place at the earliest stage.

The centralized data include the number, circumstances and causes of such accidents. By sharing information in this way, other Group companies can put their own corrective actions in place, based on practical experience, to prevent and avoid the occurrence of a similar situation at their own site.

An internal rating system for the seriousness of accidents with days lost has been operating for three fiscal years, in order to track the improvement in risk management by entity.

Above a certain level of severity, an accident report and an analysis of the solution using the "8D"[1] method are sent by local management to the Group's senior management team. This report details the circumstances of the accident, the root causes, and the actions put in place for the short and medium term.

This fiscal year, across the Group, the number of accidents with days lost has decreased slightly and a continued reduction in the severity of accidents, based on the internal rating system, is also evident. This improvement is due to actions conducted by the entities, the deployment of the Group's five Safety[2] principles, and dedication at all levels of personnel.

The table below shows the breakdown of the number of accidents with at least one day of work lost by region and by segment in the last three fiscal years. There have been no fatal accidents in the Group in the last three fiscal years.

(1) Method based on eight steps to identify, correct, and eliminate problems, concentrating on the root causes of the accident.

(2) The Group's five Safety principles:
1. Define and implement standards to ensure workplace safety;
2. Demonstrate the personal commitment of all managers toward safety (setting examples, regular site visits, etc.);
3. Develop the notion of "responsibility" in all operators;
4. Involve line management in identifying and reporting potentially hazardous situations;
5. Conduct safety campaigns (run by line management and including communication on progress and success).

Breakdown of the number of accidents with at least one day of work lost by region and by segment

	Aug. 31, 2012 Accidents[1] with at least one day of work lost	Aug. 31, 2013 Accidents[1] with at least one day of work lost	Aug. 31, 2014 Accidents[1] with at least one day of work lost
By region			
France	106	126	111
Other countries in Europe	62	64	79
USA	119	68	63
Other countries in the Americas	13	50	51
Rest of the world	91	111	95
TOTAL	**391**	**419**	**399**
By segment			
Zodiac AeroSafety	86	111	106
Zodiac Aircraft Systems	76	70	88
Zodiac Cabin & Structures	85	62	55
Zodiac Galleys & Equipment	55	66	63
Zodiac Seats	84	99	82
Zodiac Services Activities	5	11	5
TOTAL	**391**	**419**	**399**

(1) Zodiac Aerospace employees and temporary employees are included in the figures. Travel-related accidents and service providers are not included in the figures.

The slight reduction in the total number of accidents with days lost is explained by the deployment of internal procedures and tools which are developed over time to cover the entire Group. Action plans are put in place at each entity to eliminate potentially hazardous situations.

2.2 OCCUPATIONAL ILLNESS

Each Group entity monitors the occurrence of occupational illnesses among its employees. This is conducted at the local level in order to take account of each country's legislation.

No reported occupational illness has resulted in a permanent partial disability rate in the last year.

Because the Group's activities involve manual and precision work, the main occupational illnesses are associated with certain movements and working postures principally affecting the upper limbs.

The following table shows the breakdown of occupational illnesses reported across all entities in France and the United States:

Reported occupational illnesses by region

	Aug. 31, 2012	Aug. 31, 2013	Aug. 31, 2014
France	16	13	20*
USA	–	76	93*
TOTAL	**16**	**89**	**113***

*These figures may change depending on the judgments of the local authorities.

In order to continuously improve the working conditions of its employees, the Group strongly encourages its entities to perform ergonomic assessments of workstations and training has been conducted with ergonomists. This training involved multi-disciplinary teams representing methods, health and safety, and members of the Workplace Health & Safety Committee and the Lean department. The training has already resulted in ergonomic improvements in many workstations. This initiative has been implemented in the majority of French entities and all entities in Thailand, Singapore and Mexico. A Group standard has been developed to help entities conduct studies on workstations. This training will be extended to North America in the coming fiscal year.

At the same time, in the context of preventing occupational burnout/stressful/harsh working conditions,* the French entities have continued their action plans to prevent work situations that could become "stressful/harsh" in the French legal sense. (* NB: fewer than half of all French employees are exposed to at least one stress factor).

2.3 OTHER ACTIONS TAKEN FOR THE HEALTH AND SAFETY OF EMPLOYEES

In addition to drafting reports, the Group's Safety department has implemented a number of actions to improve collaboration between sites, develop local initiatives and promote the health and safety of its employees.

In France, audits between Group entities were carried out to verify the implementation of Group safety directives. These were conducted according to a Group standard that was instituted during the fiscal year and were performed by the entities' safety managers. Weak points and opportunities for improvement revealed during the audits are consolidated into a Group action plan that can be shared throughout the Group's safety manager network.

For several years, safety committee meetings have been held in France, North America and the UK for the safety managers of the entities in these regions. These meetings were aimed at benchmarking and sharing best practice on safety matters. They also provided an opportunity to present the Group's directives, to focus on various specific regulatory points, and to highlight best practices already in place at Group sites. The Group is aiming to extend this type of committee meeting to all the countries in which the Group is located.

In an effort to further improve benchmarking and sharing, a best practice database was created at the Group level last year. It is intended to facilitate dialogue between the entities. The entities upload details of their procedures into the database so that they can be validated as "best practice" by the Group Safety Director. Published best practices will eventually become Group standards. Around fifty best practices were posted during the fiscal year. Some will be used to upgrade existing Group standards while others will form the basis of new ones to be drafted. The best practices will be accessible to all employees on the Group intranet. A "best practice" officer's contact details are also available to encourage dialogue between the entities.

The deployment of Group standards is intended to make best practice consistent throughout the Group. These standards have been formulated through working parties and are designed to address actual issues faced by different Group entities. They are validated by several Group entity representatives. The implementation of new standards over this fiscal year will help the entities improve their safety culture, in particular through the dissemination of the Group's five Safety principles.

Improving the safety culture also involves training. Among the employees trained this year, 13% had training on safety culture/conduct while over 55% received training on specific risks such as handling chemicals, working in confined spaces, working at heights, fire risk management, handling goods, and driving of rolling equipment. In addition, the majority of new employees received a safety induction before taking up their post. This safety induction is part of a Group standard that commences with a video from the Chairman of the Executive Board who affirms his personal commitment to providing all employees with "safe" working conditions. All these training programs enable our employees to be agents for safety on a daily basis.

During this fiscal year, four Group entities were certified OHSAS 18001. This certification provides a framework which limits potential deviations from the existing health and safety system. A quarter of the Group's entities are now certified. This figure should increase in the coming fiscal year as one of the Group's objectives is for all entities to be certified by 2016/2017.

3. ENVIRONMENT: ORGANIZATION AND MANAGEMENT

Given the nature of its activities, Zodiac Aerospace faces two types of environmental challenge: one related to its production sites and the other to its actual products.

4. ENVIRONMENTAL IMPACT OF THE SITES' ACTIVITIES

The majority of the Group's sites have an Environment Manager who oversees the application of local laws and internal requirements. In 2013/2014, more than 80 full-time equivalent jobs were devoted to the environment. This network of environmental representatives is coordinated by the Group Environment Department, which has three key tasks:

- monitoring the environmental performance of each entity based on Group policy;
- handling all environment-related issues;
- promoting and enforcing internal standards.

To improve the management and environmental performance of its production sites, the Group is setting up environmental management systems and has initiated a certification process for its sites based on ISO 14001.

To date, around half of the Group's sites are certified.

All staff at the ISO 14001-certified sites receive environmental training at least once every three years and related information at least once per quarter.

Zodiac Aerospace has formalized what it considers to be the key environmental issues and is taking a number of steps to address them. Its priority is to lower CO_2 emissions, find substitutes for hazardous chemicals, reduce the waste generated and improve waste treatment.

4.1 WASTE

The Group has set the following targets for 2016:

- reduce its waste production;
- limit landfill through a recovery rate of more than 80%;
- achieve a recycling rate greater than 45%.

During the fiscal year, the amount of waste per production hour remained stable. A total of 61% of waste was recovered, of which 53% was recycled. The rest was incinerated for energy production. The amount of hazardous waste, which requires special treatment, is decreasing as cleaner industrial processes are developed.

AMOUNT OF WASTE BY REGION

	Total waste (metric tons)			Waste per production hour (kg/h)		
	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce	2012/2013 61 sites 76% of the workforce	2013/2014 61 sites 76% of the workforce	2013/2014 69 sites 83% of the workforce
France	3,295	3,129	3,181	0.72	0.63	0.63
Other countries in Europe	1,695	2,125	2,240	0.51	0.56	0.56
USA	10,956	11,226	12,181	0.96	1.02	0.90
Other countries in the Americas	776	1,582	2,851	0.28	0.43	0.42
Rest of the world	3,142	3,117	3,117	0.44	0.41	0.41
TOTAL	**19,862**	**21,178**	**23,570**	**0.67**	**0.68**	**0.63**

AMOUNT OF WASTE RECYCLED AND RECOVERED BY REGION

	Waste: recycling material (metric tons)			Waste: incineration with energy recovery (metric tons)			Waste: landfilled (metric tons)		
	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce
France	1,856	1,703	1,709	919	1,012	1,012	519	414	460
Other countries in Europe	1,316	1,433	1,484	135	267	267	243	424	489
USA	5,734	6,157	6,542	274	235	292	4,948	4,833	5,347
Other countries in the Americas	266	580	1,267	155	145	360	354	856	1,224
Rest of the world	1,749	1,547	1,547	244	3	3	1,148	1,567	1,567
TOTAL	**10,921**	**11,421**	**12,549**	**1,728**	**1,663**	**1,934**	**7,213**	**8,094**	**9,087**

WASTE RECYCLING AND RECOVERY RATE BY REGION

	Recycling rate			Recovery rate		
(%)	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce	2012/2013 66 sites 87% of the workforce	2013/2014 66 sites 87% of the workforce	2013/2014 75 sites 94% of the workforce
France	56%	54%	54%	84%	87%	86%
Other countries in Europe	78%	67%	66%	86%	80%	78%
USA	52%	55%	54%	55%	57%	56%
Other countries in the Americas	34%	37%	44%	54%	46%	57%
Rest of the world	56%	50%	50%	63%	50%	50%
TOTAL	**55%**	**54%**	**53%**	**64%**	**62%**	**61%**

The Group is also seeking ways for sites to improve their waste monitoring.

4.2 WATER

The Group's activities generate very little industrial wastewater. Process water, mainly from surface treatment (at five production sites), is treated and the effluent is either sent to approved specialists or treated at the site's detoxification plant.

Water use by the various production units is as follows:

WATER USE BY REGION

(thousands of m³)	2012/2013 64 sites 85% of the workforce	2013/2014 64 sites 85% of the workforce	2013/2014 74 sites 94% of the workforce
France	284	240	243
Other countries in Europe	28	35	36
USA	434	362	439
Other countries in the Americas	24	51	98
Rest of the world	88	92	92
TOTAL	**857**	**780**	**907**

4.3 AIR

Atmospheric emissions are not among the environmental issues that the Group considers a priority for its operations.

Those identified at its sites primarily fall into two categories:

- emissions related to energy combustion (mainly heating);
- emissions related to solvents, which are channeled, treated as necessary (using filters, scrubbers, etc.), and tested regularly.

The Group's sites adhere to an emission-reduction policy that was introduced several years ago. Measures include replacing solvents with detergents and using less volatile solvents and water-based processes.

4.4 SOIL

At August 31, 2014, no site was involved in causing gradual or chronic soil pollution as a result of its industrial operations. The risks of such pollution have been identified and are mainly accidental chemical spills.

To manage these risks, the Group encourages all storage facilities to have holding tanks and anti-pollution kits. An internal standard has been introduced for consistent practices in terms of holding capacity, means of intervention and employee training. As a precaution, the Group also carries out a soil audit before any planned acquisition to assess the site's condition and the environmental impact risks.

4.5 ENERGY EFFICIENCY AND GREENHOUSE GAS EMISSIONS

Reducing greenhouse gas (GHG) emissions and energy consumption is a key component of the Group's environmental policy. This is reflected in particular in the Group's target of a 3% reduction in the energy consumed by its buildings and production processes by 2016.

Zodiac Aerospace completed its first assessment of the Group's direct[1] and indirect[2] greenhouse gas emissions in 2012. It has now repeated the exercise at 79 sites and implemented concrete measures to reduce emissions, such as installing motion detectors and lighting timers, and replacing fluorescent tubes with LED lighting. In addition to lighting-related features, the new building in Huntington, in the United States, has gone a step further and introduced a building management system (BMS) to control the amount of energy used in heating and air conditioning. Sensors on buildings detect when outside air can be used to cool the premises rather than air conditioning.

The Group also quantifies other indirect emissions[3] generated by business travel, commuting and waste treatment. Purchases of products and services, and cargo were excluded from the reporting perimeter this fiscal year because of difficulties in gathering information and the lack of a recognized calculation methodology for converting procurement data into CO_2 emissions. However, the lack of carbon accounting does not mean a lack of emission-reducing measures.

(1) GHG (Greenhouse Gas) Protocol Scope 1: direct emissions from stationary and mobile sources held by or owned by the company.

(2) GHG Protocol Scope 2: emissions related to purchased electricity.

(3) GHG Protocol Scope 3: all other emissions indirectly produced by activities or the exercise of powers of the company and not recorded in Scopes 1 and 2.

GHG BREAKDOWN BY REGION

(tons of CO_2 eq.)	2013/2014 Scope 1 - 79 sites 96% of the workforce	2013/2014 Scope 2 - 79 sites 96% of the workforce
France	9,694	3,461
Other countries in Europe	2,568	7,207
USA	13,504	47,531
Other countries in the Americas	2,075	14,102
Rest of the world	529	16,820
TOTAL	**28,371**	**89,122**

ASSESSMENT OF INDIRECT GREENHOUSE GAS EMISSIONS

(tons of CO_2 eq.)	2013/2014 Scope3 Waste	Business travel	Commuting	Total	Emissions avoided
France (23 sites)	653.85	5,450.61	8,628.22	14,732.69	(1,388.95)
Other countries in Europe (5 sites)	413.32	345.29	1,564.28	2,322.89	(655.41)
USA (1 site)	2.52	–	–	2.52	(1.01)
Other countries in the Americas	–	–	–	–	–
Rest of the world (5 sites)	43.63	909.51	802.61	1,755.75	(7.44)
TOTAL	**1,113.32**	**6,705.41**	**10,995.11**	**18,813.85**	**(2,052.81)**

ENERGY CONSUMPTION BY SOURCE AND BY REGION

	Energy Gas			Energy Electricity			Energy Fuel		
(thousands of kWh)	2012/2013 68 sites 87% of the workforce	2013/2014 68 sites 87% of the workforce	2013/2014 79 sites 96% of the workforce	2012/2013 68 sites 87% of the workforce	2013/2014 68 sites 87% of the workforce	2013/2014 79 sites 96% of the workforce	2012/2013 68 sites 87% of the workforce	2013/2014 68 sites 87% of the workforce	2013/2014 79 sites 96% of the workforce
France	46,578	39,860	39,881	43,471	44,122	44,718	2,681	2,147	2,147
Other countries in Europe	12,267	12,117	12,117	13,194	14,434	14,982	–	–	–
USA	50,157	64,055	67,958	69,337	77,445	85,029	62	95	95
Other countries in the Americas	5,185	6,943	10,481	12,097	15,776	30,582	–	–	–
Rest of the world	8	–	–	29,185	29,118	29,332	1,443	1,784	1,784
TOTAL	**114,195**	**122,975**	**130,437**	**167,284**	**180,784**	**204,643**	**4,185**	**4,026**	**4,026**

The supply chain is a key part of the Group's initiative to improve its environmental impact over the coming years.

Refrigeration systems are subject to monitoring and specific emission limits due to their impact on the ozone layer. They account for less than 5% of the Group's greenhouse gas emissions.

The Group has been monitoring its energy consumption for many years and has conducted a number of energy audits to identify areas for improvement. These have been shared with other sites and a list of best practices has been drawn up.

To date, the Group's use of renewable energies has been marginal and consists primarily of solar panels on some of its buildings.

5. ENVIRONMENTAL IMPACT OF OUR PRODUCTS

Hazardous materials continue to be substituted as part of the plan rolled out by the Group in June 2009. All new chemicals entering production must be approved by site Environment/Safety managers, based on the specific nature of the site's production process. Measures to find replacements are reported quarterly to the Environment Department.

Similarly, the Group continues to take into account the environmental impact of its products throughout their life cycle (design, manufacture, transportation, use, recycling and end of life).

In 2013/2014, six Business Units purchased EIME Life Cycle Analysis (LCA) software to identify their products' main environmental impacts. The tool analyzes a product's sub-units or life-cycle phases to determine where ecodesign can best be introduced. LCA can also be used during R&D to compare different environmental solutions. Impact analyses are crucial for developing the ecodesign initiatives that will be deployed over the coming years.

The Business Units involved can also share information and best practices on the "ZEN" company network via the "Zodiac Aerospace Ecodesign Community", since skills sharing is key to the success of this approach.

6. NON-MATERIAL ISSUES FOR THE GROUP

6.1 BIODIVERSITY

The impact of activities on biodiversity is limited because production units are generally located on small sites in industrial zones.

6.2 NOISE AND ODORS

Although the Group's activities generate little noise or odor, these issues are still of concern. Noise pollution most commonly comes from refrigeration and compression facilities, for which precautions are taken to limit noise impact. Sound levels are checked regularly.

7. CONSEQUENCES OF CLIMATE CHANGE FOR THE GROUP

The potential impact of climate change on the Group is discussed under "Risk management", page 29.

8. NOTE ON METHODOLOGY: ENVIRONMENTAL INDICATORS

Reporting does not include sites with fewer than 25 employees and an exclusively tertiary activity, or new acquisitions, or new sites constructed during the 2013/2014 fiscal year.

Scope 3 of the greenhouse gas balance sheet was based on a discretionary site sample.

For some sites, data was extrapolated for the twelfth month since data was not available at the time of publication of the annual report.

SOCIETAL INFORMATION

The Zodiac Aerospace Group strengthened its societal and environmental commitments during fiscal year 2013/2014 by joining the United Nations Global Compact. As such, the Group has undertaken to continue to align its operations with the ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption.

1. VALUES AND ETHICS IN THE ZODIAC AEROSPACE GROUP

Zodiac Aerospace's development has always centered on four core values, which constitute its philosophy and are the cornerstones of its growth. They are:

- Humility, which involves recognizing the existence of something better than yourself, along with the potential to learn from others.
- Realism, which means only taking into account what actually exists to drive the Group's businesses forward and, in particular, boost its results.
- Entrepreneurial spirit, which means taking risks, being creative, trusting in yourself and accepting the trust of others. This requires a sense of responsibility towards the company's "assets" and a keen awareness of the markets.
- Respect, which includes respect for what has already been achieved, what is underway and what remains to be done, plus respect for one's own work and that of others.

The Group's Code of Ethics is a code of conduct in relation to its environment. The Code is available on the Group's intranet and is given to each new Group employee. It is based on honesty, integrity, fairness and protection.

- Honesty includes first and foremost objectivity of information: communicating openly and transparently to ensure that information transmitted is relevant and objective, and ensuring that information within the organization and directed to partners is conveyed in the same way. Secondly, all Group employees are expected to behave in accordance with ethical rules both internally and externally. As such, all employees must provide frank, direct answers to the questions they are asked. Sincerity and honesty must prevail at all times and in all actions.
- Integrity is present in all aspects of the Group's operations. It covers many areas, including respect for the laws prevailing in all the Group's host countries; respect for customers and their needs and expectations; respect for the confidentiality of operations; respect for the rules relating to paid activities outside the Group or gifts such as those described in the Code of Ethics.
- Fairness primarily involves equal opportunities for all Group employees. To this end, no employee shall be subject to any discrimination. Promotion must be made purely on the basis of an employee's professional performance, and recruitment solely on a candidate's professional skills. The Group places the Zodiac Aerospace workforce at the center of its development strategy. Within Zodiac Aerospace, fairness means using and promoting to the greatest extent possible the skills network that exists in the Group to boost its competitiveness and the quality of the services it provides to customers. With regard to suppliers, the principle of fairness means offering all suppliers, partners and subcontractors opportunities for success, within a framework of open competition and in a spirit of mutually beneficial cooperation. Zodiac Aerospace selects the best suppliers based on objective criteria while ensuring that they meet the same ethical rules as Group companies and most of all that they abide by the laws governing labor, jobs, safety, health, environmental protection and anti-corruption.
- Protection means that for every project, Zodiac Aerospace personnel must keep in mind the imperatives of quality, health, safety and environmental protection. Line management must protect and respect the dignity and privacy of each employee by creating an environment where moderation and discernment prevent bullying or abuse. Managers must do all they can to ensure that the employees for whom they are responsible can flourish. Everyone must be made aware of the importance of protecting our shareholders' investments. Providing a return on investment must be our first goal so that we can improve and grow our business over the long term.

This Code of Ethics is updated on a regular basis. The Code was reviewed in 2013 to reinforce anti-corruption measures in all the Group's host countries.

The Group's values and Code of Ethics are complemented by the Environment and Risk Charter and various undertakings made by the Group, such as in the area of gender equality. The Code of Ethics can be strengthened by creating specific provisions for particular groups of people. For example, particular emphasis is placed on anti-corruption awareness for managers and buyers.

Lastly, as part of the deployment of "Lean", Zodiac Aerospace has implemented a tool called "Hoshin Kanri"[1] which presents the main areas of the Group's strategic focus, broken down into specific goals. These are distributed to all employees so that everyone has a better understanding of the Group's development strategy and how they can contribute to it.

(1) Japanese term meaning "that which shows the right direction".

2. TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF THE COMPANY'S BUSINESS ACTIVITY

The Zodiac Aerospace Group operates in 18 countries worldwide, with a particularly significant presence in France and the United States.

The Group's activities contribute to the development of the local social and economic fabric since the majority of employees are drawn from the local population.

Relations with local stakeholders are managed by the sites, to which Zodiac Aerospace gives considerable autonomy.

3. PARTNERSHIP AND SPONSORSHIP INITIATIVES

As part of the Zodiac Aerospace entrepreneurial spirit, Group entities around the world are given a substantial amount of autonomy with which to choose local partnerships and sponsorship initiatives. The Group intervenes only to ensure that such initiatives comply with the Group's ethics and are sustainable.

At the Group level, Zodiac Aerospace limits the number of initiatives in which it gets involved in order to be more effective. One of the charitable organizations it has supported both financially and materially is the French association "Petits Princes" (Little Princes), which helps seriously ill children. The Group uses its global network and contacts in the aerospace industry to help turn the "dreams" of these children into reality.

Many Group entity initiatives are implemented locally and cover social and educational outreach, sports sponsorship to benefit local causes, and cultural sponsorship. Examples are included every year in the Group's annual report.

4. FAIR PRACTICES

4.1 THE GLOBAL COMPACT

The Zodiac Aerospace Group joined the United Nations Global Compact in 2014, after ascertaining the compliance of its operations.

Companies joining the Global Compact undertake to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor standards, the environment and anti-corruption. The 10 Principles of the Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

The principles, per category, are as follows: (source: Global Compact – www.unglobalcompact.org):

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. Make sure that they are not complicit in human rights abuses.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. The elimination of all forms of forced and compulsory labor;
5. The effective abolition of child labor; and
6. The elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. Undertake initiatives to promote greater environmental responsibility; and
9. Encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

4.2 ANTI-CORRUPTION

The Zodiac Aerospace Group's Code of Ethics includes a specific chapter on combatting conflicts of interest and corruption. Actions in this regard are reiterated in the procedures provided to the Group's buyers and in the code of conduct sent to Group managers.

The Code of Ethics is now circulated to approximately 16,000 Group employees. An awareness campaign was launched in December 2013 to reinforce the message to managers and disseminate it extensively throughout the Group. A Manager's Charter, which includes a foreword by Executive Board Chairman Olivier Zarrouati, has been distributed to all Group employees. Site managers are invited to sign the Code of Ethics and the signed document is then displayed at their site to publicize their commitment.

The Human Resources Department has also implemented a procedure whereby all new hires are given a copy of the Code of Ethics when they join the Group.

In addition, Zodiac Aerospace has introduced an e-learning program for some 3,000 Group employees most exposed to the risk of corruption (mainly managers, buyers and sellers). The aim is to increase their knowledge and help them make the right decisions and report anything inappropriate.

4.3 OSLO CONVENTION

The Zodiac Aerospace Group complies with the Oslo Convention on cluster munitions. The only potentially relevant contract was for a brake parachute manufactured by a subsidiary in the United States. This was reported in late 2010 and the business was subsequently sold. No other Group businesses are affected, and the Group verifies that all potential acquisitions comply with the Oslo Convention.

4.4 SUBCONTRACTING AND SUPPLIERS

Zodiac Aerospace harmonizes Group procurement practices as and when necessary. The associated standards are currently being rolled out as required.

They include societal and environmental aspects.

The Group's procurement policy states that:

- Zodiac Aerospace expects regulatory compliance from its suppliers;
- Suppliers are expected to comply with the international standards of the International Labor Organization, OECD and United Nations in the area of human rights and especially the effective abolition of child labor, forced labor and corrupt practices;
- Zodiac Aerospace is committed to safeguarding the environment;
- Employees in contact with suppliers must adhere to rules of conduct relating to the prevention of conflict of interest and anti-corruption.

"Environmental" aspects have been added to a Group document entitled "Requirements Applicable to Zodiac Aerospace Suppliers", which was sent to all suppliers in January 2014. This document is referenced on all purchase orders and in procurement contracts.

The Group's procurement policy and procedures are maintained by a Group procurement committee (the Zodiac Supply Chain Council), which is tasked with ensuring rollout to all Group entities.

A Group procedure has been established for reporting information to the Zodiac Supply Chain Council on issues such as a supplier's non-compliance with Group standards or the employment of practices that could jeopardize air transport safety – for example, counterfeiting. In consequence, the Zodiac Supply Chain Council may decide to remove a particular supplier from the supplier list for all Group entities.

The Zodiac Aerospace Group is also a signatory to the Charter of Inter-company Relations, introduced by the French government.

In relation to this, the Group has introduced an internal mediation system that can help resolve any difficulties encountered by a supplier with any of the Group entities during the execution of their contract. The system is in place in Europe and North America.

Independent Third-Party Report
on Consolidated Social, Environmental and Societal Information included in the Management Report

To the Shareholders,

In our capacity as an independent third-party organization accredited by the French Accreditation Committee COFRAC[1] under number 3-1050 and a member of the network of one of the statutory auditors of Zodiac Aerospace, we have prepared our report on consolidated social, environmental and societal information for the fiscal year ended August 31, 2014. This is presented in the "Corporate Social Responsibility" section of the management report, hereinafter referred to as the "CSR Disclosures", in accordance with Article L. 225-102-1 of the French Commercial Code.

THE RESPONSIBILITY OF THE COMPANY

The Executive Board is responsible for preparing a management report that includes the CSR Disclosures provided for under Article L. 225-102-1 of the French Commercial Code and in accordance with the standards used by the Company. These standards consist of the HR and Environment reporting instructions and the work-related accident management procedure in versions dated September 2014 and April 2013 (the "Standards"). The key elements of these are presented in the "Corporate Social Responsibility" section of the management report and are available from the Company.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined in the regulations, our profession's code of ethics, and the provisions contained in Article L. 822-11 of the French Commercial Code. In addition, we have implemented a quality control system that includes documented policies and procedures to ensure compliance with the ethical rules, professional standards and applicable laws and regulations.

THE RESPONSIBILITY OF THE INDEPENDENT THIRD-PARTY

Based on our audit, it is our responsibility to:

- certify that the required CSR Disclosures are included in the management report or are the subject, if omitted, of an explanation pursuant to the third paragraph of Article R. 225-105 of the French Commercial Code (Certificate of inclusion of CSR Disclosures);
- express a conclusion, with a moderate level of assurance, on the fact that the CSR Disclosures are, in all material respects, presented fairly in accordance with the Standards used (Reasoned opinion on the fairness of the CSR Disclosures).

Our audit was conducted by a team of five people between June and December 2014, over a period of about twelve weeks.

We conducted the audit described below in accordance with professional standards applicable in France, with the decree of May 13, 2013, which determines the manner in which the independent third-party conducts its mission, and with international standard ISAE 3000[2] regarding reasoned opinion on the fairness of the CSR disclosures.

1. CERTIFICATION OF THE INCLUSION OF CSR DISCLOSURES

We have familiarized ourselves with the presentation of the sustainable development guidelines, in accordance with the social and environmental consequences linked to the Company's business activities, and with its societal commitments, and, where applicable, with the initiatives or programs arising therefrom, based on meetings with the managers of the departments concerned.

We compared the CSR Disclosures presented in the management report with the list specified in Article R. 225-105-1 of the French Commercial Code.

If certain consolidated information was lacking, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Disclosures covered the scope of consolidation, i.e. the Company and its subsidiaries within the meaning of Article L. 233-1 and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code, within the limits specified in the "Corporate Social Responsibility" section of the management report, particularly the limit of scope to France for the absenteeism indicator and to France and the United States for occupational illnesses.

Based on our audit and taking into account the above-mentioned limits, in our opinion the management report includes the required CSR Disclosures.

2. REASONED OPINION ON THE FAIRNESS OF THE CSR DISCLOSURES

NATURE AND EXTENT OF AUDIT

We held six meetings with the persons responsible for preparing the CSR Disclosures in conjunction with the Environment, HR and Occupational Health and Safety departments and for the information-gathering process, and, where applicable, the persons responsible for the internal control and risk management procedures, in order to:

- assess the appropriateness of the Standards in terms of their relevance, comprehensiveness, reliability, neutrality and clarity, taking into account, where appropriate, best practices in the industry;

(1) Accreditation scope available at www.cofrac.fr

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

- verify the implementation of a collection, compilation, processing and control process for exhaustive and consistent CSR Disclosures, and review the internal control and risk management procedures relating to the preparation of the CSR Disclosures.

We determined the nature and extent of our tests and controls on the basis of the nature and materiality of the CSR Disclosures with regard to the Company's characteristics, social and environmental issues pertaining to its business activities, sustainable development guidelines, and best practices in the sector.

For the CSR Disclosures. we considered the following information to be the most material:[3]

- At the level of the parent entity, we consulted documentary sources and held meetings to corroborate the qualitative information (organization, policies, initiatives, etc.), implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and consolidation of data, and checked for coherence and consistency with the other information provided in the management report;
- At the level of the entities that we selected[4] according to their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct application of procedures, and implemented detailed tests on the basis of sampling, which consisted of verifying the calculations and reconciling the supporting documents. The sample selected represents 18% of the employees and between 11% and 18% of the quantitative environmental information.[5]

For other consolidated CSR Disclosures, we assessed the consistency of the information with our knowledge of the Company.

Lastly, we assessed the relevance of the explanations regarding the total or partial absence of particular information, where applicable.

We believe that the sampling methods and size of the samples that we selected when exercising our professional judgment enable us to draw a conclusion expressing moderate assurance; a more definite conclusion would have required more extensive verification work. Due to the use of sampling techniques and other limits inherent to the functioning of any information and internal control system, the risk of not detecting a material misstatement in the CSR Disclosures cannot be completely eliminated.

CONCLUSION

Based on our audit, we did not identify any material misstatements that call into question the fact that the CSR Disclosures, taken as a whole, are presented fairly, in accordance with the Standards.

OBSERVATIONS

Without qualifying our conclusion above, we draw your attention to the following:

- The definitions of social information (definition of permanent employees and managerial staff) may leave some interpretation to the sites, which may impact the consistency of the consolidated information;
- The definition of the recruitment indicator only covers recruitments made during the fiscal year where the employee was still with the Group at August 31, 2014. It therefore excludes persons who were recruited and then left the Group, and employees whose status changed from temporary to permanent during the fiscal year.

Paris-La Défense, December 5, 2014

Independent third-party
Ernst & Young et Associés

Christophe Schmeitzky Partner, Sustainable Development	Bruno Perrin Partner

(3) **Environmental and societal information:** general policy on the environment, waste management, sustainable use of resources (energy and water consumption), greenhouse gas emissions, taking social and environmental responsibility into account in relations with suppliers and subcontractors, actions undertaken to prevent corruption.

Social information: employees, recruitment and dismissals, work-related accidents, hours of training, absenteeism.

(4) Sites: Issoudun (France), Belmar (USA), Chihuahua (Mexico), Montreal (Canada), Slough (United Kingdom), Plsen (Czech Republic) and Plaisir (France).

(5) Employees: 18%; Number of accidents with lost work time: 16%; Waste production (tonnes): 15%; Water consumption (m^3): 11%; Energy consumption (MWh): 18%.

FINANCIAL STATEMENTS

FOREWORD

This document is a translation of the French “Rapport annuel”.

In case of difficulty, refer to the French text.

STATEMENT BY MANAGEMENT

Plaisir, November 17, 2014

To our knowledge, the financial statements for the fiscal year ended August 31, 2014 have been prepared in accordance with the applicable accounting standards and present fairly the assets, financial position and results of operations of all the entities comprised in the consolidation of the Zodiac Aerospace Group and the annual business report is a fair presentation of the information referred to in Article 222-3 (4) of the General Regulations of the AMF.

Olivier Zarrouati	Jean-Jacques Jégou
Chairman of the Executive Board and CEO	Executive Vice-President, Administration and Finance

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

ASSETS

(in thousands of euros)	Notes	Amount at Aug. 31, 2014	Amount at Aug. 31, 2013 [2]
Goodwill	(Notes 3.8 and 13.1)	1,779,309	1,568,750
Intangible assets	(Notes 3.8, 13.2 and 13.3)	619,099	557,528
Property, plant and equipment	(Note 14)	396,241	345,089
Investment in associates and joint ventures	(Note 15)	1,427	670
Loans		10,053	145
Other non-current financial assets	(Note 16)	14,075	14,822
Deferred tax assets	(Note 11)	1,227	970
Total non-current assets		**2,821,431**	**2,487,974**
Inventories	(Notes 3.9 and 17)	1,008,262	859,001
Current tax assets		76,665	47,512
Trade receivables	(Note 3.10)	897,394	738,435
Advances to suppliers and employees		12,549	13,868
Other current assets	(Note 18)	30,470	20,662
Other financial assets:			
– loans and other current financial assets		1,309	4,633
Cash and cash equivalents	(Note 19)	166,731	156,840
Total current assets		**2,193,380**	**1,840,951**
Held-for-sale assets [1]		**9,760**	**1,356**
TOTAL ASSETS		**5,024,571**	**4,330,281**

(1) At August 31, 2013 and August 31, 2014, the amounts pertained to buildings held for sale (see Note 14).
(2) The comparative 2013 financial statements have been restated as detailed in Note 1.

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Amount at Aug. 31, 2014	Amount at Aug. 31, 2013 [1]
Capital	(Note 20)	11,537	11,486
Share premiums	(Note 20)	133,182	125,194
Consolidated reserves		2,169,147	1,896,798
Currency translation adjustments		(20,017)	(48,647)
Fair value adjustment of financial instruments		(2,019)	393
Net income attributable to equity holders of the parent company		354,413	370,914
Treasury stock		(84,448)	(89,880)
Equity attributable to equity holders of the parent company		**2,561,795**	**2,266,258**
Minority interest:			
– in equity		648	727
– currency translation adjustments		(109)	(82)
– in consolidated net income		(810)	(186)
Minority interest		**(271)**	**459**
Equity		**2,561,524**	**2,266,717**
Non-current provisions	(Notes 3.11 and 22)	114,591	88,941
Non-current financial liabilities	(Note 21)	840,574	908,597
Other non-current financial liabilities		70	1
Deferred tax liabilities	(Note 11)	155,507	146,936
Total non-current liabilities		**1,110,742**	**1,144,475**
Current provisions	(Notes 3.11 and 22)	92,322	76,064
Current financial liabilities	(Notes 19 and 21)	393,414	92,005
Other current financial liabilities		3,180	281
Trade payables	(Note 3.12)	379,260	312,993
Liabilities to employees and payroll liabilities	(Note 3.13)	195,686	179,748
Current tax liabilities		44,393	52,796
Other current liabilities	(Note 23)	244,050	205,202
Total current liabilities		**1,352,305**	**919,089**
TOTAL EQUITY AND LIABILITIES		**5,024,571**	**4,330,281**

(1) The comparative 2013 financial statements have been restated as detailed in Note 1.

Consolidated Statement of Profit and Loss

(in thousands of euros)	Notes	Amount at Aug. 31, 2014	Amount at Aug. 31, 2013[1]
Sales revenue	(Notes 3.1, 3.2 and 3.3)	4,174,512	3,891,609
Other revenue from operations		17,608	10,589
Purchases used in the production		1,711,558	1,556,945
Personnel costs	(Note 5)	1,221,512	1,122,996
External costs		594,420	537,970
Taxes other than income taxes		34,155	30,394
Depreciation and amortization		93,916	81,923
Charges to provisions		33,727	24,629
Changes in inventories of finished goods and work in progress		64,757	38,089
Other operating income and expenses	(Note 7)	(1,162)	(1,107)
Current operating income	**(Note 3.4)**	**566,427**	**584,323**
Non-current operating items	(Note 8)	(24,587)	(23,186)
Operating income		**541,840**	**561,137**
Income/(expenses) related to cash and cash equivalents		1,528	(424)
Cost of gross debt		(32,791)	(25,259)
Cost of net debt	(Notes 3.6 and 9)	(31,263)	(25,683)
Other financial income and expenses	(Notes 3.6 and 10)	(2,496)	(2,365)
Income taxes	(Notes 3.7 and 11)	(153,390)	(161,629)
Results of companies accounted for by the equity method		(1,088)	(732)
NET INCOME	**(Note 3.5)**	**353,603**	**370,728**
Attributable to non-controlling interests		(810)	(186)
Attributable to equity holders of the parent company		354,413	370,914
Basic earnings per share attributable to equity holders of the parent company	**(Note 12)**	**€1.291**	**€1.362**
Diluted earnings per share attributable to equity holders of the parent company	**(Note 12)**	**€1.280**	**€1.346**

(1) The comparative 2013 financial statements have been restated as detailed in Note 1.

Consolidated Statement of Net Profit and Loss
and gains and losses recognized directly as equity

(in thousands of euros)	Amount at Aug. 31, 2014	Amount at Aug. 31, 2013
Net income	**353,603**	**370,728**
Gains and losses recognized in equity, before tax:		
– currency translation adjustments[1]	28,760	(99,928)
– restatement of hedging derivative instruments	(4,876)	8,740
– tax on restatement of hedging derivative instruments	1,589	(3,067)
– actuarial gains or losses[2]	(20,389)	1,428
– tax on actuarial gains or losses	6,777	(350)
Total of gains and losses recognized directly in equity	**11,861**	**(93,177)**
Net income and gains and losses recognized directly in equity	**365,464**	**277,551**
Attributable to non-controlling interests	(837)	(191)
Attributable to equity holders of the parent company	366,301	277,742

(1) Most of the currency translation is related to the change in the euro/US dollar exchange rate.

(2) In accordance with IAS 19 (revised), the Group recognized actuarial gains or losses and past service costs related to pensions and lump-sum payments on retirement.

Consolidated Statement of Cash Flows (1) (2)

(in thousands of euros)	Notes	Amount at Aug. 31, 2014	Amount at Aug. 31, 2013
Operating activities:			
Net income		353,603	370,728
Results of companies accounted for using the equity method		1,088	732
Depreciation, amortization and provisions		128,232	116,090
Capital gains		926	1,102
Deferred taxes	(Note 11)	17,749	13,570
Stock options		7,826	7,670
Other		(219)	(416)
Cash flow from operations		**509,205**	**509,476**
Net change in inventories	(Note 6)	(133,905)	(73,087)
Net change in operating assets		(163,538)	(92,923)
Net change in debt		20,059	48,140
Cash flow from continuing operations		**231,821**	**391,606**
Investing activities:			
Acquisitions of non-current assets:			
– intangible assets	(Note 13.3)	(82,031)	(73,905)
– property, plant and equipment	(Note 14.1)	(113,189)	(95,218)
– other		(11,044)	(1,118)
Proceeds from sale of property, plant and equipment		1,845	1,144
Changes in receivables and payables relating to fixed assets		657	(582)
Acquisitions/(disposals) of entities, net of cash acquired (3)		(162,717)	(159,615)
Cash flow from investments		**(366,479)**	**(329,294)**
Financing activities:			
Change in debt		236,113	1,071
Change in financial instruments		–	–
Increase in equity	(Note 20)	8,028	11,326
Treasury stock		(118)	(627)
Ordinary dividends paid by parent company		(87,790)	(76,080)
Dividends paid to minority interests		–	–
Cash flow from the financing of operations		**156,233**	**(64,310)**
Currency translation adjustments, beginning of period		(4,626)	(8,176)
CHANGE IN CASH AND CASH EQUIVALENTS		**16,949**	**(10,174)**
CASH AT BEGINNING OF PERIOD		**138,721**	**148,895**
CASH AT END OF PERIOD	**(Note 19)**	**155,670**	**138,721**

(1) The Group did not record any transactions between shareholders during the period.

(2) No activities are currently in the process of being sold.

(3) At August 31, 2013, this involves the purchase of Zodiac Inflight Innovations (formerly IMS) and its subsidiary Base2, Innovative Power Solutions, Northwest Aerospace Technologies and Zodiac Aero Duct Systems (formerly ACC La Jonchère), and at August 31, 2014, of TriaGnoSys, Pacific Precision Products and Greenpoint Technologies. See Note 0 – Change in the consolidation scope.

Statement of Change in Consolidated Equity

(in thousands of euros)	Capital	Share premiums	Reserves	Net income attributable to equity holders of the parent company	Currency translation adjustments	Treasury stock	Fair value adjustement of financial instruments (2)	Equity attributable to equity holders of the parent company	Changes in minority interests (4)	Change in equity
Balance at Aug. 31, 2012 (1)	**11,425**	**113,929**	**1,644,531**	**318,881**	**51,276**	**(89,253)**	**(4,562)**	**2,046,227**	**650**	**2,046,877**
Currency translation adjustments					(99,923)			(99,923)	(5)	(99,928)
Restatement of financial instruments			718				4,955	5,673		5,673
Actuarial gains and losses			1,078					1,078		1,078
Income recognized directly in equity (a)			1,796		(99,923)		4,955	(93,172)	(5)	(93,177)
Net income for the fiscal year (b)				370,914				370,914	(186)	370,728
Total income recognized for the fiscal year (a) + (b)			1,796	370,914	(99,923)		4,955	277,742	(191)	277,551
Capital increase	61	11,265						11,326		11,326
Acquisition or disposal of own shares (3)						(627)		(627)		(627)
Valuation of options on stock options and free share awards			7,670					7,670		7,670
Dividends			(76,080)					(76,080)		(76,080)
Other (5)			318,881	(318,881)				–	–	–
Balance at Aug. 31, 2013 (1)	**11,486**	**125,194**	**1,896,798**	**370,914**	**(48,647)**	**(89,880)**	**393**	**2,266,258**	**459**	**2,266,717**
Currency translation adjustments			156		28,630			28,786	(26)	28,760
Restatement of financial instruments			(875)				(2,412)	(3,287)		(3,287)
Actuarial gains and losses			(13,612)					(13,612)		(13,612)
Income recognized directly in equity (a)			(14,331)		28,630		(2,412)	11,887	(26)	11,861
Net income for the fiscal year (b)				354,413				354,413	(810)	353,603
Total income recognized for the fiscal year (a) + (b)			(14,331)	354,413	28,630		(2,412)	366,300	(836)	365,464
Capital increase	51	7,988	(11)					8,028		8,028
Acquisition or disposal of own shares (3)			(5,550)			5,432		(118)		(118)
Valuation of options on stock options and free share awards			7,826					7,826		7,826
Dividends			(87,790)					(87,790)		(87,790)
Other (5)			372,205	(370,914)				1,291	106	1,397
Balance at Aug. 31, 2014	**11,537**	**133,182**	**2,169,147**	**354,413**	**(20,017)**	**(84,448)**	**(2,019)**	**2,561,795**	**(271)**	**2,561,524**

(1) Equity at August 31, 2012 and August 31, 2013 has been restated as described in Note 1 to the consolidated financial statements.

(2) The "Fair value adjustment of financial instruments" column includes fair value of the interest rate hedge (see Note 2 – Interest rate risk management) and the impact of exchange rate hedging derivatives in accordance with IAS 39 (see Note 2 – Currency exchange rate risk management). Of the €393k shown as restatement of financial instruments at August 31, 2013, €704k was recycled during the fiscal year and -€311k was kept as equity because it corresponds to the impact of the interest rate hedging, set up during the 2012/2013 fiscal year and maturing on July 25, 2018 (see Note 2 – Management of financial risks).

(3) Shares acquired under a "liquidity agreement" and share buyback program.

(4) The Group has recognized an obligation to purchase minority interests (see Note 23).

(5) Including allocation of net income.

Notes to the Consolidated Financial Statements

NOTE 0 – CHANGE IN THE CONSOLIDATION SCOPE

A) ACQUISITION OF TRIAGNOSYS

On September 6, 2013, the Group completed the acquisition of TriaGnoSys for a total of €20 million.

This German company specializes in onboard connectivity, wireless entertainment and cabin systems.

It has been fully consolidated by the Group since September 1, 2013.

In accordance with the provisions of IFRS 3 (revised), the Group employed an independent appraiser to assess the fair value of the assets acquired and the liabilities assumed on the date of the acquisition.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets of €1.2 million (customer relationship and order book);
- inventory revaluations of €0.4 million;
- deferred tax liabilities on these items of €0.4 million;
- goodwill of €18.3 million.

B) ACQUISITION OF PACIFIC PRECISION PRODUCTS

On February 27, 2014, the Group completed the acquisition of Pacific Precision Products, for a total of $45.5 million.

The company, which is based in Irvine, California, USA, designs and manufactures equipment for oxygen systems intended particularly for the business aviation market and cabin layout specialists.

It has been fully consolidated by the Group since February 28, 2014.

In accordance with the provisions of IFRS 3 (revised), the Group employed an independent appraiser to assess the fair value of the assets acquired and the liabilities assumed on the date of the acquisition. This allocation may be adjusted during the 12 months following the acquisition date.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets of €8.8 million (customer relationship, order book and patents);
- inventory revaluations of €0.2 million;
- deferred tax liabilities on these items of €3.3 million;
- provisional goodwill of €22.9 million.

C) ACQUISITION OF GREENPOINT TECHNOLOGIES

On June 5, 2014, the Group completed the acquisition of Greenpoint Technologies for a total of $195.8 million. The company generates annual revenues of around $150 million. On the acquisition date it had working capital of $9.9 million.

Greenpoint Technologies is based in Kirkland, Washington, USA, and is a world leader in cabin fitments for wide-bodied VIP aircraft and a completion center for Boeing Business Jets (BBJ).

It has been fully consolidated by the Group since August 31, 2014.

Accordingly, the company's inclusion in the Group's consolidation scope has no impact on the Group's net income for fiscal year 2013/2014.

In accordance with the provisions of IFRS 3 (revised), the Group employed an independent appraiser to assess the fair value of the assets acquired and the liabilities assumed on the date of the acquisition. This allocation may be adjusted during the 12 months following the acquisition date.

The valuation of assets acquired at fair value led to recognition of the following main items:

- intangible assets of €8.4 million (contracts);
- deferred tax liabilities on these items of €3.0 million;
- provisional goodwill of €152.3 million. This goodwill mainly reflects access to the market for high-end (VIP) cabin fitments.

NOTE 1 – ACCOUNTING PRINCIPLES

The consolidated financial statements of the Zodiac Aerospace Group were approved by the Executive Board at its meeting of November 17, 2014. Amounts are expressed in thousands of euros unless otherwise stated. The accounting principles and policies applied by the Group are described below.

Main exchange rates used in consolidation

	At Aug. 31, 2014		At Aug. 31, 2013	
	Statement of financial position	Statement of profit and loss	Statement of financial position	Statement of profit and loss
US dollar	1.3188	1.3605	1.3235	1.3081
Canadian dollar	1.4314	1.4661	1.3936	1.3225
South African rand	14.0190	14.2952	13.6670	11.9680
Pound sterling	0.7953	0.8235	0.8540	0.8374
Thai baht	42.1410	43.8071	42.5570	39.7693
Czech crown	27.7250	27.1529	25.7350	25.5180

A) BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

In compliance with European Regulation 1606/2002 of July 19, 2002 on International Financial Reporting Standards (IFRS), the Zodiac Aerospace Group's consolidated financial statements for the fiscal year ended August 31, 2014, which include comparative figures for the previous fiscal year, have been prepared in accordance with IAS/IFRS and their IASB interpretations (SIC and IFRIC) applicable on August 31, 2014, as adopted by the European Union at that date.

B) ACCOUNTING STANDARDS

The accounting principles applied are consistent with those used for the preparation of the Group's annual consolidated financial statements for the fiscal year ended August 31, 2013. The new standards and interpretations, applicable to the period ended August 31, 2014, are as follows:

- IAS 19 (revised) – Employee Benefits;
- IFRS 13 – Fair Value Measurement.

The other standards, amendments and interpretations with no material impact on the Group are:

- Amendments to IAS 1 – Presentation of Other Comprehensive Income;
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets;
- IFRS annual improvements cycle 2009-2011.

Further, the Zodiac Aerospace Group did not apply the following standards and interpretations, whose application became mandatory after August 31, 2014 or which had not been endorsed by the European Union as of August 31, 2014.

Endorsed standards and amendments whose application is not mandatory for the year ended August 31, 2014:

- IFRS 10 – Consolidated Financial Statements

This standard defines the control exercised when an investor is exposed, or has the right to be exposed, to variable yields, and has the capacity to exercise his or her power to influence those yields.

- IFRS 11 – Joint Arrangements

In essence, this new standard provides for two different accounting treatments:

- Joint arrangements defined as joint operations will be recognized based on the proportion of assets, liabilities, revenues and expenses controlled by the Group. A joint operation may be made through an entity that may or may not be separate.
- Joint arrangements defined as joint ventures will be consolidated according to the equity method, with the result that they grant only a right over the entity's net assets.

The Group has analyzed its joint agreements in order to determine whether they should be classified as joint operations or joint ventures. This has resulted in recognizing the joint arrangement with Embraer ("EZ Air Interior Ltd" joint venture) according to the equity method.

- IFRS 12 - Disclosure of Interests in Other Entities
- Amendments to IFRS 10, IFRS 11, IFRS 12 – Transitional Provisions:

  The Group is completing its analysis of the expected impacts of the first application, as of September 1, 2014, of IFRS 10, IFRS 11 and IFRS 12. The application of these new standards should not have any material impact on the Group.
- IAS 27 (revised) – Separate Financial Statements
- IAS 28 (revised) – Investments in Associates and Joint Ventures
- Amendments to IFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36 – Impairment of Assets
- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement
- IFRIC 21 - Levies Charged by Public Authorities

Standards and amendments not endorsed as at August 31, 2014:

- Amendments to IAS 16 – Property, Plant and Equipment
- Amendments to IAS 38 – Intangible Assets
- IAS 19 (revised) – Employee Benefits
- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS annual improvements cycles 2010-2012, 2011-2013, 2012-2014

The Zodiac Aerospace Group is in the process of identifying the potential impacts of these new standards, interpretations, amendments and/or revisions on the Group's consolidated financial statements.

C) ADJUSTMENTS MADE TO PREVIOUSLY REPORTED FINANCIAL STATEMENTS

The Group's financial statements at August 31, 2013 are included in this report for comparative purposes. They have been restated from their previously reported format in the following ways:

1. IAS 19 (revised) – Employee Benefits

The amendment to IAS 19 Employee Benefits is mandatory for the Group for fiscal periods commencing on or after September 1, 2013 and for the presentation of previous financial statements. Consequently, the summary statements for the year ended August 31, 2013 have been restated. The impact of the application of this amendment is:

- Removal of the corridor option, as well as the possibility of amortizing in income the cost of past service over the average period of the rights' acquisition.
- Recognition in the consolidated statement of financial position of all post-employment benefits granted to Group employees.
- Recognition in "Other items of comprehensive income" of actuarial gains and losses; they cannot be recycled in the statement of profit and loss.
- Recognition in operating income of the impact of changes to pension plans.
- The expected return on the pension plan assets is calculated on the basis of the discount rate of the actuarial liability.

The main impact on the consolidated financial statements at September 1, 2012 is a reduction in equity in the amount of €19.8 million due to a €30.4 million increase in the pension provision and net deferred tax assets recognized on the statement of financial position deducted from the deferred tax liability of the consolidated tax group. The impact at August 31, 2013 is a decrease in equity in the amount of €18.7 million and an increase in pension provisions of €29 million.

2. IFRS 13 – Fair Value Measurement

This standard takes account of the counterparty risk in the valuation of derivative instruments. The Group has not identified any material impact following the application of this standard.

3. Recognition of research tax credit

Pursuant to IAS 8, the Group has adjusted its comparative financial statements with regard to the recognition of the research tax credit which is a form of subsidy. These tax credits are now classified under "Personnel costs" in the consolidated statement of profit and loss.

The reclassified amount comes to €20.0 million for the comparative fiscal year ended August 31, 2013. Tax credits in the form of a subsidy recognized in the accounts for the fiscal year ended August 31, 2014 amount to a total of €17.4 million.

The Group has also studied recent changes in accounting principles in France and now recognizes an estimate for research tax credit due for the current calendar year. In the consolidated financial statements, the impact of this change has been charged to consolidated equity so that only 12 months of research tax credit is recorded in the profit and loss statement. The impact on equity is €10 million at September 1, 2012 and at September 1, 2013.

(See tables on the Reconciliation of financial statement at August 31, 2013 below).

D) BASES OF VALUATION

The financial statements of the Zodiac Aerospace Group are prepared according to the historical cost principle, except for derivatives and financial assets available for sale that are measured at fair value.

Certain standards in the international accounting system provide for options regarding the valuation and accounting treatment of assets and liabilities.

In this context and at this stage, the Group has opted to value its inventories at the initial cost determined according to the "First-In, First-Out" method (IAS 2).

E) USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the Group management team to make estimates and use assumptions that affect the value of assets and liabilities shown in the consolidated statement of financial position and the amount of income and expenses shown in the statement of profit and loss. Management revises its estimates and assumptions on an ongoing basis, as a function of all the factors on which it bases its assessment.

Actual future amounts may differ significantly from these estimates as a result of different assumptions or conditions.

These estimates and assumptions relate mainly to the measurement of deferred taxes, provisions, employee benefits, share-based payments and those used to test asset impairment and the procedures for capitalizing development costs.

The accounting methods which require the Group to make significant estimates are as follows:

Guarantees

A provision is posted to cover anticipated claims under guarantees covering products sold during the fiscal year or in previous fiscal years (as a result of the fact that guarantee periods vary from one product line to another). The amount of this provision is estimated on the basis of the cost history specific to each type of guarantee. The assumptions used in measuring these provisions are based on actual sales levels and on the information currently available on guarantee claims regarding products sold before the balance sheet closing date.

Reconciliation of statement of financial position at August 31, 2013

(in thousands of euros)	Reported amount at Aug. 31, 2013	Restated amount at Aug. 31, 2013	Impact of adjustments
Non-current assets	2,487,974	2,487,974	–
Inventories	859,001	859,001	–
Trade and other receivables (net position)	815,229	825,110	9,881
Cash and cash equivalents	156,840	156,840	–
Assets held for sale	1,356	1,356	–
TOTAL ASSETS	**4,320,400**	**4,330,281**	**9,881**
Equity	2,275,570	2,266,717	(8,853)
Provisions	136,053	165,005	28,952
Financial liabilities	1,000,602	1,000,602	–
Trade payables, personnel, deferred tax and other creditors	908,175	897,957	(10,218)
TOTAL LIABILITIES	**4,320,400**	**4,330,281**	**9,881**

Reconciliation of statement of profit and loss at August 31, 2013

(in thousands of euros)	Reported amount at Aug. 31, 2013	Restated amount at Aug. 31, 2013	Impact of adjustments
Sales revenue	3,891,609	3,891,609	–
Current operating income	564,330	584,323	19,993
Non-current operating items	(23,186)	(23,186)	–
Operating income	541,144	561,137	19,993
Financial expense	(28,048)	(28,048)	–
Income taxes	(141,636)	(161,629)	(19,993)
Results of companies accounted for by the equity method	(732)	(732)	–
Net income	**370,728**	**370,728**	**–**

Pensions, other long-term employee benefits and post-employment benefits

Pension obligations and other post-employment and long-term benefits are valued pursuant to IAS 19 "Employee Benefits."

The following assumptions are used:

In France:

Assumption range	2013/2014	2012/2013
Discount rate	1.86%	3.14%
Estimated future increase in salaries	3.0%	3.0%
Employee turnover rate	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.
Retirement age	60 to 62 years	60 to 62 years

The mortality table used is the INSEE TD-TV 09-11 table.

The discount rate used is based on iBoxx AA 10+.

In the United States:

Assumption range	2013/2014	2012/2013
Discount rate	4.55%	3.55%

In Germany:

Assumption range	2013/2014	2012/2013
Discount rate	1.86%	3.14%

Tests for valuing goodwill and other non-current assets

The impairment tests applied to goodwill are affected by the assumptions underpinning medium-term financial forecasts (especially those relating to currency exchange rates) and the weighted average cost of Group capital used to discount future cash flows.

Details of sensitivities to impairment tests can be found in Note 13.1 of the notes to the consolidated financial statements.

Methods of capitalizing development costs

These are sensitive to assumptions of the economic profitability of each project (see Note K 2).

Recoverability of deferred tax assets

The value placed on deferred tax assets in general, especially those arising as a result of negative tax balances brought forward, may vary according to the assumptions used for the medium-term financial forecasts and for goodwill impairment testing.

F) CONSOLIDATION PRINCIPLES

Companies over which Zodiac Aerospace exercises control, whether directly or indirectly, are fully consolidated.

Companies over which Zodiac Aerospace exercises joint control, whether directly or indirectly, are proportionately consolidated.

Companies over which Zodiac Aerospace exercises significant influence are accounted for by the equity method.

A list of consolidated subsidiary companies and holdings is given in Note 27.

The Group's 49% holding in IN Services & Al Rumaithy Estab. is fully consolidated as the Group has *de facto* control of this company. Its parent company, Zodiac Aerotechnics (formerly Intertechnique), has the right to appoint up to three of the five directors.

The joint venture EZ Air Interior Ltd, 50%-owned by Zodiac Aerospace and 50% by Embraer, is accounted for by the equity method. The aim of the venture is to become the leading supplier for the manufacture of Embraer aircraft interiors.

In the case of consolidated companies, intra-Group balance sheet items and transactions are eliminated in full.

Company disposals made during the fiscal year are recognized in the consolidated financial statements with effect from the date on which effective control was lost.

Company acquisitions made during the fiscal year are recognized in the consolidated financial statements with effect from the date on which effective control was gained.

G) TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS EXPRESSED IN FOREIGN CURRENCIES

The financial statements of foreign subsidiaries that report in a currency other than the euro are translated into euros, the currency in which Zodiac Aerospace presents its financial statements, as follows:

- assets and liabilities: in euros based on the exchange rate at the period end;
- statement of profit and loss: in euros based on the average exchange rate for each currency over the period.

The resulting translation adjustments are recognized in equity under "Currency translation adjustments."

When a foreign company is disposed of, cumulative currency variances are recognized in the statement of profit and loss as a component of profit or loss on disposal.

None of the Group's foreign subsidiaries reports in the currency of a hyperinflationary economy.

H) FOREIGN CURRENCY TRANSACTIONS

The recognition and measurement of foreign currency transactions are defined by IAS 21, "Effects of Changes in Foreign Exchange Rates." In accordance with this standard, foreign currency transactions are converted into euros at the period-end exchange rates, and the resulting differences are recognized in the statement of profit and loss.

"Translation differences" presented in the accounts are the result of the difference in exchange rates between fiscal year "N -1" and "N" applied to the income of subsidiaries that report in currencies other than the euro.

"Transaction differences" are the result of exchange rates used to book sale and purchase transactions in a currency other than the currency of the entity concerned.

I) PROPERTY, PLANT AND EQUIPMENT AND FINANCE LEASES

Property, plant and equipment are recognized in the statement of financial position at their acquisition cost (including associated expenses) or production value (excluding financial expenses), less accumulated depreciation and charges for impairment of value.

Depreciation is calculated on a straight-line basis over the useful life of the asset, determined on the basis of the consumption pattern of expected future economic benefits.

In most cases, useful lives are determined as follows:

- buildings and improvements: 10 to 40 years depending on the type of building;
- plant and equipment: 3 to 8 years depending on use;
- IT equipment and furniture: 3 to 10 years depending on use.

Lease agreements that transfer the risks and rewards of ownership to Zodiac Aerospace (finance lease agreements) are recognized as property, plant and equipment, and the corresponding liability is recognized as debt.

After initial recognition, the amortized cost model is applied to property, plant and equipment. Impairment tests are applied whenever there is an indication of impairment.

J) BUSINESS COMBINATIONS

Business combinations are recognized by applying the acquisition method, as required by IFRS 3 (revised).

The difference between the acquisition cost plus the value of minority interests, and the net balance of the fair value of the acquired entity's identifiable assets and liabilities, is recognized as goodwill where it is positive and as income where it is negative.

When measuring the minority interests of each business combination, the Group opts to base its valuation either on the share of net assets acquired, or on the fair value of those assets.

Goodwill is not amortized, but is subject to impairment testing whenever there is an indication of impairment, and at least once per year for the fiscal year-end.

Goodwill is allocated to cash-generating units (CGUs). The total amount of goodwill may be adjusted during the one-year post-acquisition measurement period.

In accordance with IFRS 3 (revised):

- Acquisition expenses are charged when they are incurred to the "Non-current operating items" line of the statement of profit and loss;
- Conditional earnout is measured at fair value and taken into account when calculating the acquisition cost.

The provisions and deferred tax recognized on the date of first consolidation may be adjusted during the valuation period on the basis of additional information related to the facts and circumstances prevailing on the date of acquisition.

K) INTANGIBLE ASSETS

Intangible assets mainly comprise development costs, brands, patents and licenses.

1 - Intangible assets acquired separately or as part of a business combination

Intangible assets acquired separately are recognized at acquisition cost and subsequently valued at amortized cost.

Intangible assets (mainly brands) resulting from the valuation of the assets of acquired entities are recognized in the statement of financial position at fair value, which is usually determined on the basis of an external appraisal.

Since intangible assets have a finite life, they are amortized over their useful lives, which cannot exceed 20 years.

Intangible assets are subject to impairment testing wherever there is an indication of impairment.

2 - Internally generated intangible assets

The majority of these assets refer to development costs.

Under the terms of IAS 38, "Intangible Assets," development costs must be capitalized where the following can be demonstrated:

- the intention and financial and technical ability to complete the development project;
- the probability that the future economic benefits attributable to the development costs will flow to the company;
- the development costs can be measured reliably.

For projects that meet these criteria, the capitalization of costs begins on the date of selection of the product by the aircraft manufacturer. The development project is considered completed on the date of qualification of the product by the aircraft manufacturer or the date of commencement of series production. Costs incurred during a phase of further development can also be capitalized until the date of the aircraft's certification.

Capitalized costs are costs directly attributable to the program. They are capitalized up to the limit of the amount of the quotation for initial development. Any amount in excess of this quotation is recognized as expenditure, unless the need to make major modifications to the developed product results in revision of the selling price of the product concerned.

Research and development costs that do not meet the above criteria are entered as expenses for the fiscal year in which they arise.

In the context of development projects, some costs may be billed to the customer. These are either a full or partial assumption of the development costs ("non-recurring costs") by the customer as part of a global contract or a separate invoicing of billing elements (for example, prototypes or pre-production).

If the customer is contractually committed to support some or all of the development costs, whatever the final number of aircraft sold over the term of the contract, the costs involved are then receivables for billable studies. They are therefore charged to work in progress.

If there is no firm commitment to support the development costs, they can be capitalized in "Property, plant and equipment" provided they have met the criteria for capitalization.

Capitalized development costs are amortized over the projected quantity of billable units commencing at the start of the relevant program's operations. Where applicable, this allocation is supplemented in order to increase the expense to the equivalent of a minimum straight-line amount of amortization.

On some new programs (B787, A350), the aircraft manufacturers draw up a catalog of "recommended" buyer-furnished equipment (BFE) products that are pre-certified for airlines by the aircraft manufacturer. The development costs of products accepted onto the aircraft manufacturer's catalog are only capitalized if there is a significantly high level of intention on the part of the airlines to purchase our "catalogued" products. In this case, the corresponding development costs are booked to intangible assets and amortized over five years from the date of the first delivery of the catalogued product.

IFE (In-Flight Entertainment) technology developments, although not part of a "sole source" selection, are booked under intangible assets if they meet IAS 38 criteria. They are amortized over four years from the date they are first commissioned.

L) FINANCIAL ASSETS

All financial assets, other than hedging derivatives shown in the statement of financial position, fall into the "loans and receivables" category defined by IAS 39.

These financial assets comprise investments in non-consolidated companies classified as available-for-sale financial assets, loans, deposits and guarantees.

1 - Available-for-sale financial assets

Equity investments in non-consolidated companies are initially entered at their acquisition cost, and are then assessed at their fair value once fair value can be valued reliably.

None of these investments relate to listed companies.

Where fair value cannot be reliably assessed, the recoverable amount is determined on the basis of the Group share of the net asset, anticipated future profitability and growth prospects of the entity in which the investment is made.

Changes in the fair value of available-for-sale financial assets are recorded in equity as a separate line item until the shares are effectively sold. Where there are circumstances indicating that an impairment loss is permanent, this loss is recognized in income.

2 - Loans, deposits and guarantees

Loans, deposits and guarantees are recognized at amortized cost. Impairment losses are recorded where there is objective evidence of impairment.

M) INVENTORIES

The Group measures its inventories at cost, calculated using the "First In, First Out" method, in accordance with IAS 2, "Inventories." Inventories are measured at the lower of cost and net realizable value (which is the estimated selling price less the estimated costs necessary to realize the sale).

Inventories are impaired on the basis of stock item obsolescence or lack of sales, both of which reduce their net realizable value. Impairment write-backs are justified by the disposal of the inventories concerned.

N) TRADE AND OTHER RECEIVABLES

Trade receivables are recognized at their initial invoice amount minus impairment provisions for unrecoverable amounts. A provision is made where there is objective evidence to indicate that the Zodiac Aerospace Group will be unable to recover these receivables. Unrecoverable receivables are written off when identified as unrecoverable.

O) CASH AND CASH EQUIVALENTS

Cash and short-term deposits recorded in the statement of financial position comprise cash-in-bank, cash-on-hand and short-term deposits with an initial maturity period of less than three months.

For purposes of the consolidated statement of cash flows, cash and cash equivalents include cash and cash equivalents as defined above, minus short-term bank borrowings.

P) COSTS ASSOCIATED WITH A CAPITAL INCREASE

External costs relating directly to a capital increase are recognized net of tax by deduction from share premiums when a tax saving is generated.

Q) TREASURY STOCK

Purchases of treasury stock are entered as a deduction from equity, based on the acquisition cost of the shares. Gains and losses made on the sale of treasury stock are recognized net of tax in the consolidated reserves.

R) PROVISIONS

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," the Group recognizes provisions where it has an obligation to a third party as a result of a past event, if it is probable that an outflow of resources representing economic benefits will be required to settle the obligation and if the amount of the loss or liability can be measured reliably.

If this loss or liability is not probable and cannot be valued reliably but remains possible, the Group then recognizes a contingent liability among its commitments.

Provisions are discounted when the effect is significant.

For the Group, the impact of this rule relates almost exclusively to provisions for employee benefits.

Provisions that are, by their nature, part of the normal operating cycle of the operations concerned are recognized as current provisions in the statement of financial position. This applies to provisions for guarantees or litigation.

S) TAXES

Deferred taxes are recognized using the variable balance sheet liability method for all timing differences between the tax basis of assets and liabilities shown in the consolidated statement of financial position and their tax base on the balance sheet closing date.

Deferred tax assets for all timing differences or deductible losses are recognized to the extent that it is probable that a taxable profit will be available against which the deductible items can be charged, unless the deferred tax asset arises from differences between the carrying amount of an asset or liability and its tax value resulting from the initial recognition of an asset or liability as part of a transaction that is not a business combination or which, as of the transaction date, does not affect taxable income.

Deferred tax liabilities are recognized, except where they result from a difference between the carrying amount of an asset or liability and its tax value resulting from the initial accounting treatment of an asset or liability as part of a transaction that is not a business combination or which does not affect taxable income on the transaction date, and except where they result from impairment of goodwill that is not deductible for tax purposes.

A provision is recognized for the tax liability of intra-group dividends paid by companies outside the tax consolidation group as soon as such a distribution is deemed probable.

In accordance with IAS 12, deferred taxes are not discounted.

Deferred tax assets and liabilities are offset for companies in a tax consolidation arrangement within a single national group.

The total of research tax credits was reclassified under "Personnel costs" as of September 1, 2013, instead of being credited as a "Tax expense."

T) FINANCIAL LIABILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

1 - Financial liabilities

Financial liabilities consist primarily of current and non-current debt with financial institutions. These liabilities are initially entered on the books at fair value, which includes, as appropriate, any directly related transaction costs. They are then valued at amortized cost, based on the effective interest rate.

2 - Derivative financial instruments

The Group uses derivative financial instruments mainly to manage and hedge the effect of exchange rate fluctuations on its foreign currency revenues. The Group does not use derivative financial instruments for speculative purposes. Depending on the type of risk to be hedged, the Group uses contracts such as swaps, options and forward transactions.

Some of these hedges cover the trade receivables and/or payables recorded in the statements of financial position of Group companies. At the balance sheet date, hedging contracts (Fair Value Hedges) are estimated at their fair value. Any currency gains or losses representing the effective portion of these hedges are recognized as operating income. Such gains or losses arising from changes in fair value offset any currency gains or losses arising from the conversion of foreign-currency receivables at the fiscal year-end exchange rate, as required by IAS 21, "The Effects of Changes in Foreign Exchange Rates." The ineffective portions of hedges are included in financial income.

Variances in the fair value of derivatives are recognized immediately as profit or loss where the following criteria are not met:

- the hedged item must be clearly identified at the time the corresponding hedge is implemented, and the hedging relationship must be formally documented and shown to be effective;
- the effectiveness of the hedge must be determined in a reliable manner;
- the effectiveness of the hedge must be tested regularly throughout the period while it is in place.

The Group may also hedge projected cash flows, whether for recurring operating cash flow or for acquisitions or disposals of equity investments. As required by IAS 39, these hedges are treated as cash flow hedges. At the balance sheet date, the financial instruments corresponding to these hedges are recognized in the statement of financial position at their fair value. The change in fair value representing the effective portion of such hedges is recorded in equity under a separate heading until the hedged cash flow is effectively realized. It is then transferred to the statement of profit and loss when the underlying item is entered as income. The ineffective portions of hedges are included in financial income.

IFRS 7 "Financial Instruments: Required Disclosures" establishes a fair value hierarchy and distinguishes three levels:

- Level 1: quoted prices for identical assets and liabilities (identical to the ones being measured) obtained on the measurement date in an active market to which the entity has access;
- Level 2: the input data are observable data but do not correspond to the prices quoted for identical assets or liabilities;
- Level 3: the input data are not observable (for example, data generated by extrapolations). This level is applied when there is no market or observable data and the company is required to use its own assumptions to estimate the data that others in the market would have used to measure the fair value of the asset.

The interest-rate and currency hedging derivatives used by the Group are instruments whose value is estimated using a measurement technique based on observable data, thus presenting Level 2 reliability.

There is no hedging policy for the statements of financial position of foreign entities.

Most of the Group's foreign currency exposure arises from transactions between its French entities and customers buying in US dollars.

The Group is also exposed to the risk of fluctuations in the interest rates on borrowed funds through its "Club Deal," "Euro Private Placement" and "Schuldschein" for the variable interest rate portion. This exposure was partially hedged for fiscal year 2013/2014 through financial instruments (see Note 2).

U) PENSION BENEFITS AND SIMILAR OBLIGATIONS

In terms of defined benefit plans, the Group has a range of obligations in respect of pensions and similar arrangements in France and abroad:

- In France, these commitments relate:
  - chiefly to severance pay on retirement governed by existing collective agreements or company agreements;
  - and, to a lesser degree, the costs represented by long-service bonuses and awards.

- Outside France, the main obligations are the (defined-benefit) pension plans of two US subsidiaries (Air Cruisers and Avox Systems) and of a German subsidiary.

1 - Defined benefit plans

For defined-benefit retirement and related medical insurance plans, the Group uses the Projected Unit Credit Method to determine the cost of benefits, and carries out actuarial valuations at each balance sheet date.

These calculations include demographic assumptions (retirement date, personnel turnover rate, mortality) and financial assumptions (discount rate, rate of salary increase).

Where plans are funded, the assets are vested with benefit payment organizations.

A provision is made for any shortfall between the fair value of assets and the discounted value of obligations due under the plan concerned.

Pension plans are appraised annually by independent actuaries.

The cumulative effect of actuarial gains and losses resulting from adjustments derived from experience or changes in assumptions based on the general economic, financial or demographic situation (including changes in the discount rate, annual wage increases and term of business operation, etc.) are immediately recognized in the Group's liabilities, under a separate heading in equity, "Other items of comprehensive income", pursuant to IAS 19 (revised).

The cost of past service is recognized immediately as an expense.

The cost of post-employment benefits is shown in the statement of profit and loss as follows:

- current service costs (i.e. for the period) and past service costs are included in personnel cost;
- the difference between the income from the expected return on plan assets and the charge reflecting the accretion expense of the pension obligation is included in financial charges or income;
- the cost of past service is recognized in "Other operating income and expenses";
- the impact of any plan reductions or liquidations.

The full amount of provisions for post-employment benefits is recognized under "Non-current provisions" in the statement of financial position.

2 - Defined-contribution plans

Amounts due in respect of these plans are recorded as expenses for the period.

V) SHARE-BASED COMPENSATION

As required by IFRS 2, stock option plans granted after November 7, 2002, for which the shares had not been vested at January 1, 2005, must be measured at the fair value calculated for the date on which the options were granted.

The Group has committed to awarding Zodiac Aerospace stock option plans to certain employees and Executive Board members.

The fair value of services rendered by employees as consideration for the options granted is expensed and recorded as a function of the services at the time they are rendered. This expense is measured on the basis of actuarial calculations built on behavioral assumptions derived from past observations. The cost is spread over the benefit vesting period. The total amount of the expense to be recognized is measured by reference to the fair value of the options granted, using the binomial model.

The expense is booked under gains and losses recognized in equity.

W) REVENUE FROM ORDINARY ACTIVITIES

As required by IAS 18 – "Revenue," sales of finished goods and merchandise are recognized when the risks and rewards inherent to ownership are transferred; in most cases this is when the goods are shipped.

Revenues generated from sales of services are recognized over the contract period and in accordance with the terms and conditions of the contract. They are recognized where the outcome of the transaction can be estimated reliably, and by reference to the stage of completion of the services provided by the Group. Revenues from the performance of long-term contracts are recognized using the percentage of completion method, and determined either as a percentage of actual costs incurred in relation to projected total spending through to completion, or using contractually defined technical stages and, particularly, the essential phases of the contract's performance (proof of installation or delivery of equipment).

Sales are shown net of all volume and trade discounts. Likewise, the cost of sales-related marketing initiatives is deducted from sales revenue.

X) IMPAIRMENT OF ASSETS

Goodwill and intangible assets with an indefinite life are not amortized but are subject to impairment testing whenever there is an indication of impairment, and at least once per year for the fiscal year-end.

Other non-current assets with a finite life (amortizable intangible assets and depreciable property, plant and equipment) are subject to impairment testing whenever there is an indication that their carrying amount may not be recoverable. Capitalized development costs are tested for impairment project-by-project on the basis of discounted projections of the future cash flows relative to each project.

These tests compare the carrying amount of an asset with its recoverable amount.

The recoverable value of an asset or group of assets is defined as the fair value (minus selling costs) or the value in use, whichever is the higher. Value in use is measured by discounting estimated future cash flows using a reference rate that reflects the Group's weighted average cost of capital.

Impairment tests are conducted for each asset individually, unless the asset – taken in isolation – does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this instance, as is the case with goodwill, which in principle does not generate independent cash inflows, the recoverable value of the asset is determined by that of the cash-generating unit (CGU) to which the asset belongs, and which is the smallest group of compatible assets that generates cash flows largely independent of those from other assets or groups of assets.

The cash-generating units and groups of cash-generating units identified by the Group within the meaning of IAS 36, "Impairment of Assets," mirror the functional organizational structure of the Group, established on September 1, 2012, by operating segment, or for the Aircraft Systems Segment, by product line. There are eight such units (see Note 13.1).

At each balance sheet date, Group companies identify any events or circumstances that could result in an asset losing its value. Such events or circumstances include significant long-term unfavorable changes affecting the Group's economic environment (sales markets, sources of supply, index and/or cost trends, etc.) or its assumptions and targets (medium-term plan, profitability forecasts, market share, order book, regulations, litigation, etc.).

Where such events or circumstances exist, the recoverable amount of the individual asset is measured. Where its carrying value is higher than its recoverable amount, the asset is treated as having lost value and its carrying value is reduced to reflect its recoverable value by recognizing an impairment loss.

Where it is not possible to estimate the recoverable value of an individual asset, the recoverable value of the CGU to which the asset belongs is calculated.

Where a test conducted on the assets of a Group company reveals a loss of value in the CGU, this loss of value is allocated in the first instance to goodwill, then to the assets of the unit concerned prorata of their carrying value.

Where loss of value is proven, any impairment recognized as goodwill becomes permanent. For other assets, loss of value indices are analyzed on each subsequent balance sheet date, and where favorable changes have occurred in respect of estimates that previously resulted in an impairment, a loss of value write-back is recognized in the statement of profit and loss for the fiscal year.

Y) HELD-FOR-SALE ASSETS AND DISCONTINUED OPERATIONS

A non-current asset, or group of assets and liabilities, is recognized as held for sale when the majority of its value will be recovered as the result of sale, rather than as a result of continued use.

This definition applies if the asset is available for immediate sale and if such a sale is highly probable. At the balance sheet date, held-for-sale assets are measured at their carrying value, which is less than their fair value minus selling costs.

Z) IFRS FINANCIAL REPORTING PRINCIPLES

The Group has elected to segregate significant non-recurring items within its operating income.

The non-recurring portion is shown after the "Current operating income" (COI) subtotal under the heading "Non-current operating items"; the resulting subtotal is "Operating income."

The "Financial Debt" aggregate used by the Group in its communication is the sum of the "Current and Non-current Financial Liabilities" items minus the "Cash and Cash Equivalents" item.

The presentation of the statement of financial position and statement of profit and loss has been revised in accordance with IAS 1, "Presentation of Financial Statements."

On the statement of financial position, the assets and liabilities that are part of the Group's operating cycle are classified as current.

All other assets and liabilities are classified as non-current.

In applying IAS 1 (revised), the Group has chosen to present income and expenses recognized in two financial statements: a statement of profit and loss and a statement of net income and gains and losses recognized directly in equity.

In accordance with the requirements of IFRS 3 (revised), a "restated" net earnings per share figure is calculated for the Group to eliminate the effects of business disposals and the impact of the acquisition costs incurred for external growth transactions.

AA) EARNINGS PER SHARE

The figure for earnings per share – as presented with respect to IFRS net income – is calculated in accordance with IAS 33, "Earnings per Share."

Basic earnings per share are calculated by dividing the net income attributable to equity holders of the parent company by the weighted average number of common shares outstanding over the period. Treasury shares are deducted from the average number of shares outstanding.

Diluted earnings per share are calculated by dividing the Group's net income after minority interests, adjusted for dilutive instruments, by the weighted average number of shares outstanding over the period, adjusted for the potential number of dilutive common shares.

AB) SEGMENT REPORTING

Segment reporting is presented in accordance with IFRS 8.

The Group's operational activities are structured and managed separately to reflect the nature of the products and services supplied. Each sector represents a strategic business area offering distinct products and serving distinct markets. These sectors are reflected in the internal reporting structure used by the Group management team in managing the business as a whole.

The Zodiac Aerospace Group has been organized into five business segments since September 1, 2012:

- AeroSafety;
- Aircraft Systems;
- Seats [1];
- Cabin & Structures [1];
- Galleys & Equipment [1].

(1) These business segments are combined in the Aircraft Interiors sector for the reasons described below.

IFRS 8 allows the combination of segments for the purposes of financial reporting when the units that are combined have similar economic characteristics:

- Similar type of products and services;
- Identical customer typology;
- "Equivalent" long-term profitability profiles.

Based on an analysis of profitability profiles and the type of products and services sold, the Group has opted to use three sectors with similar economic characteristics for its segment reporting:

- AeroSafety;
- Aircraft Systems;
- Aircraft Interiors activities combining the other three segments.

Since the internal systems used to analyze performance and allocate resources also operate on a geographical basis, the Group also presents its segment reporting in terms of the following regions:

- France;
- Other countries in Europe;
- USA;
- Other countries in the Americas;
- Rest of the world.

The financial data presented for the purpose of segment reporting are subject to the same accounting rules as those applied when producing the Group financial statements.

AeroSafety

In this single-segment sector, the Group designs, develops, manufactures and markets:

- aircraft evacuation systems: evacuation slides for commercial aircraft, emergency floats for helicopters, etc.;
- parachute and protection systems for the military and civil ("sports" parachute) markets;
- emergency arresting systems: retractable systems, nets, mechanical brakes and fabric brakes for military applications;
- cellular cement arrestor beds for civil aviation applications;
- elastomer-based systems and technologies;
- electrical interconnect systems.

Aircraft Systems

In this single-segment sector, the Group designs, develops, manufactures and markets:

- aircraft electric power management systems;
- aircraft actuators, sensors and electric motors;
- aircraft on-board computers;
- aircraft and Formula 1 fuel systems;
- aircraft oxygen systems;
- aircraft hydraulic and control systems;
- water distribution and sanitary systems;
- IFEC systems;
- aerospace telemetry and telecommunication systems for aeronautic and space applications, for both defense and civil markets.

Aircraft Interiors

In this multi-segment sector, the Group designs, develops, manufactures and markets, mainly for the civil aviation market, throught three segments:

- passenger seats (first, business and economy classes), crew seats and airbags;
- cabin systems: complete cabin interiors, luggage stowage bins, class-separator partitions, sidewall panels, and cabin retrofit solutions especially for VIP-format wide-bodied aircraft;
- cabin equipment: refrigeration systems, trolleys, galleys, cargo containers, etc.

In terms of customer portfolio concentration, the Group has one customer with which it conducts business accounting for more than 10% of total Group revenue (€489.1 million from different business segments).

NOTE 2 – MANAGEMENT OF FINANCIAL RISKS

A) INTEREST RATE RISK

Financing for all Group subsidiaries is centralized. At Aug. 31, 2014 the Group's debt was primarily exposed to fluctuations in the Euribor.

The Group has set up interest rate swaps to hedge against fluctuations in interest rates:

1) 3-month Euribor, totaling €125 million at a rate of 0.37%, expiring July 29, 2016;

2) 6-month Euribor, totaling €270 million at a rate of 0.46%, expiring July 25, 2016;

3) 6-month Euribor, totaling €50 million at a rate of 1.11%, expiring July 25, 2018.

The fair value of the hedges used by the Group at August 31, 2014 was:

Swap	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of euros)			(in thousands of euros)
EUR	445,000	445,000	–	(2,932)

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

At August 31, 2014, the impact of this market value was recognized in equity in the amount of €2,932k.
On the basis of the current and non-current financial liabilities of €1,234 million at August 31, 2014 (see Note 21 – Financial liabilities), an interest rate fluctuation of 10 basis points over the past fiscal year would have generated financial expenses of:
- €1.0 million, excluding the effect of interest rate hedges;
- €0.6 million, including the effect of interest rate hedges.

B) CURRENCY RISK

1. Hedging

Virtually all the Group's exposure to currency risk in its business and manufacturing operations is in the form of exposure to the US dollar.

The instruments used by the Group at August 31, 2014 to hedge currency risks are:

Currency futures sold Currency 1/Currency 2	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of Currency 1)			(in thousands of euros)
USD/EUR	149,832 (2)	149,832	–	(2,062)
USD/GBP	29,750 (2)	30,706	–	464
USD/CAD	40,300 (2)	35,800	4,500	108
USD/CZK	19,090 (2)	16,790	2,300	(649)
EUR/GBP	1,300 (2)	1,300	–	1

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
(2) I.e. €180,439k.

Currency futures bought Currency 1/Currency 2	Nominal value	Within one year	Over one year	Fair value (1)
	(in thousands of Currency 1)			(in thousands of euros)
EUR/GBP	1,200 (2)	1,200	–	(2)
USD/EUR	440 (2)	440	–	(1)

(1) This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.
(2) I.e. €1,536k.

Statement of financial position value	Assets		Equity and liabilities	
(in thousands of euros)	Current	Non-current	Current	Non-current
Fair value hedges	721	–	2,763	–
Cash flow hedges	327	65	417	70

At August 31, 2014, cash flow hedges were put in place in the amount of:

- USD 27 million to hedge 34% of our net exposure to fluctuations in the USD/CAD exchange rate (sales revenue – purchases) estimated for the 2014/2015 fiscal year;
- USD 16.5 million to hedge 30% of our net exposure to fluctuations in the USD/CZK exchange rate (sales revenue – purchases) estimated for the 2014/2015 fiscal year.

The impact of the fair value of these hedges on equity amounted to a negative €128k at the fiscal year-end, of which €9k will not reach maturity for more than one year.

A 10-cent fluctuation in the dollar exchange rate against the main currencies used in the Group would have had an impact of €271 million on the sales revenue for the fiscal year.

The fluctuation primarily affects the euro/dollar exchange rate; the average transaction rate was 1.36 for the fiscal year, versus 1.28 for the preceding fiscal year.

A 10-cent fluctuation (from 1.36 to 1.46) in the dollar rate and from its cross exchange rates with the other currencies, for net transaction flows would have had a negative impact, excluding hedge, of €59 million on current operating income.

A 10-cent fluctuation (from 1.36 to 1.46) of the dollar conversion rate and from its cross exchange rates with the other currencies, would have had a negative impact on the order of €22 million on current operating income.

The impact of the currency hedges set up during fiscal year 2013/2014 (difference between the average monthly rate for the currencies and the spot rate for the hedges) on current operating income was a positive €2.4 million.

2. Exposure

The analysis of the Group's exposure to balance sheet exchange rate risks is based on the notional amounts of transactions denominated in a currency other than the reporting currency of the company concerned at the balance sheet date.

The only significant foreign currency used within the Group is the US dollar and the transactions involved are transactions against the EUR, GBP, THB, CAD, CZK, BRL and AUD.

(in millions of euros)	At August 31, 2014
Financial assets	382.1
Financial liabilities	177.3
Net exposure before hedging	204.8
Hedging derivatives	181.5
Net exposure after hedging	23.3

The analysis of the sensitivity of Group net income to the US dollar exchange rate risk measures the effect of a shift in the value of this currency on the net US dollar position.

At August 31, 2014, an increase of 10% in the fiscal year-end US dollar exchange rate with each of the currencies, based on the balance sheet exposure, would have increased Group net income by the amounts shown below. For the purposes of this analysis, all other variables, especially interest rates, have been assumed unchanged:

(in millions of euros)	At August 31, 2014
Impact on net income (1)	2.6

(1) Based on an average corporate income tax rate of 29%.

C) LIQUIDITY RISK

(in thousands of euros)	Carrying value at the balance sheet date	Not yet due and < 30 days overdue, not impaired	Overdue by more than 30 days and not impaired on the balance sheet date (number of days)					Overdue and impaired
			31-90	91-180	181-360	>361	Total	
Trade receivables at Aug. 31, 2013	738,435	634,066	65,066	18,796	7,746	6,461	98,069	6,300
Trade receivables at Aug. 31, 2014	897,394	790,671	62,460	30,012	9,810	2,804	105,086	1,637

The increase in trade receivables was 21.5% at the year-end rate.

At like-for-like exchange rate and consolidation scope, this is a 19.8% increase, against an 8% increase in organic sales revenue growth in the fourth quarter of 2013/2014 compared to the same quarter the previous fiscal year. This increase was higher than the rise in sales revenue and was mainly due to trade receivables not yet due for the Aircraft Systems Segment and Aircraft Interiors activities, primarily Seats.

The total amount of outstanding receivables from airlines rose by 28.5% at a constant rate.

Receivables from airlines represented 41.7% of all receivables at August 31, 2014, compared to 38.6% at August 31, 2013, at like-for-like consolidation scope.

The amount of receivables overdue by more than 30 days and not impaired at the balance sheet date shows a slight increase at like-for-like exchange rates and consolidation scope (up 6.3%).

Future cash flows related to financial liabilities

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Gross financial liabilities (in thousands of euros) (1)	(430,948)	(172,270)	(38,459)	(406,393)	(373,587)
Interest rate hedging derivatives (in thousands of euros) (2)	(1,131)	(1,131)	(411)	(411)	–
Trade payables (in thousands of euros)	(377,997)	(1,263)	–	–	–
Interest rate hedging derivatives – USD flows (in $ thousands)	(181,632)	(2,300)	–	–	–
Currency hedging derivatives – EUR flows (in € thousands)	97,847	–	–	–	–
Interest rate hedging derivatives – CAD flows (in C$ thousands)	14,053	–	–	–	–
Currency hedging derivatives – GBP flows (in £ thousands)	11,707	–	–	–	–
Currency hedging derivatives – CZK flows (in CZK thousands)	336,328	46,207	–	–	–

(1) Financial liabilities and interest flows based on an assumed constant interest rate of 3.00% throughout the period.

(2) Interest flows related to interest rate swaps against 3-month Euribor (variable rate estimated at 0.15 over the relevant period) and against 6-month Euribor (variable rate estimated at 0.30 over the relevant period).

NOTE 3 – SEGMENT REPORTING

A description of the Group's organizational structure, the factors used to identify its operating segments and the products and services supplied by those segments is contained in section AB of Note 1 – Accounting principles.

A – STATEMENT OF PROFIT AND LOSS ITEMS

NOTE 3.1 – BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT AND BY CUSTOMER LOCATION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	85,914	135,045	201,659	58,788	82,553	563,959
Aircraft Systems	335,702	249,543	287,083	57,851	171,702	1,101,881
Aircraft Interiors activities	65,819	329,428	737,070	294,181	799,271	2,225,769
TOTAL	**487,435**	**714,016**	**1,225,812**	**410,820**	**1,053,526**	**3,891,609**
At August 31, 2014						
AeroSafety	91,524	126,212	218,198	49,923	88,914	574,771
Aircraft Systems	367,103	360,267	337,209	66,875	165,998	1,297,452
Aircraft Interiors activities	50,483	391,469	751,088	299,113	810,136	2,302,289
TOTAL	**509,110**	**877,948**	**1,306,495**	**415,911**	**1,065,048**	**4,174,512**

NOTE 3.2 - BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT AND BY ASSET LOCATION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	188,074	30,644	273,919	38,404	32,918	563,959
Aircraft Systems	632,840	83,349	319,522	–	66,170	1,101,881
Aircraft Interiors activities	422,986	566,616	1,155,289	69,103	11,775	2,225,769
TOTAL	**1,243,900**	**680,609**	**1,748,730**	**107,507**	**110,863**	**3,891,609**
At August 31, 2014						
AeroSafety	189,567	34,440	281,013	27,545	42,204	574,769
Aircraft Systems	743,825	108,602	373,069	–	71,955	1,297,451
Aircraft Interiors activities	389,946	638,322	1,171,111	90,255	12,658	2,302,292
TOTAL	**1,323,338**	**781,364**	**1,825,193**	**117,800**	**126,817**	**4,174,512**

NOTE 3.3 - BREAKDOWN OF CONSOLIDATED SALES REVENUE BY SEGMENT WITH DETAIL OF INTER-SEGMENT REVENUE

(in thousands of euros)	Sales revenue including inter-segment	Inter-segment sales revenue	Consolidated sales revenue
At August 31, 2013			
AeroSafety	580,255	(16,296)	563,959
Aircraft Systems	1,156,834	(54,953)	1,101,881
Aircraft Interiors activities	2,230,560	(4,791)	2,225,769
TOTAL	**3,967,649**	**(76,040)**	**3,891,609**
At August 31, 2014			
AeroSafety	595,347	(20,578)	574,769
Aircraft Systems	1,356,289	(58,838)	1,297,451
Aircraft Interiors activities	2,399,777	(97,485)	2,302,292
TOTAL	**4,351,413**	**(176,901)**	**4,174,512**

NOTE 3.4 - CURRENT OPERATING INCOME BY SEGMENT AND BY ASSET LOCATION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	31,847	3,456	59,840	2,981	1,350	99,474
Aircraft Systems	92,231	17,866	57,416	(4)	2,673	170,182
Aircraft Interiors activities	74,279	95,773	140,368	13,563	6,557	330,540
Zodiac Aerospace	(15,681)	–	(192)	–	–	(15,873)
TOTAL	**182,676**	**117,095**	**257,432**	**16,540**	**10,580**	**584,323**
At August 31, 2014						
AeroSafety	33,133	5,231	68,663	1,068	3,912	112,007
Aircraft Systems	101,098	21,457	60,472	–	4,105	187,132
Aircraft Interiors activities	62,964	103,219	94,467	20,043	4,761	285,454
Zodiac Aerospace	(18,132)	–	(34)	–	–	(18,166)
TOTAL	**179,063**	**129,907**	**223,568**	**21,111**	**12,778**	**566,427**

NOTE 3.5 - NET INCOME BY SEGMENT

(in thousands of euros)	AeroSafety	Aircraft Systems	Aircraft Interiors activities	Zodiac Aerospace	Total
At August 31, 2013					
Net income	63,675	115,148	220,016	(28,111)	370,728
At August 31, 2014					
Net income	72,663	122,450	190,698	(32,208)	353,603

NOTE 3.6 - FINANCIAL INCOME BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	(958)	(50)	203	(192)	(462)	(1,459)
Aircraft Systems	(3,563)	304	(268)	(1)	(758)	(4,286)
Aircraft Interiors activities	1,003	(3,021)	(687)	(557)	(451)	(3,713)
Zodiac Aerospace	(18,798)	–	208	–	–	(18,590)
TOTAL	**(22,316)**	**(2,767)**	**(544)**	**(750)**	**(1,671)**	**(28,048)**
At August 31, 2014						
AeroSafety	(1,261)	(22)	245	(212)	(457)	(1,707)
Aircraft Systems	(3,607)	600	(558)	–	(637)	(4,202)
Aircraft Interiors activities	1,110	(661)	(800)	549	(643)	(445)
Zodiac Aerospace	(27,811)	–	406	–	–	(27,405)
TOTAL	**(31,569)**	**(83)**	**(707)**	**337**	**(1,737)**	**(33,759)**

NOTE 3.7 - INCOME TAXES BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	(10,934)	(493)	(21,232)	(592)	(182)	(33,433)
Aircraft Systems	(27,094)	(5,060)	(17,322)	–	(367)	(49,843)
Aircraft Interiors activities	(26,020)	(13,370)	(44,876)	(2,897)	(516)	(87,679)
Zodiac Aerospace	8,937	–	389	–	–	9,326
TOTAL	**(55,111)**	**(18,923)**	**(83,041)**	**(3,489)**	**(1,065)**	**(161,629)**
At August 31, 2014						
AeroSafety	(10,772)	(1,145)	(23,002)	(98)	(263)	(35,280)
Aircraft Systems	(28,479)	(6,010)	(18,565)	–	(907)	(53,961)
Aircraft Interiors activities	(23,106)	(21,150)	(30,977)	(5,086)	(195)	(80,514)
Zodiac Aerospace	16,432	–	(67)	–	–	16,365
TOTAL	**(45,925)**	**(28,305)**	**(72,611)**	**(5,184)**	**(1,365)**	**(153,390)**

B - STATEMENT OF FINANCIAL POSITION ITEMS

NOTE 3.8 - INTANGIBLE ASSETS AND GOODWILL BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	5,584	10,585	60,251	32,679	617	109,716
Aircraft Systems	551,048	3,149	242,822	–	10,249	807,268
Aircraft Interiors activities	45,597	617,158	539,130	3,000	382	1,205,267
Zodiac Aerospace	4,042	–	(15)	–	–	4,027
TOTAL	**606,271**	**630,892**	**842,188**	**35,679**	**11,248**	**2,126,278**
At August 31, 2014						
AeroSafety	5,380	11,334	63,114	31,315	2,784	113,927
Aircraft Systems	588,827	22,133	264,124	–	7,394	882,478
Aircraft Interiors activities	33,586	630,485	715,852	4,290	1,118	1,385,331
Zodiac Aerospace	16,687	–	(15)	–	–	16,672
TOTAL	**644,480**	**663,952**	**1,043,075**	**35,605**	**11,296**	**2,398,408**

NOTE 3.9 - INVENTORIES BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	46,348	2,682	47,593	9,500	11,283	117,406
Aircraft Systems	217,870	16,368	66,723	–	13,465	314,426
Aircraft Interiors activities	63,910	97,515	225,801	13,862	26,081	427,169
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**328,128**	**116,565**	**340,117**	**23,362**	**50,829**	**859,001**
At August 31, 2014						
AeroSafety	49,734	3,141	55,929	7,824	13,588	130,216
Aircraft Systems	206,791	24,521	76,676	–	13,730	321,718
Aircraft Interiors activities	85,317	98,013	326,250	14,965	31,783	556,328
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**341,842**	**125,675**	**458,855**	**22,789**	**59,101**	**1,008,262**

NOTE 3.10 - TRADE RECEIVABLES BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	38,759	4,559	60,665	5,223	4,857	114,063
Aircraft Systems	150,073	13,962	63,129	–	9,769	236,933
Aircraft Interiors activities	84,139	78,392	207,119	16,056	1,733	387,439
Zodiac Aerospace	–	–	–	–	–	–
TOTAL	**272,971**	**96,913**	**330,913**	**21,279**	**16,359**	**738,435**
At August 31, 2014						
AeroSafety	44,088	5,353	55,296	5,135	8,687	118,559
Aircraft Systems	192,456	15,432	67,329	–	12,549	287,766
Aircraft Interiors activities	105,460	96,196	270,962	15,773	2,656	491,047
Zodiac Aerospace	22	–	–	–	–	22
TOTAL	**342,026**	**116,981**	**393,587**	**20,908**	**23,892**	**897,394**

NOTE 3.11 - CURRENT AND NON-CURRENT PROVISIONS BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	16,869	166	7,581	192	101	24,909
Aircraft Systems	47,868	4,855	11,511	–	159	64,393
Aircraft Interiors activities	15,133	42,665	13,171	1,329	509	72,807
Zodiac Aerospace	2,817	–	79	–	–	2,896
TOTAL	**82,687**	**47,686**	**32,342**	**1,521**	**769**	**165,005**
At August 31, 2014						
AeroSafety	19,038	116	8,088	132	216	27,590
Aircraft Systems	49,634	5,497	14,824	–	185	70,140
Aircraft Interiors activities	20,229	61,810	19,893	1,910	1,107	104,949
Zodiac Aerospace	4,234	–	–	–	–	4,234
TOTAL	**93,135**	**67,423**	**42,805**	**2,042**	**1,508**	**206,913**

NOTE 3.12 - TRADE PAYABLES BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	12,547	1,207	9,481	2,751	2,471	28,457
Aircraft Systems	70,146	7,784	23,646	–	2,883	104,459
Aircraft Interiors activities	21,420	53,633	85,621	5,282	6,084	172,040
Zodiac Aerospace	8,037	–	–	–	–	8,037
TOTAL	**112,150**	**62,624**	**118,748**	**8,033**	**11,438**	**312,993**
At August 31, 2014						
AeroSafety	11,287	1,351	8,909	2,066	3,553	27,166
Aircraft Systems	79,441	8,950	23,701	–	2,928	115,020
Aircraft Interiors activities	25,807	58,179	134,882	4,235	7,055	230,158
Zodiac Aerospace	6,916	–	–	–	–	6,916
TOTAL	**123,451**	**68,480**	**167,492**	**6,301**	**13,536**	**379,260**

NOTE 3.13 - LIABILITIES TO EMPLOYEES AND PAYROLL LIABILITIES BY SEGMENT AND REGION

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At August 31, 2013						
AeroSafety	16,950	472	6,692	319	1,743	26,176
Aircraft Systems	59,326	3,909	10,969	–	1,710	75,914
Aircraft Interiors activities	16,144	14,459	31,806	4,263	2,126	68,798
Zodiac Aerospace	8,860	–	–	–	–	8,860
TOTAL	**101,280**	**18,840**	**49,467**	**4,582**	**5,579**	**179,748**
At August 31, 2014						
AeroSafety	18,752	507	7,304	236	2,054	28,853
Aircraft Systems	65,797	4,444	12,145	–	2,292	84,678
Aircraft Interiors activities	15,384	17,265	32,360	6,083	2,555	73,647
Zodiac Aerospace	8,503	–	–	–	5	8,508
TOTAL	**108,436**	**22,216**	**51,809**	**6,319**	**6,906**	**195,686**

NOTE 4 - REVENUE FROM ORDINARY ACTIVITIES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Sales of goods	3,890,724	3,644,607
Sales of services	283,788	247,002
Interest	1,510	1,299
Royalties	2,693	2,026
TOTAL	**4,178,715**	**3,894,934**

NOTE 5 - PERSONNEL COSTS

NOTE 5.1 - BREAKDOWN OF COSTS

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Payroll and fringe benefits (1)	1,200,846	1,101,737
Profit-sharing	12,840	13,589
Fair value of stock options and free shares	7,826	7,670
TOTAL	**1,221,512**	**1,122,996**

(1) Including €499k in social security charges related to stock options at August 31, 2014 and €472k at August 31, 2013.
The average workforce increased from 25,208 to 28,061, raising headcount by 11.3% and payroll by 9%.

NOTE 5.2 - SHARE-BASED PAYMENTS

1) Stock options

The Combined Meetings of Shareholders held on December 16, 2004, January 8, 2008, and January 10, 2011 authorized the Executive Board to award stock options to employees of Group companies, with the facility to make the awards on one or more occasions.

The main features of these plans are as follows (figures take the five-for-one share split into account):

Year of plan inception	Subscription price in euros	Exercisable until	Number of options not exercised at Aug. 31, 2014
Nov. 30, 2006	9.33	Nov. 30, 2014	195,490
Feb. 13, 2007	9.86	Feb. 13, 2015	10
Dec. 3, 2007	8.22	Dec. 3, 2015	229,095
Dec. 3, 2007	8.22	Dec. 3, 2015	670,620
Dec. 4, 2008	5.87	Dec. 4, 2016	206,125
Dec. 10, 2009	4.72	Dec. 10, 2017	369,040
Dec. 10, 2010	10.15	Dec. 10, 2018	635,100
Dec. 29, 2011	12.47	Dec. 29, 2019	447,475
Dec. 29, 2011	12.47	Dec. 29, 2019	309,950
May 13, 2013	18.91	May 13, 2021	540,940
Dec. 4, 2013	24.34	Dec. 4, 2021	529,875
TOTAL			**4,133,720**

The number of options granted during the fiscal year and their weighted average exercise price are shown below (figures take the five-for-one share split into account):

Number of options	2013/2014	2012/2013
At September 1	**4,602,755**	**5,663,360**
Issued	1,196,250	1,043,500
Canceled	(666,375)	(519,060)
Expired	(60,875)	(58,725)
Exercised	(938,035)	(1,526,320)
At August 31	**4,133,720**	**4,602,755**

Of the 1,196,250 options granted during this fiscal year, 656,375 were canceled following the allotment of free shares.

Of the remaining 539,875 options granted this fiscal year, half cannot be exercised before December 5, 2014 and the remaining half cannot be exercised before December 4, 2015. Due to certain beneficiaries leaving the Group after the allocation of these options, 10,000 options were canceled, resulting in a total of 529,875 outstanding options at August 31, 2014.

The shares issued from the exercise of these options must be held until at least December 4, 2016.

The exercise of stock options in fiscal year 2013/2014 resulted in the creation of the equivalent of 938,035 shares.

The 938,035 options exercised during fiscal year 2013/2014 resulted in the issue of 938,035 new shares between September 1, 2013 and August 31, 2014, at an average allocation price of €8.032.

	Options issued in December 2013 with an average life of 6 years
Fair value (1)	€5.51
Factors of the binomial evaluation model used:	
– share price on date of grant	€24.34
– option exercise price	€24.34
– estimated volatility	31.00%
– risk-free interest rate	1.39%
– estimated dividend yield	2.00%

(1) The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the share's par value took effect.

The expense recorded for the fiscal year in respect of stock options and free shares amounted to €7,826k, compared with €7,670k in fiscal year 2012/2013.

To these amounts, social security charges of €499k were added in the 2013/2014 fiscal year, and €472k in 2012/2013.

2) Free share allocation for beneficiaries of stock options (replacing part of the stock option grants)

Under the annual plan, 539,875 stock options, net of cancellations, and 219,025 free shares were awarded. For each beneficiary, apart from members of the Executive Committee (in which regard, see under "Compensation and benefits," Table 9 for stock option awards and Table 10 for free shares awards), up to 50% of the total portion may be vested subject to continuing employment at the end of two years, i.e. on December 4, 2015 (except in the event of death), plus a performance condition for 50% of the total portion.

The shares delivered are subject to a two-year retention period, which in this case means that they must be held until December 4, 2017.

Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above is 100% achieved, on average, over fiscal years 2013/2014 and 2014/2015. The number of shares vested is reduced if the target is only partially achieved and canceled if only 75% is achieved, on average, over fiscal years 2013/2014 and 2014/2015.

Between these two limits, a proportional number of shares is vested.

	Shares awarded in December 2013
Fair value [1]	€21.14
Factors of the Black & Scholes evaluation model used:	
– share price on date of grant	€24.34
– estimated volatility	20.00%
– risk-free interest rate	0.32%
– estimated dividend yield	2.00%

(1) The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the share's par value took effect.

3) Executive Board's Special Report on the award of stock options and free shares

The detailed report is available to shareholders at the General Meeting.

Information on stock options and/or free shares for corporate officers:

1. Stock options

Options expire after a period of eight years. They are awarded with no discount to the share price and a quarter of the whole award can be exercised from each successive anniversary of the award date.

The award is made every four years, except for awards to corporate officers joining the Company between two four-yearly awards.

The award is made during the first four months of the fiscal year and the award price is based on the average share price over the 20 trading days preceding the award date.

The beneficiaries of stock option plans can opt for free shares instead of the stock options awarded, at the rate of one free share for every three stock options.

No stock options were awarded to corporate officers in fiscal year 2013/2014.

Since August 31, 2014, corporate officers are no longer offered a choice between stock options and performance-based free shares; they are only awarded performance-based free shares, all of which are subject to a performance condition.

2. Award of performance-based free shares

Two conditions pertain to the award of performance-based free shares:
- presence;
- performance.

a. The condition of presence for the award of shares to corporate officers is two years following the award date (additional to this condition is a retention period of two years after the date of acquisition). These awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new corporate officers appointed between two four-yearly awards.

b. The performance condition applies to a percentage of the number of shares awarded, that amount being 100% of the award. The calculation formula for the performance target is identical for all beneficiaries. Shares are vested when the target, as defined in the variable compensation calculation, is 100% achieved on average over the fiscal year of the award and the following fiscal year. The number of shares vested is reduced if the target is only partially achieved and canceled if only 80% is achieved on average.

Between these two limits, a proportional number of shares is vested.

Information on stock options held by Group employees:
During the fiscal year, 201 employees who are not members of the Executive Committee were granted a total of 476,125 stock options (annual plan) and 164,855 free shares.

The 10 largest stock option awards totaled 164,000 options.

The 10 largest free share awards totaled 81,685 shares.

Excluding members of the Executive Committee, the 10 largest amounts of options exercised during the fiscal year totaled 74,465 options.

NOTE 6 – CHANGE IN INVENTORIES [1]

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Change in inventories recognized during the fiscal year [2]	138,332	78,694
Inventory impairment charge recognized during the fiscal year	(15,867)	(14,855)
Reversals of inventory impairment during the fiscal year	11,440	9,248
TOTAL	**133,905**	**73,087**

(1) Inventories of components, sub-assemblies, work in progress, goods and finished products.

(2) Changes in inventories of components and sub-assemblies are recognized under "Purchases used in production" in the statement of profit and loss.

The ratio of inventories to sales revenue was 23.6% at the end of August 2014, compared with 21.8% the previous fiscal year.

NOTE 7 – OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Gain/(loss) on sale of fixed assets	(549)	(620)
Restructuring costs	–	–
Other	(613)	(487)
TOTAL	**(1,162)**	**(1,107)**

NOTE 8 – NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Restructuring costs [1]	(4,516)	(968)
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	–	(150)
Impairment	–	–
Litigation	–	–
Amortization of intangible assets [2]	(17,069)	(21,104)
Cost of acquisition [3]	(3,002)	(2,973)
Other [4]	–	2,009
TOTAL	**(24,587)**	**(23,186)**

(1) At August 31, 2014, mainly constituted by restructuring the Parachutes and "Airbags" business, restructuring the production sites in Chihuahua (Mexico) and Magnolia (USA), and rationalizing the sales operations for train businesses (China) and services (China).

(2) Amortization of order books and customer portfolio measured as part of acquisitions.

(3) Acquisition costs of securities or assets for external growth transactions, pursuant to IFRS 3 (revised). At August 31, 2014, this amount relates to the acquisitions of Greenpoint Technologies, Pacific Precision Products and TriaGnoSys.

(4) At August 31, 2013, this amount includes the disposal of land in Niort (France).

NOTE 9 – COST OF NET DEBT

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Interest income	1,510	1,299
Foreign exchange gains/(losses)	(222)	(452)
Difference between spot and forward currency rates	240	(1,271)
Income/(expenses) related to cash and cash equivalents	**1,528**	**(424)**
Cost of gross debt	**(32,791)**	**(25,259)**
TOTAL	**(31,263)**	**(25,683)**

The cost of gross debt increased by €7.5 million.

Our average outstanding financing increased as a result of:

a) the acquisitions of TriaGnoSys, Pacific Precision Products and Greenpoint Technologies;

b) a €277-million increase in our working capital requirement. Excluding changes to consolidation, the working capital requirement to sales revenue ratio increased from 31% in August 2013 to 34.2% of sales revenue in August 2014.
The average cost of our loans stood at 2.45% for the period, compared with 2.07% in the previous fiscal year; the full cost of our financial resources (including various bank charges) was 2.71%, compared with 2.33% in the previous fiscal year. This increase is largely due to the use of fixed-rate private placement financing throughout the fiscal year.

NOTE 10 – OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Net charges to and reversals of provisions	–	(2)
Net accretion expense on pension obligations (net of returns)	(2,496)	(2,363)
TOTAL	**(2,496)**	**(2,365)**

NOTE 11 – TAXES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
1) Statement of financial position		
Deferred taxes:		
– Deferred tax assets	1,227	970
– Deferred tax liabilities	155,507	146,936
Net deferred taxes	**(154,280)**	**(145,966)**
Breakdown of net amount by category:		
– Employee benefits	45,255	36,521
– Depreciation of inventories, stocks and associated general expenditure	26,792	22,508
– Intercompany inventory profit	30,553	24,739
– Development costs	(135,153)	(116,426)
– Goodwill (1)	(147,494)	(133,481)
– Regulated provisions adjustments	(6,203)	(5,714)
– Other (2)	31,970	25,887
Net deferred taxes	**(154,280)**	**(145,966)**
2) Income statement		
Deferred taxes and taxes payable:		
– deferred taxes	(17,749)	(13,570)
– taxes payable	(135,641)	(148,059)
Taxes	**(153,390)**	**(161,629)**
3) Unrecognized tax credits or tax losses (3)	**11,078**	**12,250**

(1) Including deferred tax liabilities on fiscally amortizable goodwill.
(2) Including deferred tax assets of tax deficits.
(3) This amount includes €623k to be used by August 31, 2014.

EFFECTIVE TAX RATE

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Net income	**353,603**	**370,728**
Results of companies accounted for by the equity method	**(1,088)**	**(732)**
Income taxes	**(153,390)**	**(161,629)**
Pre-tax income	**508,081**	**533,089**
Tax rate[1]	**38.00%**	**36.10%**
Theoretical tax	(193,071)	(192,445)
Incidence of reduced-rate risk	34	189
Impact of tax rates in countries other than France	28,354	23,050
Tax credit on training	89	110
US manufacturing credit	3,807	4,753
Other [2]	7,397	2,714
Consolidated income tax	**(153,390)**	**(161,629)**
EFFECTIVE TAX RATE	**30.19%**	**30.32%**

(1) The exceptional contribution was raised from 5% to 10.7%, taking the tax rate to 38% for fiscal year 2013/2014.

(2) At August 31, 2014, this amount included the effect of the reduced income tax expense on the acquisition in December 2013 of free shares distributed by the (general and individualized) share plans in December 2011. This amount is based on the value of the free shares as calculated under IFRS 2.

NOTE 12 – EARNINGS PER SHARE

		Aug. 31, 2014	Aug. 31, 2013
Numerator (in thousands of euros):			
Net income attributable to equity holders of the parent company	(a)	354,413	370,913
Denominator:			
Weighted average number of shares for the fiscal year	(b)	274,441,344	272,246,435
Stock options and allocation of free shares		2,429,907	3,312,415
Diluted weighted average number of shares for the fiscal year	(c)	276,871,251	275,558,850
Net earnings per share (in euros)	**(a) / (b)**	**1.291**	**1.362**
Diluted net earnings per share (in euros)	**(a) / (c)**	**1.280**	**1.346**
Net earnings per share restated for IFRS 3 impact (in euros)		**1.345**	**1.427**
Diluted net earnings per share restated for IFRS 3 impact (in euros)		**1.333**	**1.410**

NOTE 13 – INTANGIBLE ASSETS AND GOODWILL

NOTE 13.1 - GOODWILL

(in thousands of euros)	Opening balance Aug. 31, 2013	Currency translation adjustments	Change in consolidation scope	Change	Impairment	Balance at Aug. 31, 2014
Gross	1,681,203	17,700	193,017	–	–	1,891,920
Impairment	112,453	158	–	–	–	112,611
Net goodwill	**1,568,750**	**17,542**	**193,017**	**–**	**–**	**1,779,309**

Net goodwill is broken down as follows:

(in millions of euros)	Aug. 31, 2014			Aug. 31, 2013
	Gross	Impairment	Net	Net
CGU: (1)				
AeroSafety	100.7	11.3	89.4	89.4
Aircraft Systems :				
- Aircraft (2)	440.7	40.0	400.7	359.2
- Technology	48.6	12.6	36.0	36.0
- Water and waste	144.4	23.9	120.5	122.5
- Entertainment	30.8	–	30.8	30.6
Aircraft Interiors :				
- Cabin & Structures (3)	524.5	–	524.5	370.8
- Seats	345.0	24.8	320.2	305.4
- Galleys & Equipment	257.2	–	257.2	254.9
TOTAL	**1,891.9**	**112.6**	**1,779.3**	**1,568.8**

(1) See definition in Note 1-X.
(2) At Aug. 31, 2014, the figures included goodwill for TriaGnoSys and Pacific Precision Products, companies acquired during the fiscal year.
(3) At Aug. 31, 2014, the figures included goodwill for Greenpoint Technologies, a company acquired during the fiscal year.

The impairment tests described in section X of Note 1 – Accounting principles have been applied.

The recoverable value of CGUs, which is equivalent to their value in use, is determined by applying:

- a discount rate corresponding to the weighted average cost of the Group's capital, which was 8.0% for all the CGUs, except for Zodiac Inflight Innovations (USA), for which a rate of 12% was applied, due to the rapid pace of technological developments in this field;
- cash flows determined on the basis of four-year plans. Beyond this period, flows are extrapolated by applying a forecast growth rate for the markets concerned, with the exception of "Airbags", which are subject to a zero rate. These cash flows come from business plans submitted to the Executive Board;
- aircraft manufacturer forecasts (where available) and forecasts from other external sources (e.g. passenger traffic forecasts);
- a fixed euro/dollar exchange rate of 1.30 for the entire period.

The sensitivity assessment was made on the basis of those key assumptions that exert the greatest influence on sensitivity:

- 0.10 change in the euro/dollar exchange rate;
- 0.5% change in the discount rate applied.

Taken separately or cumulatively, these changes in assumptions do not result in the recording of impairment losses.

Equally, separate application of the following assumptions does not result in any loss of value:

- the application of a euro/dollar exchange rate of 1.43 with a discount rate of 8.0% for the full period under consideration;
- the application of a discount rate of 10.2% on the basis of a euro/dollar exchange rate of 1.30.

NOTE 13.2 - INTANGIBLE ASSETS: GROSS

(in thousands of euros)	Balance at Aug. 31, 2013	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications	Balance at Aug. 31, 2014
Set up costs	101	–	–	–	–	–	101
Development costs [1]	394,749	595	–	71,432	(12)	–	466,764
Patents and registered trademarks	140,968	4,410	1,515	–	–	–	146,893
Software	63,411	254	140	6,884	(2,078)	5,953	74,564
Certifications and other	129,241	4,200	17,531	3,715	–	(3,306)	151,381
TOTAL	**728,470**	**9,459**	**19,186**	**82,031**	**(2,090)**	**2,647**	**839,703**

(1) Costs incurred essentially in respect of the A350, B787, CSeries, A400M, G8000, A380 and SMS Falcon programs. The development costs maintained in operating income after capitalization and invoicing to customers, and not including amortization of capitalized development costs, amounted to €204.4 million in fiscal year 2013/2014, compared to €198.3 million in fiscal year 2012/2013, representing a change of 3.0%, and -0.5% at like-for-like consolidation scope, as the result of an increased effort in our self-financed development programs, particularly in the Aircraft Systems Segment.

NOTE 13.3 - INTANGIBLE ASSETS: AMORTIZATION

(in thousands of euros)	Balance at Aug. 31, 2013	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications	Balance at Aug. 31, 2014
Set-up costs	101	–	–	–	–	–	101
Development costs [1]	67,954	231	–	21,326	(11)	–	89,500
Patents and registered trademarks	9,114	50	53	518	–	–	9,735
Software	48,217	188	76	7,587	(2,068)	3,412	57,412
Certifications and other	45,556	1,773	336	17,289	–	(1,098)	63,856
TOTAL	**170,942**	**2,242**	**465**	**46,720**	**(2,079)**	**2,314**	**220,604**
Net amount of intangible assets	**557,528**	**7,217**	**18,721**	**35,310**	**(10)**	**333**	**619,099**

(1) Amortizations applied primarily to the B787, A380, A400M and A350 programs.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

As at August 31, 2014, the following two buildings were classified as "Assets held for sale":

a) for a net amount of €579k, an AeroSafety Segment production building at Liberty (USA), which was closed in 2009/2010. Potential purchasers have been identified for this building;

b) for a net amount of €782k, an Aircraft Systems Segment production building at Rockford (USA), which was closed in 2009/2010. A potential purchaser has been identified for this building and negotiations were in process at the year-end;

c) In addition to these two buildings, a deed of sale has been concluded for the year ended August 31, 2014 for a building owned by the Aircraft Systems Segment near Paris, for which a sale process has begun and a buyer identified, with whom a promise to sell has been drawn up for the year ended August 31, 2014. The net asset value of the building is €8,400k.

There is no liability or equity-related item relating to these assets.

NOTE 14.1 - PROPERTY, PLANT AND EQUIPMENT: GROSS

(in thousands of euros)	Balance at Aug. 31, 2013	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications [1]	Balance at Aug. 31, 2014
Land and land development	19,407	39	–	474	(7)	2	19,915
Buildings and improvements	264,461	1,301	6,046	24,902	(5,526)	(6,190)	284,994
Equipment, furnishings, fixtures and other	655,033	3,626	18,538	57,504	(25,210)	10,292	719,783
Assets under construction	32,972	299	19	30,309	(49)	(20,464)	43,086
TOTAL	**971,873**	**5,265**	**24,603**	**113,189**	**(30,792)**	**(16,360)**	**1,067,778**

(1) Of which €13,557k represents the reclassification of the Aircraft Systems Segment building as an asset held for sale.

NOTE 14.2 - PROPERTY, PLANT AND EQUIPMENT: DEPRECIATION

(in thousands of euros)	Balance at Aug. 31, 2013	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassi-fications [1]	Balance at Aug. 31, 2014
Land and land development	1,811	5	–	86	(7)	–	1,895
Buildings and improvements	142,406	545	1,217	12,366	(5,235)	(3,624)	147,675
Equipment, furnishings, fixtures and other	482,567	2,742	12,093	52,675	(24,243)	(3,867)	521,967
TOTAL	**626,784**	**3,292**	**13,310**	**65,127**	**(29,485)**	**(7,491)**	**671,537**
Net amount of property, plant and equipment	**345,089**	**1,973**	**11,293**	**48,063**	**(1,308)**	**(8,869)**	**396,241**

(1) Of which €5,158k represents the reclassification of the Aircraft Systems Segment building as an asset held for sale.

FINANCE LEASES

Property, plant and equipment include the following leased assets:

(in thousands of euros)	Aug. 31, 2014
Equipment, furnishings, fixtures and other	
Gross amount	1,716
Accumulated amortizations	1,716
Net carrying amount	**–**
Due within 1 year	–
Due in 1 to 5 years	–
Due in more than 5 years	–
Future minimum payments	**–**

NOTE 15 – INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

These include equity investments made by the Zodiac Aerospace Group in a number of non-consolidated companies.

NOTE 16 – OTHER NON-CURRENT FINANCIAL ASSETS

The other non-current financial assets, recognized on the statement of financial position in the amount of €14,075k, are comprised primarily of the following:

- an account remunerated at the EONIA rate totaling €5,501k; [1]
- financial instruments totaling €65k;
- the remaining balance is composed essentially of deposits and guarantees.

(1) Cash amounts representing the unused balance at August 31, 2014 of the total amount made available to the service provider to buy shares in the Group.

NOTE 17 – INVENTORIES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Components and sub-assemblies	614,200	528,638
Work in progress	289,955	251,197
Finished products	243,296	214,090
Gross total	**1,147,451**	**993,925**
Provisions for impairment	**139,189**	**134,924**
TOTAL	**1,008,262**	**859,001**

No inventory items have been offered as collateral for liabilities.

NOTE 18 – OTHER CURRENT ASSETS

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Other payables	5,957	3,069
Prepaid expenses	24,513	17,593
TOTAL	**30,470**	**20,662**

NOTE 19 – CASH

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Cash and cash equivalents (1)	**166,731**	**156,840**
Current financial liabilities	(393,414)	(92,005)
Commercial paper and other lines of short-term credit	381,000	73,000
Current portion of long-term loans and reimbursable advances	1,353	885
Bank borrowings	**(11,061)**	**(18,120)**
NET CASH	**155,670**	**138,720**

(1) The “Cash and cash equivalents” item is composed solely of bank account balances. There is no instrument that is considered by the Group as a cash equivalent. Moreover, the Group has no cash balances subject to restrictions.

NOTE 20 – CAPITAL

	Number of shares (in thousands)	Ordinary shares (in thousands of euros)	Share premium (in thousands of euros)	Total (in thousands of euros)
At August 31, 2012	**57,126**	**11,425**	**113,929**	**125,354**
Premium-related costs	–	–	–	–
Options exercised	305	61	11,265	11,326
Dividends	–	–	–	–
At August 31, 2013	**57,431**	**11,486**	**125,194**	**136,680**
Division of the par value by 5	**287,155**			
At August 31, 2013 after division of the par value	**287,155**	**11,486**	**125,194**	**136,680**
Premium-related costs	–	–	–	–
Options exercised	1,279	51	7,988	8,039
Dividends	–	–	–	–
At August 31, 2014 (1)	**288,434**	**11,537**	**133,182**	**144,719**

(1) Including, at August 31, 2014, 13,155,000 treasury shares representing 4.5% of the capital.

NOTE 21 – FINANCIAL LIABILITIES

NOTE 21.1 - BREAKDOWN OF FINANCIAL LIABILITIES

(in thousands of euros)	Interest rate (1)	Maturity	Aug. 31, 2014	Aug. 31, 2013
A. Non-current financial liabilities				
Confirmed "Club Deal" (EUR)	0.841	(3)	140,000	200,000
Confirmed "Club Deal" (GBP)	1.220	(3)	24,078	30,306
Euro PP (EUR)	2.901	(4)	125,000	125,000
Schuldschein (EUR)	2.569	(4)	535,000	535,000
Loan costs			(7,167)	(4,654)
Other borrowings and unconfirmed credit non-current portion	NS	(5)	23,663	22,945
Total (2)			**840,574**	**908,597**
B. Current financial liabilities				
Commercial paper (EUR)	0.399		381,000	73,000
Confirmed "Club Deal" (EUR)			–	–
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	NS	(6)	12,414	19,005
Total	**–**		**393,414**	**92,005**
Current and non-current financial liabilities	**–**		**1,233,988**	**1,000,602**

(1) Average interest rate for the fiscal year, excluding amortization of loan arrangement fees.
(2) Maturities and breakdown of loans and confirmed lines of credit by currency (equivalents in thousands of euros at August 31, 2014):

2015/2016	134,737	Euro	815,487
2016/2017	925	US dollar	1,009
2017/2018	368,859	Canadian dollar	–
After 2018	336,053	Pound sterling	24,078

(3) On March 14, 2014, the Group set up a new "Club Deal" in the amount of €1,030 million for a period of five years, renewable for an additional year at the request of Zodiac Aerospace for each of the following two years. The initial maturity date of March 14, 2019 may be delayed to March 14, 2020.
(4) In July 2013, Zodiac Aerospace set up a new financing arrangement in the form of "Private Placements":
a) A Schuldschein in the amount of €535 million in three tranches:
- a 3-year maturity, maturing on July 25, 2016, totaling €133 million;
- a 5-year maturity, maturing on July 25, 2018, totaling €243 million;
- a 7-year maturity, maturing on July 27, 2020, totaling €159 million.
b) A Euro PP in the amount of €125 million, with a 5-year maturity, maturing on July 22, 2018.
(5) Mainly after 2016.
(6) One to three months, renewable.

NOTE 21.2 - COVENANTS

The Group is only bound by one bank covenant, common to the "Club Deal" and "Private Placements," which is the ratio of net debt to EBITDA, as defined in the loan agreements. This ratio must be 3.00 or less on August 31, 2014 and at the close of the subsequent fiscal years. The covenant was met at August 31, 2014.

NOTE 22 – PROVISIONS

(in thousands of euros)	Amount at August 31, 2013 (1)	Currency translation adjustments	Change in consolidation scope (2)	Changes during the fiscal year: Charges	Reversals (provisions used)	Reversals (provisions unused)	Reclassi-fications	Discount rate (3)	Balance at Aug. 31, 2014
Pension plans and lump-sum retirement benefits	81,248	963	30	6,564	(3,708)	–	(555)	20,435	104,977
Other	7,693	5	–	1,652	(41)	(1)	306	–	9,614
Total non-current	**88,941**	**968**	**30**	**8,216**	**(3,749)**	**(1)**	**(249)**	**20,435**	**114,591**
Guarantees	48,029	332	246	13,080	(6,481)	(3,904)	(75)	–	51,227
Litigation and insurance deductibles	9,851	242	40	6,308	(3,611)	(73)	(1,386)	–	11,371
Restructuring and diversification	1,408	4	–	163	(586)	(172)	–	–	818
Taxes other than income taxes	2,344	(19)	–	4	(815)	–	–	–	1,514
Miscellaneous (4)	14,432	454	1,425	16,005	(7,721)	(2,923)	5,721	–	27,393
Total current	**76,064**	**1,013**	**1,711**	**35,560**	**(19,214)**	**(7,072)**	**4,260**	**–**	**92,322**
TOTAL	**165,005**	**1,981**	**1,741**	**43,776**	**(22,963)**	**(7,073)**	**4,010**	**20,435**	**206,913**

(1) Pursuant to IAS 19 (revised), the Group recognized a provision for pension plans and lump-sum retirement payments of €28,952k and the related deferred tax assets of €10,218k. These deferred tax assets are deducted from the deferred tax liabilities by offsetting the tax groups' deferred assets and liabilities pursuant to IAS 12. The net impact of €18,734k is recognized in equity.
(2) The change in consolidation scope corresponds to the entry of Greenpoint Technologies and TriaGnoSys.
(3) Pursuant to IAS 19 (revised).
(4) Miscellaneous current provisions relate mainly to provisions for losses on completion and penalties on various commercial agreements.

PROVISIONS FOR EMPLOYEE BENEFITS – POST-EMPLOYMENT BENEFITS:

1. DEFINED-CONTRIBUTION PENSION AND MEDICAL INSURANCE PLANS

All the Group's French employees are covered by defined-contribution plans. These plans are managed by the Government. The Group's only obligation is to make the contributions required to finance these benefits, which are calculated as a percentage of salaries paid.

The annual expense for the defined-contribution retirement plans was €64.3 million in fiscal year 2013/2014, compared with €56 million for 2012/2013.

2. DEFINED-BENEFIT PENSION AND MEDICAL INSURANCE PLANS

The best estimate of the contributions to be paid into the plan for fiscal year 2014/2015 is €5.2 million based on the statutory retirement age of the employees concerned.

2.1 France

In accordance with the law and the applicable collective bargaining agreements, the Group is required to pay lump-sum retirement benefits to its French employees in the form of a one-time payment due when the employee retires. Under these plans, employees receive retirement benefits when they reach the statutory retirement age. The Group does not fund these commitments in advance.

The present value of the pension obligation, the service cost over the period and past service costs have been calculated using the Projected Unit Credit Method (see section U of Note 1 – Accounting principles). The Group has adopted the following main actuarial assumptions:

Assumption range	2013/2014	2012/2013
Discount rate	1.86%	3.14%
Estimated future increase in salaries	3.0%	3.0%
Employee turnover rate	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.	< 30 years = 2.11% p.a. 30-53 years = between 0.23% and 5.55% p.a. > 53 years = 0.69% p.a.
Retirement age	60 to 62 years.	60 to 62 years.

The mortality table used is the INSEE TD-TV 09-11 table.
The discount rate used is based on iBoxx AA 10+.

2.2 United States

The Group has only two defined-benefit plans in place: one at Air Cruisers and the other at Avox Systems, both of which were "frozen" prior to August 31, 2009.

Under these plans, employees receive retirement benefits when they reach an age between 60 and 65 years. The Group is bound by obligations to finance these plans.

The present value of the pension obligation, the service cost over the period and past service costs have been calculated using the Projected Unit Credit Method (see section U of Note 1 – Accounting principles).

The most recent actuarial valuations of the plan assets and of the present value of the pension obligations were carried out on the dates and by the actuarial firms shown below:

Subsidiary	Date of most recent valuation	Actuarial firm
Air Cruisers Systems	Sept. 25, 2014	New York Life Retirement Plan Services
Avox Systems	Sept. 24, 2014	Burke Group

The main actuarial assumptions used for the plans are:

Assumption range	2013/2014	2012/2013
Discount rate	4.55%	3.55%

These assets were invested as follows:

- for Air Cruisers, 60% in equities and 40% in bonds;
- for Avox Systems, 65% in equities, 28% in bonds, and 7% in real estate income and other investments.

The fair value of the funds of the financed plans, at the balance sheet date, can be broken down as follows: €13,350k in equities, €7,657k in bonds and €567k in real estate income and other investments.

2.3 Germany

The Group maintains an ongoing defined-benefit plan for Sell GmbH valued at €32,701k. Plan membership includes 1,642 active employees, 52 employees taking early retirement, 278 retired employees and 88 widows and widowers.

Only those employees with more than five years' service are eligible for this defined-benefit plan, a qualification which currently applies to 61% of those covered by pension provision.

The actuarial method applied is the Projected Unit Credit Method (cf. section U of Note 1 – Accounting principles). The discount rate applied for the fiscal year 2013/2014 is 1.86% with an assumed salary increase of 3%.

The plan uses the following main actuarial assumptions:

Assumption range	2013/2014	2012/2013
Discount rate	1.86%	3.14%

3. CHANGE IN THE FINANCIAL POSITION OF DEFINED-BENEFIT PLANS

The amounts at August 31, 2013 were adjusted as mentioned in section C of Note 1 – Accounting principles and may be different from those presented in previously published financial statements.

3.1 Net pension charge recognized in the statement of profit and loss

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Cost of services provided	4,266	3,525
Interest expense on the obligation	3,476	3,099
Interest income on plan assets	(807)	(657)
Actuarial gains and losses	–	–
Cost of services provided	(8)	196
Plan settlements	–	–
Plan curtailments	–	–
TOTAL CHARGE FOR THE FISCAL YEAR	**6,927**	**6,163**

3.2 Reconciliation of the amount recognized in the statement of financial position

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Actuarial liability arising on funded plans	29,906	26,807
Fair value of funded plans [1]	(21,574)	(19,779)
Deficit (surplus) on funded plans	**8,332**	**7,028**
Actuarial liability arising on non-funded plans	96,645	74,220
Unrecognized actuarial gains and losses	–	–
Cost of unrecognized services provided	–	–
Cap on contingent assets	–	–
PROVISIONED IN THE STATEMENT OF FINANCIAL POSITION	**104,977**	**81,248**

(1) See table 3.4 below for a detailed breakdown.

3.3 Change in the actuarial liability of funded and non-funded plans

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Actuarial liability at the start of the fiscal year	**100,824**	**100,931**
Cost of services provided during the period	4,266	3,525
Interest expense	3,476	3,099
Actuarial gains and losses based on experience	10,665	(2,575)
Actuarial gains and losses based on changes in demographic assumptions	378	3,197
Actuarial gains and losses based on changes in financial assumptions	11,606	(3,948)
Currency translation adjustments	201	(325)
Benefits paid	(4,678)	(4,361)
Cost of services provided	(8)	196
Plan settlement	–	–
Change in consolidation scope and other influences	(179)	1,085
ACTUARIAL LIABILITY AT THE END OF THE FISCAL YEAR [1]	**126,551**	**100,824**

(1) Includes €29,906k for funded plans and €96,645k for unfunded plans.

3.4 Change in the fair value of the funds underlying funded plans

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Fair value at the start of the fiscal year	**(19,779)**	**(18,914)**
Interest income on plan assets	(807)	(657)
Actuarial gains and losses based on experience	246	(3)
Actuarial gains and losses based on changes in demographic assumptions	–	–
Actuarial gains and losses based on changes in financial assumptions	(2,009)	(1,150)
Employer contributions and benefits paid	898	722
Currency translation adjustments	(123)	223
FAIR VALUE AT THE END OF THE FISCAL YEAR	**(21,574)**	**(19,779)**

NOTE 23 – OTHER CURRENT LIABILITIES

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Other payables [1]	48,261	38,089
Trade payables [2]	143,533	76,358
Deferred income	52,256	90,755
TOTAL	**244,050**	**205,202**

(1) This amount includes €300k to recognize the price payable under the promise to buy out the 43% minority interest in the company MTA Plateforme d'Essais.
(2) Including €64,458k related to the change in consolidation scope at August 31, 2014.

NOTE 24 – OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

NOTE 24.1 - OFF-BALANCE SHEET COMMITMENTS

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
Commitments given		
Long-term rentals [1] [2]	188,728	177,758
Actuarial gains and losses and past service costs on retirement benefit obligations [3]	–	18,752
Other guarantees given [4]	12,653	12,651
Collateral	–	–
Commitments received under contracts	**284**	**297**

(1) This amount includes commitments on revocable and irrevocable leases.
(2) The variance between fiscal years includes a positive €2.3 million relating to exchange rate fluctuations.
(3) Pursuant to IAS 19 (revised), actuarial gains and losses and past service cost on pension liabilities, net of the corresponding deferred tax, are recognized on the consolidated statement of financial position as of September 1, 2013.
(4) Including a €1,316k guarantee issued by Zodiac Aerospace in favor of the Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our subsidiary Esco to underwrite fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft). The total usable guarantee issued by Zodiac Aerospace in this respect is $10 million.

N.B.: Zodiac Aerospace has also:

- provided a guarantee in favor of the Federal Insurance Company (CHUBB) for up to $10 million to counter-guarantee the performance bonds issued by the Federal Insurance Company to certain customers of our subsidiary Esco to underwrite the fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft);
- provided a guarantee registered with the Amsterdam commercial court to cover the consolidated debts of the Driessen group holding company and its Dutch subsidiaries to avoid the need to prepare and submit locally consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  - in August 2009, in favor of Cathay Pacific, on behalf of Zodiac Seats France, expiring December 31, 2016;
  - in November 2010, in favor of Cathay Pacific, on behalf of Zodiac Seats US, expiring December 31, 2015;
  - in January 2011, in favor of American Airlines, on behalf of Zodiac Seats US and C&D Zodiac Inc. (USA), expiring December 31, 2015.

Operating lease commitments

(in thousands of euros)	Aug. 31, 2014	Aug. 31, 2013
– Within 1 year	37,662	32,746
– 1 to 5 years	95,057	85,109
– Over 5 years	56,009	59,903
Minimum payments	188,728	177,758

NOTE 24.2 - CONTINGENT ASSETS AND LIABILITIES

One contingent liability has been identified.

This concerns litigation relating to a chemical pollution incident identified subsequent to the Group's acquisition of a US company. The cause of the pollution dates from a time prior to the date of acquisition. The financial consequences of this pollution are covered under the terms of a contractual guarantee made by the vendor to the Zodiac Aerospace Group. This guarantee was assumed by the successor to the vendor.

In March 2009, the Group learned of the successor's bankruptcy, and was advised by its lawyers that, as a result of this eventuality, there was a contingent risk liability that could pass to the Zodiac Aerospace Group.

If this liability were to pass to our Group, estimates suggest that our US subsidiary would be liable to meet approximately 0.10% of the clean-up costs involved. The uncertainty regarding the transfer of liability to the Zodiac Aerospace Group and the estimated total cost of cleaning up the polluted area means that it is not currently feasible to determine whether or not these circumstances will result in a cash outflow, or how much cash would be involved should this prove to be the case.

Recent court decisions in the context of this litigation lead us to estimate that the risk associated with this liability is considerably reduced, although not entirely extinguished.

NOTE 25 – RELATED PARTIES

1.1 RELATION WITH SUBSIDIARIES AND AFFILIATES

The Group issued no invoices for fiscal year 2013/2014.

1.2 TRANSACTIONS WITH CORPORATE OFFICERS

a) Salaries and benefits [1]

(in euros)	Fixed	Variable [2]	Benefits in kind	Total
TOTAL [3]	**992,000**	**403,546**	**18,771**	**1,414,317**

(1) Members of the Executive Board do not receive any compensation or benefit of any kind from controlled companies within the meaning of Article L. 233-16 of the French Commercial Code.

(2) The variable compensation paid for fiscal year 2013/2014 amounted to 40.68% of the fixed compensation.

(3) A breakdown of this total is provided in the "Compensation and benefits" chapter.

b) Stock options and free shares

	Total	
	Plan 07b	Plan 2011
1. Stock options:		
Options outstanding at August 31, 2013	326,600	160,000
Awards for the fiscal year	–	–
Options exercised in 2013/2014	257,380	–
Unexercised options at August 31, 2014	69,220	160,000
Exercise price (in euros)	8.22	12.47
Expiration date	Dec. 3, 2015	Dec. 29, 2019
2. Free shares: [1]		
Shares in vesting period at August 31, 2013	–	346,670
Date of right to purchase	–	Dec. 29, 2013
Shares vested at August 31, 2014	–	346,670
Shares pending vesting at August 31, 2014	–	–

(1) All the free shares allotted to corporate officers are subject to a performance condition, a two-year continuing employment condition from the grant date, i.e. until December 29, 2013, and a retention condition until December 29, 2015.

Subject to the performance condition, the shares are vested if the target defined in the variable compensation calculation above is 100% achieved, on average, over the fiscal year of the award and the following fiscal year. The number of shares vested is reduced if the target is only partially achieved and canceled if only 80% is achieved on average. The number of shares vested in this case is proportional between these two limits.

1.3 COMPENSATION OF EXECUTIVE COMMITTEE MEMBERS

a) Compensation

There were eleven members of the Executive Committee in fiscal year 2013/2014, the same number as in fiscal year 2012/2013.

Their total compensation paid for fiscal year 2013/2014 amounted to € 3,329k fixed and €2,351 k variable, plus €87k benefits in kind, for a total of €5,767k, including compensation for members of the Executive Board (details of which appear in the "Compensation and benefits" chapter, Note B.1 a) and b)). In the previous fiscal year, total compensation amounted to €3,212k fixed and €2,053k variable, plus €76k benefits in kind, for a total of €5,341 k.

In addition to their fixed salary, Members of the Executive Committee who are not corporate officers benefit from a variable portion payable for fiscal year "n." Depending on the functions exercised, this is based on a target:

- determined using an identical formula to that applicable to corporate officers who are members of the Executive Committee,
- or, determined according to a formula constituted of components with a "different weighting":

- (A) Average of the current operating income for fiscal year "n -1" and the budget for "n," calculated using the same conversion and transaction rate (for currencies other than the euro) for actual year "n -1" and budget "n";
- (B) Percentage reduction of the working capital requirement between fiscal year "n -1" and fiscal year "n";
- (C) Actual working capital requirement/sales revenue ratio lower than or equal to the working capital requirement/sales revenue ratio of the Group overall;
- (D) Achievement of an "on-time delivery" rate to customers.

The formula is therefore:
Target "n": (70% (A) + 15% (B) + 15% (C)) x achievement factor (D).

For the calculation of actual "n", the same conversion and/or transaction rate for currencies other than the euro is used.

This variable portion is a maximum of 100% of the fixed compensation if the target is:

- 120% achieved for beneficiaries of the identical formula to that of the corporate officers, and for these beneficiaries the variable portion is 0% if under 80% of the target is achieved;
- 125% achieved for beneficiaries of the four-component formula; for these beneficiaries, the variable portion is zero if under 75% of the target is achieved.

In both cases, the amount is proportional between these limits.

b) Stock options and free shares

During the fiscal year, Executive Committee members who were not members of the Committee during the last multi-year award (for a period of four years) were granted a total of 63,750 stock options and a total of 54,170 performance-based free shares with a vesting date of December 4, 2015 and a negotiability date of December 4, 2017. These were all on an annualized basis.

NOTE 26 – POST YEAR-END EVENTS

There were no material post year-end events.

NOTE 27 – LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2014

Fully consolidated companies	Country	Group's % interest
Zodiac Aerospace	France	Parent company
Aerodesign de Mexico SA	Mexico	100.00
Air Cruisers Company LLC	USA	100.00
Amfuel	USA	100.00
Avox Systems	USA	100.00
Base2	USA	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc.	USA	100.00
Cantwell Cullen & Company Inc.	Canada	100.00
Combat Critical Care	USA	100.00
Driessen Aerospace Group NV	The Netherlands	100.00
Driessen Aircargo Equipment USA, Inc.	USA	100.00
Driessen Aircraft Interior Systems, Inc.	USA	100.00
Driessen Aircraft Interior Systems USA, Inc.	USA	100.00
Driessen Services Bahrein	United Arab Emirates	51.00
E Dyer Engineering Ltd	UK	100.00
Engineered Arresting Systems Corp.	USA	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shanghai ETC	China	100.00
Greenpoint Aerospace Inc.	USA	100.00
Greenpoint Air Leasing	USA	100.00
Greenpoint Products & Services Inc.	USA	100.00
Greenpoint Technologies Inc.	USA	100.00
Heath Tecna	USA	100.00
Icore International Inc.	USA	100.00
Icore International Ltd	UK	100.00
IDD Aerospace Corp.	USA	100.00
Immobilière Galli	France	100.00
Innovative Power Solutions LLC	USA	100.00
IN Services & Al Rumaithy Estab. (Middle East) LLC	United Arab Emirates	49.00
IN Services Asia	Hong Kong	100.00
Mag Aerospace Industries Inc.	USA	100.00
Monogram Train LLC	USA	100.00
MTA Plateforme d'Essais	France	57.00
Northwest Aerospace Technologies	USA	100.00
Odyssey Aerospace Components – Cabinet Shop	USA	100.00
Odyssey Aerospace Components – Machine Shop	USA	100.00
Pacific Precision Products	USA	100.00
Parachutes Industries of Southern Africa PTY (PISA)	South Africa	100.00
Pioneer Aerospace Corp.	USA	100.00
Sell GmbH	Germany	100.00
Sell Services Germany GmbH	Germany	100.00
Sicma Aero Seat Services	USA	100.00
Société Marocaine de Décolletage Industriel	Morocco	100.00
The Richards Corp.	USA	100.00
TriaGnoSys GmbH	Germany	100.00
Zodiac Actuation Systems (1)	France	100.00
Zodiac Aero Duct Systems	France	100.00
Zodiac Aero Electric (2)	France	100.00
Zodiac Aerosafety Systems (3)	France	100.00
Zodiac Aerospace Australia PTY Ltd	Australia	100.00
Zodiac Aerospace Germany Investment GmbH (4)	Germany	100.00
Zodiac Aerospace Holding Australia PTY Ltd	Australia	100.00
Zodiac Aerospace Information Systems	France	100.00
Zodiac Aerospace (Jiangsu) Co., Ltd	China	51.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Services Asia (5)	Singapore	100.00
Zodiac Aerospace Services Europe (6)	France	100.00
Zodiac Aerospace Services Middle East DWC LLC	United Arab Emirates	100.00
Zodiac Aerospace Services UK Ltd (7)	UK	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Investment Ltd	UK	100.00
Zodiac Aerotechnics (8)	France	100.00
Zodiac Aircargo Equipment BV (9)	The Netherlands	100.00
Zodiac Aircargo Equipment Ltd (10)	Thailand	100.00
Zodiac Aircatering Europe BV (11)	The Netherlands	100.00
Zodiac Aircatering Equipment (Thailand) Ltd (12)	Thailand	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Cabin & Structure Support	USA	100.00

(1) Formerly Precilec.
(2) Formerly ECE.
(3) Formerly Aérazur.
(4) Formerly Sell Holding Germany GmbH.
(5) Formerly Zodiac Services Asia.
(6) Formerly Zodiac Services Europe.
(7) Formerly Zodiac Aerospace UK Ltd.
(8) Formerly Intertechnique.
(9) Formerly Aircargo Equipment BV.
(10) Formerly Driessen Aircargo Equipment Ltd.
(11) Formerly Driessen Aircraft Interior Systems (Europe) BV.
(12) Formerly Driessen Aircraft Interior Systems (Thailand) Ltd.

Fully consolidated companies	Country	Group's % interest
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Cabin Interiors Europe (13)	France	100.00
Zodiac Coating (14)	France	100.00
Zodiac Composite Monuments Tunisie	Tunisia	100.00
Zodiac Data Systems	France	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc.	USA	100.00
Zodiac Data Systems Investment (15)	France	100.00
Zodiac Data Systems Ltd	UK	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie	Tunisia	100.00
Zodiac Fal Support France SARL (16)	France	100.00
Zodiac Fluid Equipment (17)	France	100.00
Zodiac Galleys Europe SRO (18)	Czech Republic	100.00
Zodiac Hydraulics (19)	France	100.00
Zodiac Inflight Innovations	USA	100.00
Zodiac Inflight Innovations FR (20)	France	100.00
Zodiac Seats California	USA	100.00
Zodiac Seats France	France	100.00
Zodiac Seats Services Middle East	United Arab Emirates	100.00
Zodiac Seat Shells US LLC	USA	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Seats UK Ltd (21)	UK	100.00
Zodiac Seats US LLC	USA	100.00
Zodiac Services Americas LLC	USA	100.00
Zodiac US Corporation	USA	100.00

Companies consolidated using the equity method	Country	% interest of the Group
EZ Air Interior Ltd	Ireland	50.00

(13) Formerly C&D Adder.
(14) Formerly Zodiac Automotive Division.
(15) Formerly IN Snec Holding.
(16) Formerly Sell Services France.
(17) Formerly IN-Flex.
(18) Formerly Driessen Aerospace CZ SRO.
(19) Formerly IN-LHC.
(20) Formerly SIT.
(21) Formerly Contour Aerospace Ltd.

Report of the Statutory Auditors on the Consolidated Financial Statements

To the Shareholders,

In accordance with the terms of our appointment by your General Meetings of Shareholders, we submit to you our report for the fiscal year ended August 31, 2014, regarding:

- the audit of the consolidated financial statements of Zodiac Aerospace accompanying this report;
- the justification for our assessments;
- the specific verifications required by law.

The consolidated financial statements are the responsibility of the Executive Board. Our responsibility is to express an opinion on these statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with generally accepted auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis or by using other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present, in all material respects, a fair view of the assets and financial position and results of operations for the entity consisting of the companies included within the consolidated group in accordance with International Financial Reporting Standards, as adopted in the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- In conducting our assessment of the accounting principles followed by your Group, we have examined the rules applied in recognizing development costs, those used in their amortization and for the verification of their current value, and we verified that Note 1-K of the Notes to the Consolidated Financial Statements is appropriately disclosed.
- Notes 1-E, 1-J and 1-X of the Notes to the Consolidated Financial Statements describe the accounting rules and methods applied to valuing goodwill. In conducting our assessment of the accounting principles followed by your Group, we have verified the accounting methods indicated in the Notes to the Financial Statements and that they are correctly applied. We have examined the reasonable nature of the information used to determine the recoverable value.

Our assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in reaching our unqualified opinion as expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with generally accepted auditing standards applicable in France, we also reviewed the information regarding the Group given in the management report.

We have no comments to report with respect to the fair presentation and consistency of such information with the consolidated financial statements.

Paris-La Défense, December 15, 2014

The Statutory Auditors

Fidaudit Member of the Fiducial network Bruno Agez	Ernst & Young Audit Laurent Miannay

Statutory Auditors' fees

and fees charged by the members of their networks payable by the Group

	Ernst & Young				Fidaudit				Breakdown			
									Ernst & Young	Fidaudit	Ernst & Young	Fidaudit
	Amount (excl. tax)		%		Amount (excl. tax)		%		%		%	
(in thousands of euros)	2014	2013	2014	2013	2014	2013	2014	2013	2014		2013	
Audit												
Auditing, certification, review of individual and consolidated financial statements:												
- Issuer	183	181	5.6%	6.1%	157	144	54.9%	46.2%	53.8%	46.2%	55.7%	44.3%
- Fully consolidated subsidiaries	2,780	2,718	85.5%	91.3%	122	166	42.7%	53.2%				
Portion for coordination of the international network	*140*	*117*	*4.3%*	*3.9%*	*45*	*40*	*15.7%*	*12.8%*				
Other reviews and services directly linked to the auditing engagement of the statutory auditor:												
- Issuer	83	–	2.6%	–	–	–	–	–				
- Fully consolidated subsidiaries	79	18	2.4%	0.6%	–	–	–	–				
Subtotal	**3,125**	**2,917**	**96.1%**	**98.0%**	**279**	**310**	**97.6%**	**99.4%**	**91.8%**	**8.2%**	**90.4%**	**9.6%**
Other services provided by the networks to the fully consolidated subsidiaries												
Legal, tax, social	128	34	3.9%	1.1%	7	–	2.4%	–				
Other	–	26	–	0.9%	–	2	–	0.6%				
Subtotal	**128**	**60**	**3.9%**	**2.0%**	**7**	**2**	**2.4%**	**0.6%**	**94.8%**	**5.2%**	**96.8%**	**3.2%**
TOTAL	**3,253**	**2,977**	**100%**	**100%**	**286**	**312**	**100%**	**100%**	**91.9%**	**8.1%**	**90.5%**	**9.5%**

ZODIAC AEROSPACE PARENT COMPANY FINANCIAL STATEMENTS

Report of the Supervisory Board

to the Combined General Meeting of January 15, 2015

Dear Shareholders,

In accordance with our Articles of Association, this General Meeting has been called to deliberate on the financial statements for the fiscal year ended August 31, 2014 and vote on the resolutions put forward by the Executive Board.

In accordance with the French "Financial Security" Act, the details of board and committee meetings are provided under "Preparation and organization of the work of the Supervisory Board."

During this fiscal year, the Supervisory Board met six times and gave the Executive Board the necessary authorization to:

a) Purchase the following companies:

- TriaGnoSys GmbH, a German company specializing in in-flight entertainment and connectivity systems, for €20 million, strengthening the Company's position in this sector;
- Pacific Precision Products (PPP), a U.S. company based in California, for $45.5 million, thereby increasing the Company's oxygen regulation and distribution systems business, mainly in the business aircraft sector;
- Greenpoint Technologies, a U.S. company based in Texas and Seattle and leader in aircraft interiors for high-end customers, for $195.8 million. This acquisition gave the Company a 10% share of this market, currently estimated at $1.5 billion/year;
- MTA Plateforme d'Essais SAS, a service provider based in Poitiers, France, which conducts tests for the Company under the Génome optimized energy management program. The initial 57% stake amounts to €800k, of which €400k is assumed debt. The purchase of minority interests will begin in October 2015.

b) Create a new subsidiary and increase the capital of existing subsidiaries:

- Create the Zodiac Composite Monuments Tunisia (CMT) subsidiary for the Galleys activities with capital of approximately €3 million (7 million Moroccan dirhams), paid by the parent company;
- Increase the capital of the Zodiac Seats Tunisia subsidiary through the parent company in the amount of €2.5 million;
- Increase the capital of the Amfuel subsidiary through its parent company Zodiac U.S. Corporation, to recapitalize it at $14 million.

c) Sell:

- the shares in the Zodiac Engineering subsidiary to Zodiac Aerospace, its parent company, as part of the Group restructuring, for €50k;
- the head office of the Zodiac Aero Electric subsidiary, located at *Boulevard* Davout (in the 20th *arrondissement* of Paris), for the net price of approximately €19.8 million on the condition precedent of obtaining a building permit.

d) Set up a joint venture:

- Creation of a joint venture in China for EMAS arresting systems, which is 55% owned by the Zodiac Aerospace Services Asia Pte Ltd subsidiary and 45% owned by a Chinese partner.

During this fiscal year, due to the exercise of stock options and the award of free shares, the Company's capital stood at €11,537,373, made up of 288,434,325 shares after the division by five on February 25, 2014. The shares are listed for trading on Eurolist Compartment A of Euronext Paris.

The Supervisory Board also authorized the requalification of 165,000 treasury shares (before the division of the share's par value by five) and their allocation to an account entitled "Allocation to employees under stock option plans and/or free share awards."

From January 1 to October 31, 2014, the share's average comparable price stood at €24.94 against €20.01 over the same period the previous fiscal year. The market close high/low for the period was €26.90/€22.42 compared with €23.96/€16.12 in 2013. Daily stock transactions picked up with approximately 498,000 trades, demonstrating the merits of multiplying the Company's shares by five.

The Executive Board will ask you to renew the authorization granted by the Combined General Meeting of January 10, 2012 under the resolutions related to ordinary business, in order to buy back the Company's shares on the stock market for up to 10% of the capital, in accordance with Articles L. 225-209 *et seq*. of the French Commercial Code and in compliance with the terms defined in Articles 241-1 to 241-6 of European Regulation No. 2273/2003 of December 22, 2003 implementing Directive 2003/6/EC of January 28, 2003.

The Company used the authorization in force under a liquidity contract set up on January 18, 2007. As a result, at August 31, 2014, it held 42,380 of its own shares purchased at an average price of €24.84 per share. The Company also withdrew 787,480 treasury shares to be awarded to employees under the vesting of the free shares granted by the Executive Board on December 29, 2011. The remaining 13,112,520 treasury shares account for 4.55% of shares outstanding at August 31, 2014.

We submit for your approval the renewal of the term of office of Gilberte Lombard for a period of two years; Ms. Lombard is Chair of the Audit Committee.

In accordance with the provisions of the French law of June 14, 2013 on job security and following your approval of the eighteenth resolution at the General Meeting on January 8, 2014, Anne Aubert has represented employees on the Supervisory Board since her election on July 1, 2014.

You will also find that in the seventh and eighth resolutions, your advisory opinion is requested on the compensation components of corporate officers Olivier Zarrouati and Maurice Pinault. Further details will be provided by the Chairman of the Compensation Committee.

The Supervisory Board is very attentive to the recommendations surrounding good corporate governance. These have significantly increased in number since the 1990s. The Board is committed to complying with the rules contained in the AFEP-MEDEF code, while at the same time applying a reasonable standard of governance that reflects the special characteristics of a Group with family and major shareholders. This explains why the maximum length of service criterion of 12 years to qualify a member of the Board as "independent" is not applicable. Indeed, the Company's business is characterized by capital-intensive investment projects and long-term contracts. Experience gained on the Board is therefore an asset when it comes to steering the Group's development cycles over the long term. In addition, the Board found that each member of the Supervisory Board with a length of service of more than 12 years has always demonstrated free thinking and independent judgment in the exercise of his or her functions, and that the perpetuation of the culture and values underpinning the Group's history and success is a key factor in its development.

At each of its meetings, the Supervisory Board was properly informed of the operations carried out by the Company and its subsidiaries and was able to exercise oversight under the best conditions.

The annual and consolidated financial statements and the report of the Executive Board were submitted to the Supervisory Board at its meeting on November 24 for verification and control. The Supervisory Board also reviewed the ordinary and extraordinary resolutions that will be put forward by the Executive Board, particularly on the distribution of earnings. The Supervisory Board approved the wording of the draft resolutions.

Pursuant to Article L. 225-68 of the French Commercial Code, we have no criticism or comments to make regarding the report and the financial statements presented by the Executive Board. The Supervisory Board therefore recommends that you approve them and vote on the resolutions that will be submitted to you.

The Supervisory Board

Report of the Chairman of the Supervisory Board

on the preparation and organization of the work of the Supervisory Board and the risk management and internal control procedures

This report was prepared and is presented in accordance with Article 117 of the Financial Security Act of August 1, 2003, incorporated into Article L. 225-68 of the French Commercial Code.

This report covers:

- the conditions governing the preparation and organization of the Supervisory Board's work during the fiscal year ended August 31, 2014;
- the internal control procedures at Zodiac Aerospace.

The Group complies with the rules contained in the AFEP-MEDEF code of corporate governance of listed companies of October 2003, consolidated by the AFEP-MEDEF code of corporate governance of December 2008, revised in June 2013. The Group applies these rules in their entirety, while at the same time applying a reasonable standard of governance that reflects the special characteristics of a Group with family and major shareholders, and business characterized by capital-intensive investment projects and long-term contracts. Experience gained on the Board is therefore an asset when it comes to steering the Group's development cycles over the long term. The Board also deemed that each Supervisory Board member who has served on the Board for more than 12 years has always demonstrated free thinking and independent judgment in the performance of his or her functions. Lastly, representatives of the shareholder groups have all demonstrated their commitment to the Group's core values that they themselves helped create or perpetuate.

As part of its annual review of its operation and the Group's governance, the Supervisory Board decided to adopt the independence criteria within the strict meaning of the AFEP-MEDEF Code for the fiscal year beginning September 1, 2014 and will therefore apply the rule regarding terms of office of more than 12 years. Consequently, Gilberte Lombard and Marc Assa will no longer qualify as "independent" within the meaning of the AFEP-MEDEF Code.

The Board wishes to point out that despite this requalification as "non-independent," Gilberte Lombard and Marc Assa have always demonstrated a substantial capacity for querying senior management, and while their term of office may now be associated with a loss of independence (within the meaning of the AFEP-MEDEF Code), they will nevertheless both be in a position to be completely independent in their thinking.

The other measures taken by the Supervisory Board for the fiscal year beginning September 1, 2014 are presented under "Governance."

The Group applies the recommendations regarding corporate officers of listed companies (see under "Compensation and benefits," page 14), particularly the obligation to retain a portion of shares resulting from stock options or free shares (see Section B, "Compensation policy for corporate officers (members of the Executive Board)," paragraph e. Obligation to retain shares, pages 18 and 19).

CONDITIONS GOVERNING THE PREPARATION AND ORGANIZATION OF THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board ensures that the Company and Group operate correctly and reports to the shareholders. The Supervisory Board appoints the Executive Board Chairman and CEO and its members.

It oversees the Group's management and administration.

A) COMPOSITION OF THE SUPERVISORY BOARD

Every member of the Supervisory Board has signed the "Supervisory Board Member Charter" introduced in February 1997 and updated in 2006 and 2011, which sets out members' rights and obligations (general and special rules). Overhauled in 2014 to take account of the revised recommendations (in June 2013) of the AFEP-MEDEF Code, the Charter is now known as "the bylaws of the Supervisory Board and its committees." These bylaws include the charter applicable to Board members as well as the Zodiac Aerospace Group's Code of Stock Trading Ethics with which Board members agree to comply. The bylaws are available on the Company's website.

The Supervisory Board now has 11 members: Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Patrick Daher, Élisabeth Domange, Vincent Gerondeau, Laure Hauseux, Gilberte Lombard, Robert Maréchal, FFP Invest, represented since September 1, 2014 by Frédéric Banzet, and Anne Aubert, who was elected on July 1, 2014 to represent the Group's employees. During the fiscal year ended August 31, 2014, six members were defined as "independent" (Marc Assa, Patrick Daher, Vincent Gerondeau, Laure Hauseux, Gilberte Lombard, and FFP Invest, represented by Frédéric Banzet) within the meaning of the criteria set out in the AFEP-MEDEF Code, excluding the Code's recommendations on the terms of office served by Supervisory Board members as defined above. These members provide the Board with wide-ranging experience in terms of their own industries and the wider international business environment.

The Supervisory Board has discussed the independence criteria and also noted the absence of any business relationships between Supervisory Board members and the Group (see under "Governance, Supervisory Board composition," page 7). For the fiscal year beginning September 1, 2014, the Supervisory Board decided that Gilberte Lombard and Marc Assa will no longer qualify as independent within the strict meaning of the AFEP-MEDEF Code. The Board was nevertheless eager to point out that it found that Gilberte Lombard and Marc Assa had always demonstrated a substantial capacity for querying senior management, and for independent judgment.

Four members are women, including the employee representative who was not counted when establishing the percentage of women on the Supervisory Board. The percentage is in accordance with the AFEP-MEDEF Code. The composition of the Supervisory Board therefore complies with the provisions of the French Law of January 27, 2011 on gender equality for boards of directors and supervisory boards. No Board member exercises any executive management function either at Group or subsidiary company level. (See under "Governance," pages 12 and 13, for information on other offices held by members of the Supervisory Board).

B) FREQUENCY OF SUPERVISORY BOARD MEETINGS

During the fiscal year, the Board met on six scheduled occasions: September 24 and November 19, 2013, and January 8, February 13, April 22, and July 16, 2014. Board members were diligent in their attendance at meetings, resulting in an average attendance rate of over 93%.

C) SUPERVISORY BOARD OPERATION

At each Board meeting, members review business performance indicators against the forecast. They examine the Group's results, opportunities for new acquisitions, discontinued operations and disposals of companies that are not, or are no longer, compatible with the Group's core business. Major strategy meetings are held as and when required. The Board dedicates three meetings per year to reviewing the financial statements for the first half and the full year. An "Outlook" seminar was instigated two years ago. Supervisory Board members receive a copy of the draft minutes as quickly as possible after each meeting, prior to final approval at the subsequent meeting. The minutes are then entered in the minute book, and signed by the Chairman and one Board member.

D) COMMITTEES

In complying with official guidelines on corporate governance, and at the recommendation of its Chairman, the Supervisory Board formed three special committees in 1995: the Audit Committee, the Compensation Committee and the Appointments Committee. All three committees are regulated under the terms of the relevant dedicated chapters of the bylaws of the Supervisory Board and its committees, which define their roles, composition, number of meetings, resources, members' compensation and the requirement for minutes to be drafted after each meeting. Acceptance of an appointment to the Committees means attending all meetings held by those committees.

- The Audit Committee met five times during the year. It met three times to review the Group's half-year and consolidated full-year financial statements and the main reporting options eight days before the Supervisory Board meeting convened for that purpose, and twice to meet with the Audit and Internal Control Director to review the following:

  Risk management:
  - Enterprise Risk Management organizational improvement (individual roles and responsibilities);
  - Coordination of risk management and stronger communication with operational teams using a new in-house tool;
  - Updated mapping of Group risks, continuation of risk-reduction plans and presentation of the first risk self-assessment results.

  Internal audit:
  - Monitoring of the audit plan and assessment of audit tasks;
  - Follow-up on major audit recommendations not yet implemented;
  - Changes in audit programs and working methods.

  The Audit Committee had a face-to-face meeting with the Auditors and the Director of Audit and Internal Control, reviewed the report of the Chairman of the Supervisory Board and the content of financial press releases, and took note of the fees paid to the Auditors.

  During the fiscal year ended August 31, 2014, the Committee comprised five Board members (Gilberte Lombard as Chair, Didier Domange, Louis Desanges, Laure Hauseux, and FFP Invest, represented by Frédéric Banzet since September 1, 2014). Meetings are also attended by the Auditors and the Group Executive Vice-President, Administration and Finance.

  The Audit Committee is chaired by a member qualified as independent, unless that member has served on the Supervisory Board for more than 12 years. The members of the Audit Committee have been specially selected for their financial and accounting skills based on their background and experience.

  For the fiscal year beginning September 1, 2014, the chairmanship of the Audit Committee will be awarded to an independent member within the strict meaning of the AFEP-MEDEF Code and Didier Domange will no longer serve on this committee.

- The Compensation Committee usually meets twice during the fiscal year and duly met twice this fiscal year. Committee members, of whom there were four during the fiscal year ended August 31, 2014 – Didier Domange, (Chairman), Gilberte Lombard, Marc Assa and Vincent Gerondeau – are tasked by the Supervisory Board with setting the compensation paid to Executive Board and Executive Committee members, allocating stock options and/or performance-based free shares to these executives within the terms authorized by the General Meetings of Shareholders, setting the compensation paid to the Chairman of the Supervisory Board, and allocating the fees paid to Supervisory Board members. Patrick Daher became Chairman on September 1, 2014. He is an independent member within the strict meaning of the AFEP-MEDEF Code and replaced Didier Domange, who decided not to continue serving on the Compensation Committee. Consequently, since September 1, 2014 the Compensation Committee has comprised four members and is chaired by an independent member within the strict definition of the AFEP-MEDEF Code. Anne Aubert, the Board member representing employees, does not serve on the Compensation Committee.

  The Compensation Committee's work during the year focused in particular on the revision of corporate officers' compensation in September 2013 and the establishment of a new matrix for directors' fees which favors an "attendance bonus" for those physically present at Supervisory Board meetings.

- The Appointments Committee met three times during the fiscal year ended August 31, 2014. It has four members: Louis Desanges (Chairman), Didier Domange, Vincent Gerondeau and, since January 8, 2014, Marc Assa, who replaced Edmond Marchegay.

  As of the fiscal year beginning September 1, 2014, Didier Domange will no longer serve on the Appointments Committee. As a result, the Committee will comprise the three members mentioned above.

  The Appointments Committee is tasked with reviewing the Board's composition and selecting Supervisory Board members and Group senior managers. It also reviews the criteria established for appointing Supervisory Board members, focusing in particular on aerospace or industrial experience, international experience, and independence within the meaning of the AFEP-MEDEF Code.

  The Appointments Committee reviewed the criteria pertaining to the independence of the Board members and approved the qualification of Gilberte Lombard, Laure Hauseux, Marc Assa, Patrick Daher, Vincent Gerondeau and FFP Invest as "independent" members.

  For the fiscal year beginning September 1, 2014, members who are "independent" within the strict definition of the AFEP-MEDEF Code will be Patrick Daher, Vincent Gerondeau, Laure Hauseux and FFP Invest. Given their time in office, Gilberte Lombard and Marc Assa will no longer qualify as "independent" within the meaning of the AFEP-MEDEF Code.

The annual work of the Appointments Committee focused specifically on:

- finding a potential chairman who could be proposed to the General Meeting on January 8, 2014, namely Patrick Daher;
- conducting the standard review of the independence criteria of Board members;
- finding female members in order to comply with future French legislative requirements and the AFEP-MEDEF Code for equal representation of men and women.

For the fiscal year ended August 31, 2014, the Appointments Committee was chaired by Louis Desanges. The Supervisory Board decided to continue with his chairmanship of the Appointments Committee even though he is not independent within the meaning of the AFEP-MEDEF Code, based on the fact that he has intimate knowledge of the Group's operations and the industry and is a member of one of the Group's historical shareholder families.

The Supervisory Board believes that the key to growing the Group is to perpetuate the culture and values that underpin its history and success. Therefore, it seemed obvious to the Board to award the chairmanship of the Appointments Committee, which is tasked with finding individuals to lead the Group into the future, to a representative of a shareholder family that has always demonstrated its attachment to the fundamental values promoted by the Zodiac Aerospace Group. That choice appears entirely appropriate, even though it does not comply with the AFEP-MEDEF Code, which is general in its application and does not take into account the specifics or the cultural particularities of our Group and its long-standing family shareholding.

After each Committee meeting, the Supervisory Board is informed of all proposals and observations made at the meeting.

TRAINING OF SUPERVISORY BOARD MEMBERS

Supervisory Board members must have extensive knowledge of the Group's specific nature, operations and businesses.

All board members or any person proposed to the General Assembly for such a position can receive the training required to serve on the Board, either before their appointment or during their term of office.

This training is proposed, organized and paid for by the Group. Two training sessions were held at the Company's head office on October 9 and December 1, 2014.

ASSESSMENT OF THE SUPERVISORY BOARD OPERATION

At its meeting of July 12, 2012, the Supervisory Board decided to implement the AFEP-MEDEF recommendations that were revised in June 2013, and adopted the principle of a formal self-assessment of the operation of the Supervisory Board.

In fiscal year 2011/2012, the Company had its first formal assessment consisting of a self-assessment carried out by a specialized independent consulting firm. All Board members were interviewed in order to judge the operations of the Supervisory Board and the special committees and to make suggestions. It was noted that:

- the timely availability of documents was improved thanks to a secure document-sharing platform, reserved exclusively for Supervisory Board members;
- drafting press releases during the relevant committee meetings now works well.

The next Board self-assessment report will be produced during the 2014/2015 fiscal year by a specialized independent consulting firm.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

This part of the report is based on the AMF (*Autorité des Marchés Financiers*) reference framework of July 22, 2010 regarding risk management and internal control procedures. The purpose is to report to shareholders on the preparation and organization of the work of the Supervisory Board as well as internal control systems established by the Zodiac Aerospace Group for the fiscal year ended August 31, 2014.

A) RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT OF THE ZODIAC AEROSPACE GROUP

Zodiac Aerospace is an international industrial Group with a decentralized structure: each subsidiary directly manages the operational aspects of its business and is responsible for implementing internal control procedures in accordance with the Group's standard, which is defined and coordinated by the Group's executive management. Correct application of internal control procedures is overseen by the Audit Department.

1) Group structure

The Zodiac Aerospace Group is structured as follows:

- a parent company, Zodiac Aerospace, responsible for the Group's steering, organization and development. It is run by an executive board and supervisory board;
- five segments comprising companies dedicated to aerospace equipment, cabin equipment, aerospace systems, seats and interior equipment, and services;
- subsidiary companies in each of the segments. Pursuant to the operations defined by the Zodiac Aerospace Executive Board and which fall under its control, each subsidiary assumes all company duties and responsibilities in the legal, commercial, technical, industrial, economic, financial, tax and social areas, except those centralized at Group level as defined below.

Under the authority of the Executive Board, the parent holding company's task is to:

- define and drive the Group's strategy, processes and procedures;
- provide governance, risk management and monitoring of Group companies in accordance with the defined rules and principles;
- perform pooled services such as financing, IT, legal, Lean management and human resources on behalf of Group companies;
- define actions to protect and enhance the Group's reputation, and increase its efficiency and performance.

In most of its businesses, the Group is subject to controls imposed by its main customers and regulatory authorities. These require certifications and specific controls that form part of the Group's control environment along with its legal obligations.

2) Risk management

According to the AMF reference framework, "Risk represents the possibility of an event occurring that could affect the company's personnel, assets, environment, objectives or reputation. Risk management is the business of every stakeholder in a company. It should be comprehensive and cover all the company's activities, processes and assets."

Risk management therefore has a broad scope that extends beyond the strictly financial framework. It is a key management process concerning all the Group's senior managers and employees.

The goals of risk management are to:

- create and preserve the Group's value, assets and reputation;
- safeguard decision-making and operational procedures to help achieve objectives;
- ensure all employees have the same vision of the key risks.

Several years ago the Group launched a project to improve the risk management process and define a common methodology for all subsidiaries. The Group's Business Units identify and assess the major risks to Group objectives on a regular basis.

Risk managers review and supplement the results of these self-assessments to classify the Group's main risks. If necessary, action plans are implemented to strengthen procedures for managing those risks so that they can be better controlled and, if possible, reduced.

The main players in this process are the Group's Executive Committee, cross-functional operational executives, and the management of each subsidiary.

To strengthen the overall risk management process, in 2012 the Group launched a tool to improve and facilitate access to key risks and their related internal controls.

It is available on the Group's intranet and collates the following via a single website:

- the Group's main risks;
- key internal control information related to those risks;
- standard processes;
- all Group procedures;
- ERP procedures.

The Group's main risks are detailed under "Risk Management," page 27.

B) INTERNAL CONTROL PROCEDURES

1) Objectives and definitions

The Zodiac Aerospace Group defines internal control as a process implemented by its Executive Board and Executive Committee, senior management and personnel. It aims to provide reasonable assurance with regard to business risks (see section 2, "Risk management," below), including:

- identifying, preventing and managing the Group's principal risks;
- complying with laws, regulations and ethical conduct;
- applying instructions and guidelines issued by the Group;
- ensuring the reliability of financial and accounting information;
- overseeing the proper functioning of the Group's internal processes;
- reducing the Group's exposure to the risk of fraud.

As with any control system, the Group cannot fully guarantee that the risks covered by the arrangements it has set up are completely eliminated.

Through its Audit Committee, the Supervisory Board is kept informed of major changes in internal control procedures and may carry out any specific checks it deems appropriate.

This procedure is based on the Group's structure and internal control environment and is part of an ongoing process to identify, assess and manage risk factors that may affect the fulfillment of objectives and opportunities to improve performance.

2) Control environment

The quality of the internal control system is an ongoing concern for the Group, which constantly strengthens it by documenting procedures and introducing additional indicators. Internal control also relies on business unit managers.

The continuous improvement of our IT tools is part of our internal control framework. The Group's intranet is the preferred method for disseminating key internal control information, Group procedures, and financial and management data.

Similarly, the ethical rules to which the Group pays particular attention are presented in a Code of Ethics available to Group employees on the intranet.

The Code of Ethics has been revised. The new version took effect from October 2013.

3) Internal control activities

a) Standard procedures

The main procedures affecting the Group's operations are collated in a documentation system accessible on the Group's intranet. This specifically includes:

- Group IFRS accounting rules;
- the rules for preparing the consolidated financial statements and those related to intra-group or inter-company operations;
- quarterly consolidation-related instructions distributed to all affected companies;
- the user guide for the consolidation software; this software features the controls required for consistency of the various constituent components of the consolidated financial statements;
- the rules and procedures for the Group's ERP (M3);
- specific procedures for monitoring the debt position of airline customers;
- procedures for managing and monitoring currency exchange risk;
- procedures related to the format and content of "Group standards" for reporting and budgeting;
- procedures related to various aspects such as quality control, work-related accidents, human resources, safety and the environment.

b) Budget process

The Group's executive management defines the general economic and financial assumptions in accordance with the Group's strategy.

Based on these general guidelines, each segment prepares a draft annual budget, along with a multi-year business plan. These are then presented to the Group's executive management. This phase of the process is used to define the operational options to be followed by the segments and their divisions, while factoring in the medium- and long-term developments laid out in the business plan.

All budgets are recorded in a Group database that the various managers (company, division, segment, and Group) can access at all stages of the budget process.

c) Financing and cash procedures

The Group's senior management and Administration and Finance Department set the rules to be followed in terms of hedging currency and interest-rate risks for the entire Group.

Zodiac Aerospace takes care of all Group financing and lends the necessary funds to the entities concerned. Banking relationships are managed at the Group level. For example, no entity can obtain credit facilities, surety bonds or currency and interest-rate hedges without the consent of the Group's Administration and Finance Department.

All information on banking relationships, delegations of authority granted, credit card authorizations, and surety lines issued for each account is provided in a database regularly reviewed by the Group's Administration and Finance Department as well as by the financial officers of the segments concerned.

The various risks related to the functioning of these activities are also analyzed during monthly reviews of accounts and operations.

d) Reporting procedures

All Group entities submit a monthly report on the same date and in the same format. These documents and the reports per division and business segment are discussed by operational committees and made available on the Group's intranet.

The Group's Reporting Department drafts a consolidated monthly report, which is available on the intranet and presented regularly to the Group's Executive Committee.

Monthly meetings are held to review the financial statements and operations of the segments, attended by the Chief Executive Officer, the Group Executive Vice-President, Administration and Finance, the Operations Manager, and the Financial Officer of the segment concerned. During these meetings, the month's figures and various key events are presented and analyzed, and action plans are determined.

e) Procedures for drafting the consolidated financial statements

The Administration and Finance Department has established procedures to ensure the completeness and reliability of the Group's financial statements.

A thorough procedure has been set up for the close of the half-year and full-year periods for the Group's largest companies. As part of the annual closing, a meeting is held, attended by the Chief Executive Officer and Group Executive Vice-President, Administration and Finance, plus segment and division managers, to review the accounting and tax aspects of those companies prior to closing the accounts and calling in the Statutory Auditors.

This procedure finalizes positions on provisions and identifies any irregularities on accounts so that they can be remedied before the final closing phase.

The financial statements are prepared using software published by a specialized company. This is a crucial tool for implementing standard accounting rules and principles.

f) Procedures for insurance monitoring

The Legal Department, in collaboration with the Group's Administration and Finance Department, monitors all insurance-related issues. This allows centralized monitoring of all insurance risks and the negotiation of Group-wide insurance policies. All policies underwritten by the Group are entered in a dedicated database that also includes summaries of changes in the Group's insurance premiums and guarantees. The database is accessible in real time by authorized personnel.

A method for monitoring industrial risk and developing recovery plans has been developed with FM Insurance. Quarterly meetings are held with the insurer, the Chief Executive Officer, the Group Executive Vice-President, Administration and Finance, and the Group's legal and industrial risk managers to note:

- the progress of actions to reduce/eliminate these risks;
- the preparation and implementation of backup plans.

All these elements are described under "Risk management," page 27.

g) Investments and divestments

Operations involving full or partial purchase and/or the discontinuation of operations are the sole responsibility of the Group's executive management. The segments make proposals to the Group's Mergers and Acquisitions Department and regular reviews are conducted with Group management and the Executive Committee to decide on which projects to follow up. Projects selected by the Executive Committee are subject to review and approval by the Supervisory Board.

h) Procedures for monitoring capital expenditure

The following capital expenditure requires prior authorization:

- intangible investments;
- property, plant and equipment;
- rental agreements of all types;
- capitalization of development costs.

This is done by publishing a workflow on the Group's intranet, which allows all operational managers and Group's senior management to review these requests prior to approval, according to the criteria and procedures issued by the Group's senior management.

C) KEY PLAYERS IN THE GROUP'S RISK MANAGEMENT AND INTERNAL-CONTROL

1) The Executive Board and segment management (Executive Committee)

The Chief Executive Officer delegates authority to segment management for the support and monitoring of companies within their respective segments concerning:

- setting targets in accordance with those defined by the Chief Executive Officer and presented to the Supervisory Board for the Group as a whole;
- performance monitoring;
- implementation of decisions on strategic issues related to Group companies and authorized by the Supervisory Board;
- operational oversight of companies, and coordination and facilitation of cross-functional initiatives.

2) Administration and Finance Department

The Group Executive Vice-President, Administration and Finance manages accounting and financial operations under the authority of the Chief Executive Officer.

The Department is organized as follows:

- A finance director for each segment, linked to the Department both functionally and hierarchically, who is responsible for implementing internal accounting and financial control. These finance directors have local or decentralized teams in the operational units who report to them and prepare financial information in accordance with internal rules.
- A department dedicated to reporting and statutory consolidation, responsible for preparing and presenting the Group's statutory consolidated financial statements, implementing the Group's consolidated budget, and analyzing the Group's financial data. In particular, it draws up monthly reports of variances with the consolidated budget and comparable consolidated periods of the previous year.
- A tax function which provides support to operational entities on legislation and during tax audits. It also monitors tax consolidations carried out within the Group and checks their overall consistency. These tasks are carried out with the help of "recognized" external tax experts.
- A treasury and finance function responsible for:
  - implementing the Group's financial policy;
  - optimizing management of the balance sheet and the financial position;
  - implementing the policy on exchange-rate and interest-rate risks.

All Group credit lines are set up by the parent company, Zodiac Aerospace; no subsidiary has the authority or power to negotiate and set up local lines of credit.

The central function implements the hedging mechanism for currency exchange approved by the Chief Executive Officer and Group Executive Vice-President, Administration and Finance; this mechanism requires systematic hedging of the currency exchange position at the end of each month in addition to forward hedges. (The latter are decided by the Chief Executive Officer in consultation with the Executive Committee and Supervisory Board.)

For the annual financial statements, segment managers and financial officers issue a letter of representation to the Chief Executive Officer and Group Executive Vice-President, Administration and Finance, attesting to the accuracy and completeness of the financial information submitted for consolidation.

3) Audit and Internal Control Department

The Director of Internal Audit reports to the Group Executive Vice-President, Administration and Finance, and to the Chief Executive Officer.

The internal audit procedure is the subject of a charter which was first deployed on September 1, 2013. The charter specifies the role and organization of internal audit within the Group, the standard audit method, and the auditors' responsibilities.

Internal Audit operates within the framework of a plan set annually and presented to the Audit Committee. This action plan operates over a three-year period to verify and reinforce understanding and implementation of internal control procedures as well as the correct application of procedures in force.

The risk management procedure is an important part of the development of the audit plan, which is prepared based on interviews with the operational executives of the Group's segments. It also takes into account the specifics of the Business Units (size, income contribution, and results of previous audits).

About twenty audit missions are carried out each year. In line with objectives and in addition to monitoring the correct application of internal controls related to the Group's key risks, special attention was given to certain processes in fiscal year 2013/2014.

The recommendations of past missions are monitored and reinforced by the use of an internal auditing tool as well as on-site follow-up audits.

The audit plan may have to be updated each time a new company enters the Group's consolidation scope.

Internal Audit is empowered to conduct audits in all Group companies on operational or financial matters.

Internal Audit's main tasks are to:

- check that management is monitoring compliance with internal control procedures and regulations in force within the Group on an ongoing basis;
- evaluate the adequacy of the internal control system and implement corrective actions;
- verify that controls are being correctly implemented to limit the main risks identified by the Group;
- carry out targeted audits (company, subject, processes) to identify potential ways to improve the effectiveness of the companies and subjects audited.

Internal Audit provides a detailed report of its work to the audited entity's management and to the segment's management. A summary report, focusing on the major recommendations, is sent to the Group's financial and senior management.

A quarterly audit report is also drawn up by each segment to monitor management's commitment to carrying out the recommendations in a timely manner.

Internal Audit meets periodically with the Statutory Auditors to discuss internal control matters. It also reports on its work to the Audit Committee in specific meetings held regularly for this purpose.

The Internal Audit function is also responsible for managing the collation of Group procedures and accounting methods and for developing the internal control framework.

4) Group Information Systems Department

The Group Information Systems Department is headed by the Director of Group Information Systems, who reports to the Group's Executive Vice-President, Administration and Finance.

The goal of the Zodiac Aerospace Group's centralized information system is to meet requirements regarding reliability, availability and traceability of information.

To ensure these tools are used correctly and that the information is relevant, an operating manual tailored to user needs has been disseminated.

The Group has also implemented mechanisms to safeguard information systems and computer data integrity.

An Information Systems Committee meets every three months. It comprises the Chief Executive Officer, the Group Vice-President, Administration and Finance, the Group's Chief Information Systems Officer, segment managers and/or segment financial officers, and managers of user companies.

The Committee is responsible for establishing and maintaining an information system roadmap to meet the Group's organizational needs and general development policy. In this regard it suggests IT project types and priorities for allocating resources. Among these short- and medium-term initiatives is the deployment to all companies of the Group's ERP (Enterprise Resource Planning), M3.

In preparation for the transfer to M3 of companies using ERP LN 7 (successor to BAAN), an initiative was launched to harmonize the information system of companies using this software.

One of Internal Audit's main tasks is to research IT risk areas, particularly with regard to safeguarding integrated software. This includes managing user profiles and the risks associated with incompatible access rights within a company department.

5) Legal and Industrial Risks Department

The Legal Director and the Director of Industrial Risks report to the Group Executive Vice-President, Administration and Finance.

The monitoring of Group objectives and legal obligations regarding safety in Group entities is entrusted to the Director of Industrial Risks, who ensures that rules and procedures are correctly implemented and modified as necessary, and that the relevant managers of the various Group entities receive appropriate training. To this end, committees meet several times a year and a quarterly risk report is distributed to Group managers.

6) Quality and Environment Departments

The directors of these departments report to the Chief Executive Officer. Quality assurance for programs, products and services is delegated to the operational units and is therefore integrated into each business line. This ensures that systems, products and services meet customer needs and encourages responsiveness.

The objectives and legal obligations regarding quality and the environment in Group entities are monitored by a team within the holding company which ensures that rules and procedures are correctly implemented and modified as necessary, and that the relevant managers of the various Group entities receive appropriate training. To this end, committees meet several times a year and a quarterly risk report is distributed to Group managers.

7) CEOs of the various Group companies

In collaboration with the financial officers or local controllers, the CEOs monitor the internal control system within their company on an ongoing basis to ensure it complies with the Group's internal control principles.

8) Audit Committee

As part of their assignment to audit and certify the annual and consolidated financial statements, the Statutory Auditors may review the procedures and processes that the Company uses to prepare accounting and financial information.

The Audit Committee:

- meets with the Statutory Auditors regarding their assignment;
- reviews the accounts and accounting procedures presented by the Executive Board and management;
- reviews the results of audits and work related to internal control;
- monitors risks;
- reviews risk mapping.

The Group continues its efforts to improve its risk management and internal control procedures by strengthening the risk management process. It also implements ZIPS (Zodiac Aerospace Integrated Process System), which pairs the Group's major risks with associated internal controls.

This report was prepared on the basis of contributions from several Group departments, particularly the Finance, Legal and Audit Departments. It was approved by the Supervisory Board at its meeting in November 2014.

Report of the Executive Board
to the Combined General Meeting of January 15, 2015

Dear Shareholders,

We have called you to this Annual General Meeting, in accordance with legal requirements and the Company's Articles of Association, to submit for your approval the financial statements for 2013/2014.

Zodiac Aerospace is the Group's parent company and acts as the general manager for the industrial aspects of all Group businesses and provides services to Group companies accordingly.

This report only deals with Zodiac Aerospace operations; the Group's operations as a whole are analyzed in the report on the consolidated financial statements.

I – STATEMENT OF PROFIT AND LOSS

2013/2014 SALES REVENUE

Zodiac Aerospace's sales revenue was €85,278k, up from €78,870k the previous fiscal year.

It can be broken down as follows:

(in thousands of euros)	2013/2014	2012/2013
Rents and rental charges	1,825	2,086
Group services	71,210	64,224
Account fee	12,243	12,560
TOTAL	**85,278**	**78,870**

The increase in sales revenue, primarily billings for Group services, was due to the development of centralized functions for the Group.

Sales of Zodiac Aerospace services at like-for-like consolidation scope accounted for 2.04% of the Group's consolidated sales revenue, up from 1.80% the previous year.

OPERATING INCOME

Operating income went from a negative €16,129k to a negative €24,396k at August 31, 2014. This increase can largely be broken down as follows:

- €5,550k for "employee benefits," representing the value of 157,496 treasury shares (787,480 shares after the division of the par value in February 2014) withdrawn on January 8, 2014 for the purposes of delivering shares issued under the December 2011 Free Share Award Plans (other than the General Allocation Plan);
- €3,242k relating to increased staffing costs, with the average headcount increasing from 150 to 170 as a result of the development of centralized functions for the Group.

NET FINANCIAL INCOME/EXPENSE

Dividends from the subsidiaries amounted to €88,485k, up from €61,834k the previous fiscal year.

Other interest income, generated by lending to subsidiaries, stood at €12,766k versus €10,021k for the previous period.

Interest expense rose by 28.75%, from €27,517k to €35,429k, due for the most part:

- to a higher interest rate on our external resources which averaged 2.28% compared to 1.93% the previous year, an increase generated by the use for the entire fiscal year of private placement financing (mainly fixed-rate); but also
- to a slight increase in our average needs, particularly following the acquisitions of TriaGnoSys GmbH, Pacific Precision Products and Greenpoint Technologies.

An impairment provision of €2,250k was recorded in respect of the stock of the Zodiac Aerospace Holding Australia subsidiary.

No provisions were recorded for treasury shares due to their below-market book cost.

NON-RECURRING INCOME

Non-recurring income mainly comprised a loss of €1,080k in respect of the balance of arrangement fees for the previous "Club Deal," which was repaid early in its entirety in March 2014 through the set-up of a new credit facility (see under "Financial liabilities").

CORPORATE TAX

Tax assets of €17,308k recorded in the financial statements comprised:

- a credit from Zodiac Aerospace's own income (1)(2) €18,918k
- a credit from the impact of tax consolidation €975k
- sponsorship €48k
- a 3% contribution on dividends paid (€2,633k)

(1) Including €2,109k for the tax credit related to the set-up of an individual free share award plan in December 2011.

(2) Including €2,675k for the tax credit related to the set-up of a general free share award plan for all employees of the Zodiac Aerospace Group's French companies in December 2011.

2013/2014 INCOME

Pre-tax income stood at €37,236k, up from €24,582k the previous fiscal year.

Operating income remained in deficit at a negative €24,396k for this fiscal year, versus a negative €16,129k the previous fiscal year.

Net income stood at €54,545k, up from €33,810k the previous fiscal year.

2013/2014 WORKFORCE

The permanent workforce at the fiscal year-end totaled 179 versus 151 at August 31, 2013.

II – STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

A total of €5,158k was booked for the fiscal year corresponding to arrangement fees for the new "Club Deal" signed on March 14, 2014 and the balance of the arrangement fees for the previous "Club Deal" amounting to €3,200k, i.e. a net increase of €1,958k.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment rose by €2,130k over the fiscal year and included €1,627k in IT equipment (hardware and networks).

EQUITY INVESTMENT ACTIVITY

A. EQUITY INVESTMENTS

The main changes were:

1. Share subscription and capital increase: €4,478k
- Parachutes Industries of Southern Africa Pty (PISA) capital increase €1,339k
- Zodiac Aerospace Holding Australia capital increase €639k
- Zodiac Seats Tunisie capital increase €2,500k

2. Newly created subsidiaries: €3,856k
- Zodiac Composite Monuments Tunisie (Galleys & Equipment Segment) €3,124k
- Zodiac Aerospace Services Middle East €732k

3. Share transfer €50k
Transfer to Zodiac Aerospace of all shares in Zodiac Engineering held by Zodiac Coating (the new name for the Zodiac Automotive Division).

4. Acquisition of TriaGnoSys GmbH €20,000k
This company, specializing in connectivity, will strengthen the Aircraft Systems Segment.

5. Reduction (€310k)
Adjustment of the acquisition price of Zodiac Aero Duct Systems, in accordance with the purchase agreement (performed in 2013).

6. Impairment (€2,250k)
Shares of the Australian subsidiary, Zodiac Aerospace Holding Australia, recorded in our accounts for €4,516k, were depreciated by €2,250k, taking their carrying amount to €2,266k. This was to account for the loss in value of its subsidiary, Zodiac Aerospace Australia.

B. OTHER LONG-TERM INVESTMENTS

Inventory of negotiable securities held in the portfolio at August 31, 2014:

- The amounts represent a liquidity agreement set up with Crédit Agricole Cheuvreux to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 42,380 shares in the Company at a cost of €1,009k. The cash balance made available to Credit Agricole Cheuvreux under this agreement is invested in an interest-paying current account and the amount of €5,501k is recorded in the balance sheet under "Other financial assets."
- The amounts represent the cost of implementing the share buyback program set up with a service provider in February 2008, involving a maximum of 5% of the capital and used in the form of 13,900,000 Company shares. On December 29, 2013, a total of 787,480 treasury shares were withdrawn to be awarded to employees under the vesting of the free shares granted by the Executive Board on December 29, 2011. The balance of shares held in respect of the share buyback program numbered 13,112,520, representing 4.55% of the shares outstanding and valued at €84,299k.

Note that the adoption of the 16th resolution that was put to the vote of the Combined General Meeting on January 8, 2014 led to the division by five of the share's par value and consequently the multiplication by five of the number of shares.

OPERATING RECEIVABLES

The increase of €18.5 million in operating receivables was largely due to the €20.5-million increase in the Government line item. This was triggered by the interim tax payment surplus in respect of fiscal year 2013/2014 which will be cashed during the first four months of 2014/2015.

LOANS TO GROUP COMPANIES

The parent company continued to provide finance for Group companies. At August 31, 2014, companies borrowing from Zodiac Aerospace had an outstanding balance of €669,486k, versus €479,837k at August 31, 2013. This did not include the temporary addition of amounts to be collected in respect of consolidation for tax purposes, namely €6,322k, compared with €20,796k for the previous fiscal year.

Lending companies made €769,049k available, up from €757,486k at August 31, 2013. This did not include the temporary addition of amounts due to subsidiaries consolidated for tax purposes and amounting to €23,375k, up from €21,525k for the previous fiscal year.

Net lending to subsidiaries by Zodiac Aerospace decreased significantly, from €277,648k at August 31, 2013 to €99,562k for the 2013/2014 fiscal year.

BREAKDOWN OF THE BALANCE OF TRADE PAYABLES BY DUE DATE

Below is a breakdown at August 31, 2014 of the balance of trade payables by due date, in accordance with Article D. 441-4 of the French Commercial Code.

Breakdown of the balance of trade payables by due date

Due (in thousands of euros) (D= balance sheet date)	Payables overdue at the balance sheet date	Due at D+15	Due between D+16 and D+30	Due between D+31 and D+45	Due between D+46 and D+60	Due after D+60	Past due	Total trade payables
At August 31, 2013								
Trade payables (401+403)	3,660	1,356	1,997	84	–	–	–	7,097
Trade payables Invoices to be received	–	–	–	–	–	–	3,213	3,213
Trade payables Fixed assets (404+405)	254	163	210	–	3	–	2,265	2,895
TOTAL PAYABLE	**3,914**	**1,519**	**2,207**	**84**	**3**	**–**	**5,478**	**13,205**
At August 31, 2014								
Trade payables (401+403)	2,122	1,170	2,501	2	–	–	–	5,795
Trade payables Invoices to be received	–	–	–	–	–	–	3,393	3,393
Trade payables Fixed assets (404+405)	64	108	45	–	–	–	2,265	2,482
TOTAL PAYABLE	**2,186**	**1,278**	**2,546**	**2**	**–**	**–**	**5,658**	**11,670**

FINANCIAL LIABILITIES

In July 2013 Zodiac Aerospace set up a "Private Placement" line of financing:

a) a €535-million Schuldschein placement with three tranches:

- one with a three-year maturity, maturing on July 25, 2016, in the amount of €133 million;
- one with a five-year maturity, maturing on July 25, 2018, in the amount of €243 million;
- one with a seven-year maturity, maturing on July 27, 2020, in the amount of €159 million.

b) a Euro PP of €125 million, with a five-year maturity, maturing on July 22, 2018.

The "Club Deal" of June 29, 2010, amended by rider on August 29, 2011 and maturing in June 2015, was fully repaid on March 14, 2014. On that date, Zodiac Aerospace set up a new €1,030-million "Club Deal" for a period of five years, renewable for an additional year at the request of Zodiac Aerospace during each of the following two years on the anniversary of its set-up. The initial maturity date will therefore be March 14, 2019 and can be extended to March 14, 2020 and then to March 14, 2021.

At August 31, 2014, €164.1 million of this credit had been used.

The covenant (ratio of net debt to consolidated EBITDA) covering these loans was complied with at August 31, 2014. It must not exceed 3.0 at the end of this fiscal year and subsequent fiscal years.

In addition, our commercial paper program amounted to €381 million at the balance-sheet date, added to which were foreign currency advances of €11 million.

RISK HEDGING

A) INTEREST RATE RISK:

Zodiac Aerospace has set up interest rate swaps to hedge against changes in the Euribor:

1. 3-month Euribor

- implemented during fiscal year 2013/2014 and covering the period from July 29, 2014 to July 29, 2016, for a total of €125 million at a rate of 0.37%;

2. 6-month Euribor

- implemented under the "Schuldschein" financing and covering the period from July 25, 2013 to July 25, 2018, for a total of €50 million at a rate of 1.11% against the 6-month Euribor;
- implemented during fiscal year 2013/2014 and covering the period from July 25, 2014 to July 25, 2016, for a total of €270 million at a rate of 0.46%.

B) CURRENCY RISK:

At August 31, 2014, Zodiac Aerospace had active currency hedges to cover:

- a portion of 2013/2014 sales revenue: $192.6 million and €1.3 million on behalf of its subsidiaries; and $2.9 million on its own behalf;
- a portion of 2013/2014 purchases: $0.4 million and €1.2 million on behalf of its subsidiaries;
- a portion of 2014/2015 sales revenue: $43.5 million on behalf of its subsidiaries.

EQUITY

Before dividend distribution, equity was down €25,404k at €689,563k from €714,966k.

This change can be broken down as follows:

■ Net income for fiscal year 2013/2014	€54,545k
■ Increase in revenue from the issue of 1,002,465 shares in respect of stock options	€8,039k
■ Decrease in "Other reserves" related to the amount of the capital increase through the creation of 55,350 free shares issued under the General Free Share Award Plan (276,750 shares after division of the par value)	(€11k)
■ Change in regulated provisions	(€186k)
■ Dividends distributed	(€87,790k)

STOCK OWNERSHIP

The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the shares' par value took effect.

- 143,872 shares (719,360 shares after division of the par value) were created in respect of stock options exercised between September 1, 2013 and February 17, 2014;
- 55,350 shares (276,750 shares after division of the par value) were created under the General Free Share Award Plan of December 29, 2011;
- the division of the share's par value on February 25, 2014 increased the number of shares outstanding from 57,630,244 to 288,151,220;
- 283,105 shares were created in respect of stock options exercised between February 26, 2014 and August 31, 2014.

A total of 288,434,325 shares were outstanding at August 31, 2014.

At August 31, 2014, holders of registered shares accounted for 36.9% of the shares and 47.8% of the voting rights. The breakdown of Zodiac Aerospace capital on that date, to the best of the Company's knowledge, is shown in the table below. The number of shares held by employees was 2,843,145, representing 1% of the capital, and 4,650,105 voting rights representing 1.3% of the total.

Also, as far as the Company is aware, none of the "other shareholders" in the table below holds 5% or more of the capital or voting rights. In addition, pursuant to the French law on employee savings plans of February 19, 2001, the proportion of capital held by Company employees and staff of related companies within the meaning of Article L. 225-180 of the French Commercial Code regarding collective management plans was less than 3%.

At August 31, 2014, the Company had not received any disclosures regarding treasury stock pursuant to Article L. 233-12 of the French Commercial Code. During the fiscal year, and pursuant to Article L. 233-7 of the French Commercial Code, the Company received three disclosures regarding share ownership crossing the legal threshold of 5% of Zodiac Aerospace capital:

- On March 20, 2014, FFP Invest announced that on March 19, 2014 its holding of Zodiac Aerospace capital had fallen below the 5% threshold with a total of 11,641,635 shares, representing 4.04% of the capital and 3.19% of the voting rights;
- On July 9, 2014, the Domange family shareholding group announced that at July 9, 2014, it held 31,222,365 shares representing 56,853,675 voting rights, or 10.84% of the capital and 15.85% of the voting rights.
- On August 5, 2014, Artisan Partners Limited Partnership, a U.S. company organized under the laws of the State of Delaware, acting on behalf of funds, announced that on July 31, 2014 it had crossed the threshold of 5% of the capital with 14,759,256 shares held on behalf of the fund, representing 5.12% of the capital and 4.12% of the voting rights.

It should be noted that some shareholders are bound by collective agreements to retain their shares, entered into pursuant to Article 787 B and 885 I *bis* of the French General Tax Code, and registered on June 19, 2014 with the French tax authorities. These collective retention agreements run for two years and may be tacitly renewed in 12-month increments (unless terminated by one of the parties following a free transfer during the initial collective agreement period).

These shareholders also signed a non-transferability agreement on June 18, 2012 to further consolidate their commitments to retaining their shares under specific tax schemes.

This agreement for an initial period of one year may be tacitly renewed in 12-month increments. By way of exception, the non-transfer agreement provides for an option to transfer 10% of the shares locked up by each signatory, on condition that the aggregate number of shares under the agreement does not represent less than 20% of Zodiac Aerospace share capital and voting rights.

As at June 20, 2014, shares subject to the above-mentioned agreements accounted for approximately 23% of the capital and 36% of the total voting rights attached to the shares issued by Zodiac Aerospace.

Also as at that date, shareholders who were corporate officers or held over 5% of the capital or voting rights and had signed the aforementioned agreements were: the Louis Desanges family, the Didier Domange family, the Vincent Gerondeau family, the Robert Maréchal family, the Maurice Pinault family, and the Olivier Zarrouati family.

Some shareholders are also bound by a retention agreement, entered into in accordance with the provisions contained in Article 885 I *bis* of the French General Tax Code, registered on December 21, 2005, whereby they are bound to retain a certain number of Zodiac Aerospace shares for a period of six years from that date. The agreement may be tacitly renewed in 12-month increments. This agreement is still in effect. It also grants the signatories a mutual right of first refusal on the locked-up shares.

Breakdown of capital stock	Capital		Voting rights	
	Number of shares	%	Number of votes	%
Registered				
Families	70,010,837	24.27%	134,105,479	38.47%
Employees	2,843,145	0.99%	4,650,105	1.33%
FFP Invest	11,641,635	4.04%	11,641,635	3.34%
Other shareholders	8,842,557	3.07%	16,251,516	4.66%
Treasury stock	13,112,520	4.55%	–	–
Total registered shares	**106,450,694**	**36.91%**	**166,648,735**	**47.80%**
Bearer				
Other shareholders	**181,983,631**	**63.09%**	**181,983,631**	**52.20%**
TOTAL	**288,434,325**	**100.00%**	**348,632,366**	**100.00%**

Stock options

A total of 539,875 stock options were awarded by the Executive Board between September 1, 2013 and August 31, 2014, after consultation with the Supervisory Board.

The conditions under which these may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 10, 2011.

The number of stock options awarded and not exercised on all plans existing at August 31, 2014 totaled 4,133,720. An average of 1,029,168 options have been awarded per fiscal year, or 0.36% of the capital.

Free share awards

A total of 219,025 free shares (0.08% of the capital) were awarded by the Executive Board between September 1, 2013 and August 31, 2014, after consultation with the Supervisory Board.

The conditions under which these may be exercised are governed by the law and the rules laid down by the Combined General Meeting of January 10, 2011.

Share buyback program

The Company did not make use of the authorization granted by the General Meeting of Shareholders on January 10, 2011. A total of 157,496 shares (787,480 shares after division of the par value in February 2014) were withdrawn on January 8, 2014 in respect of the delivery of shares issued under annual and multi-year plans. At August 31, 2014, the Company held 13,112,520 shares, representing 4.55% of the capital.

Liquidity agreement

The liquidity agreement set up by the Company on January 18, 2007 was renewed in 2011. This agreement is intended to boost the liquidity of transactions and keep share prices stable (see under "Equity investment activity/B").

AUTHORIZATIONS AND DELEGATIONS GIVEN TO THE EXECUTIVE BOARD

These authorizations and delegations are shown in the tables below.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of Shareholders on January 8, 2014

Authorization to buy back and cancel treasury shares

Type	Authorization date	Maturity/term	Maximum amount authorized at Aug. 31, 2014	Use at Aug. 31, 2014
Authorization for the Company to buy and sell its own shares	January 8, 2014 (5th resolution)	July 9, 2015 (18 months)(1)	Buyback of a number of shares such that the number of shares held by the Company does not exceed 10% of the shares comprising the capital. Maximum of €300 million.	Movements over the fiscal year:(2) - purchase: 0 - sale: 0
Authorization to reduce the capital by canceling shares purchased by the Company under its share buyback program	January 8, 2014 (15th resolution)	July 9, 2015 (18 months)(1)	Cancellation of no more than 10% of capital per 24-month period	Shares canceled during the fiscal year: 0

(1) A proposal will be made to the General Meeting of Shareholders on January 15, 2015 to renew this authorization.
(2) Not part of the liquidity agreement.

Delegations for the purpose of increasing the capital

Type	Authorization date	Maturity/ term	Maximum nominal issue authorized	Means of determining the issue price	Use at Aug. 31, 2014
Delegation to increase the capital by a rights issue of ordinary shares and/or other negotiable securities giving access to equity.	January 9, 2013 (11th resolution)	March 9, 2015 (26 months) (1)	€2,500,000 (overall limit (2) for all delegations granted by the Combined General Meeting under the terms of the 11th, 16th and 17th resolutions).	Unrestricted	None
Delegation to increase the capital by the incorporation of profits, reserves or premiums.	January 9, 2013 (12th resolution)	March 9, 2015 (26 months) (1)	Within the overall limit of the sums that can be incorporated into the capital on the date of their incorporation.	–	None
Delegation to increase the capital by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a public offering.	January 9, 2013 (13th resolution)	March 9, 2015 (26 months) (1)	€1,500,000 (limit for all delegations granted by the Combined General Meeting under the terms of the 13th and 14th resolutions (3)).	Issue price at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a 5% discount.	None
Delegation to increase the capital by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a private offering.	January 9, 2013 (14th resolution)	March 9, 2015 (26 months) (1)	€1,500,000 (limit for all delegations granted by the Combined General Meeting under the terms of the 13th and 14th resolutions (3)).	Issue price at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a 5% discount.	None
Delegation to increase the number of securities to be issued in the event of a rights or non-rights issue to raise capital, decided pursuant to the 11th, 13th and 14th resolutions referred to above.	January 9, 2013 (15th resolution)	March 9, 2015 (26 months) (1)	Up to the limit specified in the resolution pursuant to which the initial issue was decided.	At the same price as that used for the initial issue.	None
Delegation to increase the capital by issuing ordinary shares and/or other negotiable securities giving access to equity through a public exchange offer initiated by the Company.	January 9, 2013 (16th resolution)	March 9, 2015 (26 months) (1)	€2,500,000 (overall limit (2) for all delegations granted by the Combined General Meeting under the terms of the 11th, 16th and 17th resolutions (4)).	Unrestricted	None
Delegation to increase the capital by issuing ordinary shares and/or other negotiable securities giving access to equity in payment for contributions in kind.	January 9, 2013 (17th resolution)	March 9, 2015 (26 months) (1)	Up to (i) 10% of the capital and (ii) the overall limit (5) of €2,500,000 set in the 11th resolution.	Unrestricted	None
Delegation to increase the capital by issuing shares reserved for members of a company share savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code.	January 8, 2014 (21st resolution)	March 8, 2016 (26 months) (1)	€300,000	Issue price cannot be lower than the minimum price provided for by legal and regulatory provisions prevailing at the time of the issue.	None

(1) A proposal will be made to the General Meeting of Shareholders on January 15, 2015 to renew this authorization.

(2) The total nominal amount of capital increases made under the 11th and 13th to 15th resolutions will be included in this overall limit.

(3) The total nominal amount of capital increases made under the 11th and 15th to 17th resolutions may not exceed the overall nominal limit of €2,500,000 set in the 11th resolution.

(4) The total nominal amount of capital increases made under the 11th, 16th, 17th and 13th to 15th resolutions will be included in this overall limit.

(5) The total nominal amount of capital increases made under the 11th and 13th to 16th resolutions may not exceed the overall nominal limit of €2,500,000 set in the 11th resolution.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of Shareholders on January 8, 2014

Authorizations for the purpose of (i) granting options to subscribe for or purchase Company shares and (ii) granting free Company shares to eligible Company or Group employees and/or corporate officers

Type	Authorization date	Maturity/ term	Maximum amount authorized	Means of determining the option exercise price and/or issue price	Use at Aug. 31, 2014
Authorization to grant options to subscribe for, or purchase shares	January 8, 2014 (19th resolution)	March 10, 2017 (38 months)	Limited to a maximum of 1,200,000(1) options, the total number of options granted not giving entitlement to subscribe for, or vest, a total number of shares representing more than 2.5% of the capital (limit for all delegations granted by the Combined General Meeting under the terms of the 22nd and 23rd resolutions).	The option exercise price may not be lower than (i) the average stock market price of the share over the 20 trading sessions preceding the day on which options are granted, or (ii), in the case of share purchase options, lower than the average purchase price of shares held by the Company under the conditions contained in Articles L. 225-208 and L. 225-209 of the French Commercial Code.	539,875
Authorization to grant free shares	January 8, 2014 (20th resolution)	March 10, 2017 (38 months)	The total number of free shares granted may not represent more than 2.5% of the capital (limit for all delegations granted by the Combined General Meeting under the terms of the 22nd and 23rd resolutions).	–	219,025

(1) 6,000,000 shares after the division of the par value on February 25, 2014.

DRAFT DELEGATIONS AND AUTHORIZATIONS TO BE PUT TO THE VOTE AT THE NEXT COMBINED GENERAL MEETING OF SHAREHOLDERS ON JANUARY 15, 2015

Since the following authorizations, granted by the Combined General Meeting on January 8, 2014 (under the terms of its 5th and 15th resolutions) authorizing the Executive Board to buy the Company's own shares and cancel them, are due to expire in 2015, the Executive Board proposes that the General Meeting of Shareholders convened on January 15, 2015 should grant the Executive Board new authorizations of the same nature, up to a limit of €300 million, involving a maximum of 5% and 10% of the capital respectively, with a maximum unit purchase value per share of €35 for a period of 18 months:

- Authorization to be granted to the Executive Board to allow the Company to purchase its own shares (5th resolution);
- Authorization to be granted to the Executive Board to reduce the share capital via the cancellation of shares held by the Company per the buyback program (9th resolution).

Since the following authorizations, granted by the Combined General Meeting on January 9, 2013, are due to expire in 2015, the Executive Board proposes that the General Meeting of Shareholders convened on January 15, 2015 should grant the Executive Board new delegations, of the same nature, for a period of 26 months to:

- increase the share capital by a nominal amount of €2,500,000, by issuing, with the preferred subscription rights being maintained, ordinary shares and/or other securities giving access to the share capital (10th resolution);
- increase the share capital by capitalizing profits, reserves or share premiums (11th resolution);
- increase the share capital by a nominal amount of €1,200,000 by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital, via a public offering (12th resolution);
- increase the share capital by a nominal amount of €1,200,000 by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital via private placement offering referred to in II of article L. 411-2 of the French Monetary and Financial Code (13th resolution);
- increase the number of securities to be issued in the event of a share capital increase, the preferential subscription rights being maintained or cancelled, decided pursuant to resolution 10, to resolution 12 and/or to resolution 13 (14th resolution);
- increase the share capital by a nominal amount of €2,500,000 by issuing ordinary shares and/or other securities giving access to the share capital, in the event a public exchange offer is initiated by the Company (15th resolution);
- to increase the share capital by issuing ordinary shares and/or other securities giving access to the share capital, in consideration for contributions in kind within the limit of 10% of the share capital (16th resolution);
- increase the share capital by issuing, with the preferential subscription rights being cancelled, shares reserved for members of a company savings scheme (*plan d'épargne d'entreprise*) set out pursuant to articles L. 3332-1 *et seq.* of the French Labour Code (17th resolution).

Regulated agreements

The Executive Board submits for the approval of the General Meeting of Shareholders convened on January 15, 2015 an Agreement subject to the provisions of Articles L. 225-86 *et seq.* of the French Commercial Code, to be entered into by the Company with the ISAE (*Institut Supérieur de l'Aéronautique et de l'Espace*) Foundation in the current 2014/2015 fiscal year (4th resolution).

Changes to the Company's Articles of Association

The Board of Directors proposes to the General Meeting of Shareholders convened on January 15, 2015, the following changes to the Company's Articles of Association:

- Article 18 – Composition of the Supervisory Board, to comply with the provisions of the French Commercial Code and in particular those of Article L. 225-28 (18th resolution);
- Article 19 – Term of office, to comply with the provisions of the French Commercial Code (19th resolution);
- Article 29 – Admission and participation to the general meetings: to offer Company shareholders, subject to the Executive Board's prior consent, the option of attending and voting at general meetings via videoconferencing or any other means of telecommunication, in accordance with prevailing legal and regulatory provisions (20th resolution).

ALLOCATION OF NET INCOME

We propose to allocate the net income for fiscal year 2013/2014 as follows:

After-tax profit	€54,544,641.85
Retained earnings	€419,372,071.89
Amount to be allocated	€473,916,713.74
Allocation to the legal reserve	(€5,116.86)
Dividend (1)	(€92,298,984.00)*
Retained earnings after allocation	€381,612,612.88

(*) €0.32 x 288,434,325 shares.

(1) This amount relates to all 288,434,325 shares issued by the Company at August 31, 2014; it will be adjusted according to the number of shares in issue on the dividend payment date and will be reduced by the number of treasury shares held by the Company.

The total number of shares comprising the Company's capital stock was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the share's par value took effect.

Dividends per share paid for the past three fiscal years were as follows:

	Dividend	Dividend (after division of the par value)
2010/2011	€1.20	€0.24
2011/2012	€1.40	€0.28
2012/2013	€1.60	€0.32

FORECASTS FOR THE 2014/2015 FISCAL YEAR

The Company will continue to act as the Group's industrial holding company and to provide services to Group companies.

It will also continue to cash dividends from its French and foreign subsidiaries.

Statement of Financial Position

ASSETS

(in thousands of euros)	Notes	Gross amount	Depreciation, amortization or impairment	Net at Aug. 31, 2014	Net at Aug. 31, 2013
Intangible assets	(Note 1.A and Appendices 1 and 2)	19,576	9,062	10,514	8,695
Property, plant and equipment	(Appendices 1 and 2)	24,049	15,108	8,941	9,061
Long-term investments	(Note 1.B and Appendix 3)	1,953,853	4,150	1,949,703	1,929,326
Total non-current assets		**1,997,478**	**28,321**	**1,969,158**	**1,947,082**
Operating receivables		25,448	–	25,448	7,115
Other receivables and loans to subsidiaries	(Note 1.C)	675,859	–	675,859	500,633
Cash and cash equivalents		52,393	–	52,393	51,807
Prepaid expenses		4,089	–	4,089	4,989
Total current assets		**757,790**	**–**	**757,790**	**564,545**
TOTAL ASSETS		**2,755,268**	**28,321**	**2,726,947**	**2,511,627**

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	Net at Aug. 31, 2014	Net at Aug. 31, 2013
Capital		11,537	11,486
Share premiums		178,539	170,552
Revaluation adjustments		252	252
Legal reserve		1,149	1,143
Reserve for long-term capital gains		–	–
Other reserves		23,827	23,838
Retained earnings		419,372	473,358
Net income for the fiscal year		54,545	33,810
Regulated provisions	(Note 2)	342	527
Total equity	**(Note 6)**	**689,563**	**714,966**
Provisions for contingencies and losses		**2,353**	**1,744**
Financial liabilities		2,010,502	1,762,374
Operating liabilities		20,799	27,196
Other liabilities		3,731	5,347
Total liabilities	**(Note 4)**	**2,035,032**	**1,794,916**
TOTAL EQUITY AND LIABILITIES		**2,726,947**	**2,511,627**

Statement of Profit and Loss

(in thousands of euros)	Notes	Amount Aug. 31, 2014	Amount Aug. 31, 2013
Revenue from operations			
Sales revenue	(Note 7)	85,278	78,871
Other revenue		11	4
		85,289	**78,875**
Operating expenses			
Raw materials, external costs and other supplies		67,749	62,999
Taxes other than income taxes		1,237	1,539
Personnel costs	(Note 8)	35,300	26,508
Depreciation and amortization		5,399	3,958
		109,685	**95,004**
Operating income		**(24,396)**	**(16,129)**
Financial income			
Income from equity investments		88,485	61,834
Other interest and similar income		12,766	10,021
Currency gains		–	18
Reversals of provisions		–	–
		101,251	**71,873**
Interest and similar expenses			
Interest expense		35,429	27,517
Currency losses		536	1,165
Allocations and other financial charges		2,322	1,933
		38,287	**30,615**
Net financial income	**(Note 9)**	**62,964**	**41,258**
Income before tax and exceptional items		**38,568**	**25,129**
Exceptional revenue			
Operating activities		61	–
Capital transactions		31	34
Reversals of provisions		691	170
		782	**204**
Exceptional charges			
Operating activities		199	–
Capital transactions		1,110	29
Depreciation charge and provisions		805	722
		2,114	**751**
Net exceptional profit/(loss)		**(1,332)**	**(547)**
Income tax	**(Notes 10 and 11)**	**(17,308)**	**(9,228)**
Total revenue		**187,323**	**150,952**
Total expenses		**132,778**	**117,142**
Net income for the fiscal year		**54,545**	**33,810**

Notes to the Financial Statements

I. ACCOUNTING PRINCIPLES AND METHODS

Zodiac Aerospace's statement of financial position and statement of profit and loss have been prepared in euros in accordance with the provisions of the General Chart of Accounts as required by Regulation 99-03 of the French Accounting Regulation Committee.

The main principles applied are as follows:

a) Software is posted to intangible assets and amortized on a straight-line basis over a one- to four-year term. Start-up costs are amortized on a straight-line basis over one to five years.

b) Property, plant and equipment are depreciated at acquisition cost or, for items invoiced to ourselves, at cost.

Amortization and depreciation are calculated over the useful life of fixed assets which is generally as follows:

- Buildings: 20 years;
- Plant and equipment: 10 years;
- IT equipment: 3 to 4 years;
- Rolling stock: 4 to 5 years.

For fixed assets, for which the declining method of amortization and depreciation is used for tax purposes, the difference between straight-line and total amortization and depreciation is recognized under tax-based amortization and depreciation.

c) Investments in unconsolidated subsidiaries are valued at acquisition costs (excluding associated expenses) or at contributed value. An impairment provision is booked when the carrying amount is lower than the realizable value as estimated based on the subsidiary's assets, profitability and future outlook.

In the case of the acquisition of companies carrying fixed or variable earn-out clauses based on their future economic performance, such companies are recognized in addition to the acquisition costs of the securities. This is offset by a liabilities entry under other sundry creditors, provided that the payments are probable and the amounts are reliably measurable. The estimate of these commitments is reviewed and may be adjusted at each fiscal year-end depending on achievement of targets and updated projections.

d) Investment securities are valued at average weighted price.

e) Foreign currency transactions

Payables and receivables in currency are recorded at their equivalent value:

- in euros at the exchange rate;
- at the maturity date when there is future hedging in place;
- at the year-end date for the rest.

Income and expenses in foreign currency are posted to the financial statements at the average rate of the month in which they are recognized.

f) Financial instruments

Interest-rate hedges are set up through instruments listed on organized or over-the-counter markets and only present negligible counterparty risk.

The results generated by them are recognized symmetrically to the results generated by the hedged items.

II. NOTES TO THE FINANCIAL STATEMENTS

These financial statements include items resulting from our Company's election to apply the tax treatment for company groups (French General Tax Code (CGI), Article 223 A to Q). This election was renewed on August 22, 2003 and for fiscal year 2013/2014 concerns the following subsidiaries: Zodiac Aerosafety Systems,(1) Zodiac Seats France, Immobilière Galli, Zodiac Coating,(2) Zodiac Aerotechnics, Zodiac Aero Electric, Zodiac Data Systems Investment,(3) Zodiac Fluid Equipment, Zodiac Hydraulics, Zodiac Actuation Systems, Zodiac Data Systems, Zodiac Aerospace Services Europe, Zodiac Cabin Interiors Europe,(4) Zodiac Fal Support France SARL,(5) Zodiac Engineering and Zodiac Aero Duct Systems. Each company computes its tax as if it were not consolidated. The companies post to their accounts any tax credits that may arise from the consolidated tax group's results.

(1) Formerly known as Aérazur.
(2) Formerly known as Zodiac Automotive Division.
(3) Formerly known as In-Snec Holding.
(4) Formerly known as C&D Adder.
(5) Formerly known as Sell Services France.

III. NOTES TO THE STATEMENT OF FINANCIAL POSITION

(In thousands of euros unless indicated otherwise)

NOTE 1 - ASSET ITEMS

NOTE 1.A - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

1. Intangible assets

Intangible assets include:

- a gross amount of €8,347k (€7,167k net after amortization) corresponding to:
  - arrangement fees for the new "Club Deal" entered into on March 14, 2014 totaling €5,158k;
  - deduction of the residual value (after amortization for the fiscal year) of the costs of setting up the rider of August 2011 relating to the previous "Club Deal" totaling €3,200k;
- operating licenses for the Movex/M3 ERP for a gross value of €11,229k and net value of €3,346k.

2. Property, plant and equipment

See Appendices 1 and 2.

NOTE 1.B - LONG-TERM INVESTMENTS

A. MAIN CHANGES

1. Share subscription and capital increase: €4,478k

- Parachutes Industries of Southern Africa Pty (PISA) capital increase €1,339k
- Zodiac Aerospace Holding Australia capital increase €639k
- Zodiac Seats Tunisie capital increase €2,500k

2. Newly created subsidiaries: €3,856k

- Zodiac Composite Monuments Tunisie (Galleys & Equipment Segment) €3,124k
- Zodiac Aerospace Services Middle East €732k

3. Share transfer €50k
Transfer of all shares of Zodiac Engineering by Zodiac Coating (formerly known as Zodiac Automotive Division)

4. Acquisition of TriaGnoSys GmbH €20,000k
This company, specializing in connectivity, will strengthen the Aircraft Systems Segment.

5. Reduction (€310k)
Adjustment of the acquisition price of Zodiac Aero Duct Systems (acquired in 2013).

6. Impairment (€2,250k)
Shares of the Australian subsidiary, Zodiac Aerospace Holding Australia, recorded in our accounts for €4,516k, were depreciated by €2,250k, taking their carrying amount to €2,266k.

B. OTHER LONG-TERM INVESTMENTS

Inventory of negotiable securities held in the portfolio at August 31, 2014:

As a reminder, the adoption of the 16th resolution that was put to the vote of the Combined General Meeting on January 8, 2014 led to the division by five of the share's par value and consequently the multiplication by five of the number of shares.

- Securities representing a liquidity agreement set up with Crédit Agricole Cheuvreux to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 42,380 shares in the Company at a cost of €1,009k. The cash balance made available to Crédit Agricole Cheuvreux under this agreement, namely €5,501k, is invested in an interest-paying current account.
- Securities representing the cost of implementing the share buyback program set up with a service provider in February 2008, involving a maximum of 5% of the capital and used in the form of 13,900,000 Company shares. On December 29, 2013, a total of 787,480 treasury shares were withdrawn as part of the vesting of the free shares granted by the Executive Board on December 29, 2011. A total of 13,112,520 shares was held in respect of the share buyback program, representing 4.55% of the shares outstanding, for a value of €84,299k.
- Shares in companies not listed on an official stock market: None.

NOTE 1.C - DEBT MATURITY SCHEDULE

(in thousands of euros)	Net amount	Up to 1 year max	More than 1 year
Non-current assets			
Loans to affiliates	–	–	–
Other long-term investments	90,823	6,512	84,311
Current assets			
Trade receivables and operating receivables	25,448	25,448	–
Other receivables (1)	675,859	675,859	–
Liquid assets	52,393	52,393	–
Prepaid expenses	4,089	4,089	–
TOTAL	**848,612**	**764,301**	**84,311**

(1) Including €669,486k representing the offset of loan drawdowns provided to subsidiaries as needed and €6,322k in estimated tax receivables related to subsidiaries consolidated for tax purposes.

NOTE 2 – PROVISIONS

(in thousands of euros)	Balance at Aug. 31, 2013	Charges for the period	Reversals for the period	Balance at Aug. 31, 2014
Provisions for risks and contingencies	1,744	809	200	2,353
Tax-based amortization and depreciation	527	305	490	342

NOTE 3 – RELATED-PARTY ITEMS

With related parties, Zodiac Aerospace enters into arm's length transactions or transactions excluded from the scope as described in French accounting regulation ANC 2010-02 and 2010-03.

(in thousands of euros)	Assets	Equity and liabilities	Income statement
Participating interests	1,858,880	–	–
Trade receivables and related accounts	3,483	–	–
Short-term loans (1)	675,809	–	–
Trade payables and related accounts	–	3,277	–
Short-term borrowings (2)	–	792,424	–
Income from equity investments	–	–	88,485
Other income	–	–	85,278
Interest income	–	–	12,594
Interest and similar expenses	–	–	14,086
Other expenses	–	–	35,748

(1) Including €6,322k in tax consolidation.
(2) Including €23,375k in tax consolidation.

NOTE 4 – LIABILITIES

Debt maturity schedule

(in thousands of euros)	Gross amount	Up to 1 year max	From 1 to 5 years
Borrowings and liabilities to financial institutions and other((1)	2,010,502	1,187,661	822,841
Trade payables and related accounts	9,170	9,170	–
Tax and employee-related debt	9,147	9,147	–
Liabilities related to fixed assets	2,482	2,482	–
Other liabilities	3,730	3,730	–
TOTAL	**2,035,031**	**1,212,190**	**822,841**

(1) Including €164 million or the euro equivalent in drawdowns of loans set up on March 14, 2014 for a total amount of €1,030 million representing a single tranche for a term of five years maturing on March 14, 2019, renewable for an additional year at the request of Zodiac Aerospace during each of the subsequent two years. The maturity may therefore be extended to March 14, 2020 and then to March 14, 2021.

The covenant related to this loan was complied with as of August 31, 2014; failure to comply with its conditions could result in the obligation to repay the loan early and in full.

In July 2013 Zodiac Aerospace set up a "Private Placement" line of financing:

a) A €535-million Schuldschein placement with three tranches:
- one with a three-year maturity, maturing on July 25, 2016, in the amount of €133 million;
- one with a five-year maturity, maturing on July 25, 2018, in the amount of €243 million.
- one with a seven-year maturity, maturing on July 27, 2020, in the amount of €159 million.

b) A Euro PP of €125 million, with a five-year maturity, maturing on July 22, 2018.

NOTE 5 – FINANCIAL COMMITMENTS AND SURETIES GRANTED

A. COMMITMENTS GIVEN

1) Sureties:

- Surety of US$300k translated at the year-end rate, i.e. €227k, to guarantee a letter of credit issued by a U.S. bank to our subsidiary American Fuel;
- Surety of US$300k translated at the year-end rate, i.e. €227k, as guarantee for Singapore Airlines on behalf of Zodiac Seats U.S.;
- Surety of US$1,339k translated at the year-end rate, i.e. €1,015k, on behalf of Esco;
- Surety of US$11k translated at the year-end rate, i.e. €9k, on behalf of MAG Aerospace Industries;
- Surety of €3,410k in favor of customs for our subsidiaries Zodiac Aerotechnics, Zodiac Aerosafety Systems,[1] Zodiac Seats France, and Zodiac Aerospace Services Europe.

(1) Formerly known as Aérazur.

2) Guarantees:

- Guarantee in favor of the Federal Insurance Company (CHUBB) for up to $10 million to counter-guarantee the performance bonds issued by the Federal Insurance Company to certain customers of our subsidiary Esco to underwrite the fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft);
- Guarantee filed with the Amsterdam commercial court to cover the consolidated debts of the Driessen group holding company and its Dutch subsidiaries to avoid the need to prepare and locally submit consolidated financial statements for the Driessen sub-group. This guarantee is for a maximum of €10 million;
- Zodiac Aerospace provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:

– in August 2009, in favor of Cathay Pacific, on behalf of Zodiac Seats France, maturing on December 31, 2016;
– in November 2010, in favor of Cathay Pacific, on behalf of Zodiac Seats U.S., maturing on December 31, 2015;
– in January 2011, in favor of American Airlines, on behalf of Zodiac Seats U.S. and C&D Zodiac (USA), maturing on December 31, 2015.

B. PENSION OBLIGATIONS

To assess defined-benefit liabilities, a portion of the actuarial gains or losses is recognized as income or expenses if the cumulative actuarial variances not recognized at the end of the previous reporting period exceed the greater of the following two values:

- 10% of the current value of the defined-benefit obligation at the beginning of the reporting period (before deducting the plan assets);
- 10% of the fair value of the plan assets at the beginning of the reporting period.

The amount related to the lump-sum retirement benefit commitment is recorded in the parent company financial statements based on an actuarial valuation using the following assumptions at August 31, 2014:

- Discount rate: 1.86%.
- Expected rates of salary increases: 3% non-managerial personnel and 3% managerial personnel.
- Retirement age: legal schedule in force at period-end.
- Mortality: INSEE TD-TV 09-10 table.

The changes in the provision are detailed below:

Retirement liabilities at August 31, 2013:	€1,204k
2013/2014 allocation:	€227k
Discount expense:	€72k
Reversals for the period:	–
Amortization of actuarial gains and losses:	–
Provisions for retirement liabilities at August 31, 2014:	€1,503k

Amount of actuarial gains recognized: €1,882k.

C. PERSONAL TRAINING ENTITLEMENT

A total of 14,267 hours had been accumulated at August 31, 2014 for which no training request had been made.

NOTE 6 – CHANGE IN EQUITY DURING THE FISCAL YEAR

(BEFORE ALLOCATION OF 2013/2014 NET INCOME)

(in thousands of euros)	At Aug. 31, 2013	Allocation of income 2012/2013 decided by the Combined General Meeting	Movements in capital	Dividends	Other	At Aug. 31, 2014
Capital (1) (2)	11,486	–	40	–	11	11,537
Share premium (3)	170,552	–	7,988	–	–	178,540
Revaluation differences	252	–	–	–	–	252
Reserves and retained earnings (2)	498,338	–	–	(53,980)	(11)	444,347
Net income	33,810	–	–	(33,810)	54,544	54,544
Regulated provisions	528	–	–	–	(186)	342
SHAREHOLDERS' EQUITY	**714,966**	**–**	**8,028**	**(87,790)**	**54,358**	**689,563**

The adoption of the 16th resolution that was put to the vote of the Combined General Meeting on January 8, 2014 led to the division by five of the share's par value and consequently the multiplication by five of the number of shares.

(1) Movements in capital were generated by increases of €40k resulting from the exercise of 426,977 options.
(2) Creation of 55,350 free shares issued under the General Free Share Award Plan granted by the Executive Board on December 29, 2011, for a total of €11k provisioned against reserves.
(3) Movements in share premiums were generated by increases of €7,988k resulting from the exercise of 426,977 options.

IV. NOTES TO THE STATEMENT OF PROFIT AND LOSS

(In thousands of euros unless indicated otherwise)

NOTE 7 – SALES REVENUE

Sales revenue represents billing for Group services amounting to €44,417k, compared with €43,176k in 2012/2013 for French subsidiaries, and €42,161k compared with €35,695k in 2012/2013 for foreign subsidiaries.

NOTE 8 – PERSONNEL COSTS

Compensation allocated to the members of the Supervisory Board and the Executive Board amounted to €2,334k, including €295k in directors' fees.

The average workforce for the fiscal year was 170 persons (managers, supervisory and clerical staff) versus 150 for the previous fiscal year.

NOTE 9 – FINANCIAL INCOME

Dividends from the subsidiaries amounted to €88,485k, up from €61,834k in 2012/2013.

Other interest and similar income, generated by subsidiaries' financing activities, increased to €12,766k from €10,021k in 2012/2013.

Interest expense rose by 28.75%, from €27,517k to €35,429k due for the most part:

- to a higher interest rate on our external resources which averaged 2.28% compared to 1.93% the previous fiscal year, an increase generated by the use for the entire fiscal year of private placement financing (mainly fixed-rate); but also
- to a slight increase in our average needs, particularly following the acquisitions of TriaGnoSys GmbH, Pacific Precision Products and Greenpoint Technologies.

An impairment provision of €2,250k was recorded in respect of the stock of the Zodiac Aerospace Holding Australia subsidiary.

NOTE 10 – ALLOCATION OF TAX TO CURRENT AND NON-RECURRING INCOME

(in thousands of euros)	Current	Non-recurring	Total
Pre-tax income	38,568	(1,332)	37,236
Tax at ordinary rate	18,236	(927)	17,309
Net income	**56,804**	**(2,259)**	**54,545**

NOTE 11 – UNREALIZED TAX GAINS AND LOSSES

(in thousands of euros)	Aug. 31, 2014
a) Unrealized tax liabilities	
Tax-based amortization and depreciation	(342)
b) Unrealized tax receivables	
Provisions for paid leave	1,930
Lump-sum retirement benefits	1,503
Acquisition costs	6,820
Balance	**9,911**
Unrealized tax receivables (38%) (1)	**3,766**

(1) Including non-recurring contribution of 10.7% plus 3.3% on the tax amount.

APPENDIX 1 - INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Purchase value at Aug. 31, 2013	Acquisitions during the period	Transfer between line items	Disposals and exits	Purchase value at Aug. 31, 2014
Software	10,069	683	477	–	11,229
Syndicated loan arrangement fees	6,389	5,158	–	(3,200)	8,347
Assets under construction	311	–	(311)	–	–
Subtotal	**16,769**	**5,841**	**166**	**(3,200)**	**19,576**
Land	1,255	–	–	–	1,255
Buildings	9,586	–	147	–	9,733
Rolling stock	1,281	272	–	(62)	1,491
Furniture, office and IT equipment	8,830	896	552	–	10,278
Fittings, facilities, other	270	–	–	–	270
Assets under construction	925	962	(865)	–	1,022
Subtotal	**22,147**	**2,130**	**(166)**	**(62)**	**24,049**
TOTAL	**38,916**	**7,971**	**–**	**(3,262)**	**43,625**

APPENDIX 2 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Amortization and depreciation at Aug. 31, 2013	Allocation for the period to amortization and depreciation	Reversals on disposals	Transfer between line items and exits	Amortization and depreciation at Aug. 31, 2014
Software	6,338	1,544	–	–	7,882
Other intangible assets	1,735	1,566	2,121	–	1,180
Subtotal	**8,073**	**3,110**	**2,121**	**–**	**9,062**
Land	–	–	–	–	–
Buildings	6,308	345	–	–	6,653
Rolling stock	483	265	31	–	717
Furniture, office and IT equipment	6,161	1,395	–	–	7,556
Fittings, facilities, other	134	49	–	–	183
Subtotal	**13,086**	**2,053**	**31**	**–**	**15,108**
TOTAL	**21,159**	**5,163**	**2,152**	**–**	**24,170**

APPENDIX 3 - LONG-TERM INVESTMENTS

(in thousands of euros)	Gross amounts at Aug. 31, 2013	Increase	Decrease	Gross amounts at Aug. 31, 2014
Equity investments	1,834,956	28,385	310	1,863,031
Loans	35	–	34	1
Security deposits and bonds	51	1	40	12
Interest-paying current account	5,530	–	29	5,501
Liquidity agreements	805	204	–	1,009
Treasury shares	89,849	–	5,550	84,299
TOTAL	**1,931,226**	**28,590**	**5,963**	**1,953,853**

The €310k decrease represents adjustments to the acquisition price of Zodiac Aero Duct Systems in accordance with the contractual clauses contained in the acquisition contract.

APPENDIX 4 - SUBSIDIARIES AND AFFILIATES

(in thousands of monetary units)	Share of capital held as a percentage	Monetary unit	Share capital	Reserves and retained earnings before allocation of net income	Last published profit
Detailed information by subsidiary					
Cantwell Cullen & Company Inc.	100.00	CAD	1,000	45,842	462
Evac GmbH	100.00	€	7,109	41,791	13,401
Evac Train Vacuum System Trading	100.00	CNY	1,104	4,666	5,134
EZ Air Interior Ltd	50.00	€	200	(1,915)	(2,964)
Immobilière Galli	100.00	€	21,000	9,017	(416)
IN Services Asia	100.00	USD	1,000	2,302	(487)
OEM Defense Services	20.00	€	100	–	–
OEM Services	25.00	€	1,545	–	–
Parachutes Industries of Southern Africa (PISA)	100.00	ZAR	15,000	(2,706)	9,501
TriaGnoSys GmbH	100.00	€	25	516	1,400
Zodiac Aero Duct Systems	100.00	€	4,000	13,618	3,822
Zodiac Aerosafety Systems	100.00	€	213,595	326,431	23,817
Zodiac Aerospace Germany Investment GmbH	100.00	€	2,598	88,917	(3,338)
Zodiac Aerospace Holding Australia PTY Ltd	100.00	AUD	2,000	(3,049)	(2,115)
Zodiac Aerospace (Jiangsu) Co., Ltd	51.00	CNY	12,715	(504)	(4,227)
Zodiac Aerospace Maroc	99.99	MAD	74,659	(15,600)	7,694
Zodiac Aerospace Netherlands Investment NV	100.00	€	15,000	74,874	8,847
Zodiac Aerospace Services Europe	100.00	€	17,548	5,155	(3,242)
Zodiac Aerospace Services Middle East	100.00	USD	–	(434)	32
Zodiac Aerospace Services UK Ltd	100.00	€	1,000	–	(43)
Zodiac Aerospace UK Investment Ltd	100.00	£	195,000	(2,599)	19,343
Zodiac Aerotechnics	100.00	€	20,399	169,641	46,213
Zodiac Automotive Division (1)	100.00	€	7,367	1,044	382
Zodiac Automotive Tunisie	0.01	€	4,477	2,532	101
Zodiac Cabin Interiors Europe	100.00	€	165	7,437	848
Zodiac Composite Monuments Tunisie	100.00	€	3,128	–	70
Zodiac Engineering	100.00	€	50	(1)	(1)
Zodiac Equipments Tunisie	99.86	€	2,018	7,926	3,072
Zodiac Fal Support France SARL	100.00	€	9	338	32
Zodiac Interconnect UK Ltd	100.00	£	1	7,329	2,631
Zodiac Seats France	100.00	€	20,000	105,951	41,484
Zodiac Seats Tunisie SARL	100.00	€	3,700	212	700

(1) On October 20, 2014, Zodiac Automotive Division changed its name to Zodiac Coating.

(in thousands of euros)	French subsidiaries	Foreign subsidiaries
Aggregate information		
Gross book value of shares held	1,267,843	595,187
Net book value of shares held	1,267,843	591,037
Dividends received	88,485	–

Earnings and other characteristics of the Company over the past five fiscal years

	Fiscal year 2009/2010	Fiscal year 2010/2011	Fiscal year 2011/2012	Fiscal year 2012/2013	Fiscal year 2013/2014[1]
I - Capital at the fiscal year-end					
Share capital (in thousands of euros)	11,235	11,349	11,425	11,486	11,537
Number of ordinary shares outstanding	56,174,207	56,744,439	57,125,728	57,431,022	288,434,325
II - Fiscal year operations and results (in thousands of euros)					
Sales revenue excluding tax and ancillary income	28,421	32,246	50,972	78,871	85,290
Earnings before taxes, employee profit-sharing and depreciation, amortization and provisions	40,181	31,023	40,939	31,021	45,072
Income tax	(4,137)	(12,934)	(12,665)	(9,228)	(17,308)
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	57,346	39,941	50,692	33,810	54,544
Distributed earnings	53,392	64,751	79,976	91,890	92,299[2]
III - Earnings per share (in euros)					
Earnings after taxes, employee profit-sharing, before depreciation, amortization and provisions	0.79	0.77	0.94	0.70	0.22
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	1.02	0.70	0.89	0.59	0.19
Net dividend allocated to each share	1.00	1.20	1.40	1.60	0.32[3]
IV - Employees					
Average number of employees during the fiscal year	83	88	105	151	170
Payroll costs for the fiscal year (in thousands of euros)	7,470	10,275	12,724	17,958	25,453
Amount paid in employee benefits for the fiscal year (social security, social initiatives) (in thousands of euros)	3,466	4,475	6,516	8,550	9,847

(1) The total number of shares comprising the Company's share capital was multiplied by five at the start of trading on February 25, 2014, the date on which the division by five of the shares' par value took effect.

(2) This amount relates to all 288,434,325 shares issued by the Company at August 31, 2014; it will be adjusted according to the number of shares in issue on the dividend payment date and will be reduced by the number of treasury shares held by the Company.

(3) After approval by the Combined General Meeting.

Reports of the Statutory Auditors

REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

Pursuant to the assignment entrusted to us by your General Meetings of Shareholders, we hereby report to you on the following matters for the fiscal year ended August 31, 2014:

- the audit of the annual financial statements of the Zodiac Aerospace Company, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements are the responsibility of the Executive Board. Our responsibility is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the auditing standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or by other methods of selection, evidence supporting the amounts and disclosures in the consolidated financial statements. It also includes assessing the accounting principles used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the results of the operations for the fiscal year ended and the financial position and assets of the Company at the fiscal year-end in accordance with generally accepted French accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw to your attention the following matters:

The investments in unconsolidated subsidiaries listed under your Company's assets are valued in accordance with the methods presented in chapter I.c of the Notes to the Financial Statements. We verified the appropriateness of the accounting methods described in the Notes to the Financial Statements and, where appropriate, examined the assumptions and estimates used by your Company to determine their recoverable amount at the end of the fiscal year.

Our assessments were made in the context of our audit of the annual financial statements, taken as a whole, and therefore assisted us in reaching our opinion as expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND DISCLOSURES

In accordance with generally accepted auditing standards applicable in France, we also carried out the specific verifications required by law.

We have no comments to make on the fair presentation and consistency with the annual financial statements of the amounts and disclosures in the Executive Board's management report and in the documents provided to shareholders regarding the financial position and the annual financial statements.

For the amounts and disclosures provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code regarding the compensation and benefits paid to corporate officers and the commitments made to them, we have verified that these are consistent with the information contained in the financial statements or with the data used to prepare said financial statements and, as applicable, with the information obtained by your Company from the companies that control it or are controlled by it. Based on the audit conducted, we hereby certify that the disclosures made are accurate and presented fairly.

In accordance with the law, we have obtained assurance that the various disclosures relative to the acquisition of controlling and other interests and the identity of shareholders have been provided to you in the Management Report.

Paris-La Défense, December 15, 2014

The Statutory Auditors

Fidaudit
Member of the Fiducial network
Bruno Agez

Ernst & Young Audit
Laurent Miannay

SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the basic features and main terms of the agreements and commitments that have been disclosed to us, or of which we have become aware during our assignment, without commenting on their relevance or substance or inquiring about the existence of other agreements or commitments. Under the provisions of Article R. 225-58 of the French Commercial Code, it is the responsibility of shareholders to determine whether such agreements and commitments are appropriate and should be approved.

It is our responsibility to report to shareholders, where applicable and as stipulated in Article R. 225-58 of the French Commercial Code, on the enforcement during the fiscal year ended of the agreements and commitments already approved by the General Meeting of Shareholders.

We conducted our audit as we deemed appropriate with respect to auditing guidelines issued by the *Compagnie Nationale des Commissaires aux Comptes* for this type of engagement. Those guidelines require that we verify that the data and disclosures provided to us are consistent with the documents on which they were based.

Agreements and commitments submitted for the approval of the General Meeting

Agreements and commitments authorized during the fiscal year just ended

In accordance with Article L. 225-88 of the French Commercial Code, we have been informed of the agreements and commitments that were authorized in advance by the Supervisory Board.

With Olivier Zarrouati, Chief Executive Officer

Agreements and commitments authorized but not signed at the time of our report

At its meeting held on July 16, 2014, the Supervisory Board authorized the signature of a new agreement to create a Technology and Entrepreneurship academic chair in conjunction with French aerospace engineering school ISAE and France's *École Polytechnique*. The aim is to set up a series of educational programs to encourage startups and act as a personal development platform for students.

Through the auspices of ISAE, of which Olivier Zarrouati is director, your Company wishes to be a partner in this chair. The Zodiac Aerospace Group hopes the chair will attract new aeronautical engineering talent to the Company.

At the time of this report, the contract relating to this agreement is in the process of signature. Your Company will contribute a maximum sum of €290,000 per year for three years, starting in fiscal year 2014-2015.

Agreements and commitments already approved by the General Meeting of Shareholders

Agreements and commitments approved in previous fiscal years

a) that continued to be implemented during the fiscal year just ended

We have not been advised of any agreements or commitments previously approved by the General Meeting of Shareholders that continue to be implemented during the fiscal year just ended.

b) that were not implemented during the fiscal year just ended

We have been informed that the following agreements and commitments, already approved by the General Meeting of Shareholders during prior fiscal years, have not been implemented during the fiscal year ended and are still in effect.

With Olivier Zarrouati, Chief Executive Office

Non-compete payment

The Supervisory Board decided to follow the AFEP-MEDEF recommendations of October 6, 2008 regarding the compensation of executive officers of listed companies and, at its meeting of November 19, 2009, pursuant to Articles L. 225-86 and L. 225-90-1 of the French Commercial Code, adopted a resolution determining the non-compete payment that would be due to Olivier Zarrouati in his capacity as Chief Executive Officer in the event of his leaving the Company.

Paris-La Défense, December 15, 2014

The Statutory Auditors

Fidaudit Member of the Fiducial network Bruno Agez	Ernst & Young Audit Laurent Miannay

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD OF ZODIAC AEROSPACE

To the Shareholders,

In our capacity as statutory auditors of Zodiac Aerospace, and as required by Article L. 225-235 of the French Commercial Code, we report to you on the report for the year ended August 31, 2014, prepared by the Chairman of your Company in accordance with Article L. 225-68 of the French Commercial Code.

The Chairman is responsible for preparing and submitting to the Supervisory Board for approval a report describing the Company's internal control and risk management procedures and setting out the information about the corporate governance system and the other disclosures required by Article L. 225-68 of the French Commercial Code.

It is our responsibility to:

- report our observations on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and
- certify that the report includes the other information required by Article L. 225-68 of the French Commercial Code. It should be noted that it is not our responsibility to assess the fair presentation of this other information.

We conducted our audit in accordance with professional standards applicable in France.

Information about internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The standards of our profession require us to plan and perform our audit to assess the fair presentation of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. Our audit included:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information supporting the information presented in the Chairman's report and reviewing existing documentation;
- obtaining an understanding of the work performed to support the information given in the Chairman's report and the existing documentation;
- determining whether any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we may have noted during the course of our assignment are properly disclosed in the Chairman's report.

On the basis of our audit, we have no comments concerning the information on the Company's internal control and risk management procedures for the preparation and treatment of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L. 225-68 of the French Commercial Code.

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other disclosures required by Article L. 225-68 of the French Commercial Code.

Paris-La Défense, December 15, 2014

The Statutory Auditors

Fidaudit Member of the Fiducial network Bruno Agez	Ernst & Young Audit Laurent Miannay

THE FOLLOWING STATUTORY AUDITORS' OPINIONS AND REPORTS ARE AVAILABLE AT THE REGISTERED OFFICE OF ZODIAC AEROSPACE:

- Statutory Auditors' opinion on the overall compensation of the highest paid persons.
- Statutory Auditors' opinion on the total amount of sponsorship and patronage activities.
- Statutory Auditors' report on extraordinary resolutions.

Resolutions

to be submitted to Shareholders at the Combined General Meeting of January 15, 2015 convened to vote on the financial statements for the 2013/2014 fiscal year

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the statutory financial statements of the company Zodiac Aerospace for the financial year ended August 31, 2014

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the statutory financial statements of the company Zodiac Aerospace (the « Company ») for the financial year ended August 31, 2014 and having heard the reading of the reports of the Management Board, of the Supervisory Board, the report of the Statutory Auditors on the annual financial statements for the financial year ended August 31, 2014, the report of the Chairman of the Supervisory Board relating to the conditions of preparation and organization of the work of the Supervisory Board, as well as to the internal control procedures and the risk management procedures implemented by the Company and the report of the Statutory Auditors on this report, approves the statutory financial statements for this financial year as these statutory financial statements have been presented and which show a net profit of EUR54,544,641.85. The General Meeting thereby approves all of the transactions reflected in these statutory financial statements or summarized in the above-mentioned reports.

In addition and in accordance with the provisions of article 223 *quater* of the French Tax Code, the General Meeting approves the global amount of the costs and expenses referred to in paragraph 4 of article 39 of the French Tax Code and which amounts to EUR152,558.68 for the past financial year, and also that the tax payable with regard to these same costs and expenses which amounts to EUR57,972.30.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the financial year ended August 31, 2014

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the consolidated financial statements of the Company for the financial year ended August 31, 2014, having heard the reading of the report on the management of the Group included in the report of the Management Board, the report of the Chairman of the Supervisory Board relating to the conditions of preparation and organization of the work of the Supervisory Board as well as to the internal control procedures and the risk management procedures implemented by the Company and the report of the Statutory Auditors on this report, the reports of the Supervisory Board and of the Statutory Auditors on the consolidated financial statements for the financial year ended August 31, 2014, approves the consolidated financial statements of this financial year as these consolidated financial statements have been presented and which show a Group net profit share of EUR354,413,000.

The General Meeting also approves the transactions which are reflected in these financial statements or summarized in the above-mentioned reports.

THIRD RESOLUTION

Allocation of the net profit – Setting of the dividend at EUR 0.32 per share

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and having noticed that the balance sheet for the financial year ended August 31, 2014 shows a net profit of EUR54,544,641.85, decides, upon the proposal of the Management Board, to allocate this profit as follows:

Net profit for the financial year	EUR54,544,641.85
Allocation to the legal reserve	EUR(5,116.86)
Retained earnings brought forward from previous year	EUR419,372,071.89
Distribuable profit	**EUR473,911,596.88**
Distribution of a dividend of EUR 0.32 for each of the 288,434,325 shares	EUR(92,298,984.00)(*)
Balance allocated to the retained earnings account	EUR381,612,612.88

(*) This amount relates to all of the 288,434,325 shares issued by the Company as of August 31, 2014; (it being recalled that the total number of shares representing the Company's share capital has been multiplied by five (5) on February 25, 2014, at the opening of the market, as a result of the implementation, as at the same date, of the split by five (5) of the share par value); it shall be adjusted by the number of existing shares on the date on which the dividend is paid and, in particular reduced to the extent of the number of treasury shares held by the Company.

The General Meeting decides to allocate a dividend of EUR 0.32 for each of the 288,434,325 shares composing the entire share capital as of August 31, 2014, that is, a global dividend of EUR92,298,984, it being specified that the amount representing the dividends which have not been paid to the treasury shares held by the Company, on the date on which the dividend is being paid, shall be allocated to the retained earnings account.

This dividend will be detached from each share on January 20, 2015 and will be put up for payment, in cash, as from January 22, 2015.

Regarding French individuals residents, the following withholdings will be levied on the gross amount of the dividends: 21% withholding tax and15.5% social levies (current rates).

Dividends distributed under the previous three financial years

Financial year ended	August 31, 2013	August 31, 2012	August 31, 2011
Total number of shares (1)	54,869,175	54,342,703	53,959,439
Dividend distributed per share	EUR1.60	EUR1.40	EUR1.20
Total amount distributed (2)	EUR87,790,680	EUR76,079,784.20	EUR64,751,326.80

(1) Number of shares having given right to the payment of the dividend (after deduction of the treasury shares held on the date on which the dividend has been put up for payment).

(2) Amount eligible to the 40% reduction mentioned in article 158-3-2° of the French Tax Code for the individuals who are tax residents in France.

The 21% withholding tax does not apply on shares registered on a "plan d'épargne en actions/PEA" (equity savings plan). It does neither apply on taxpayers whose 2013 tax income reference ("revenu fiscal de référence") is lower than EUR50,000 (single person) or lower than EUR75,000 (couples) and who formally required an exemption of this levy with the paying agent. When applicable, the withholding tax does not discharge the personal income tax to be paid. It merely constitutes an advance payment on the personal income tax, which will be due in 2016 on income received in 2015. Amongst income subject to the progressive tax rates of the personal income tax, the dividend will be taxable on 60% of its amount, based on a 40% allowance (article 158-3-2° of the French tax code). The part of the withholding tax which would exceed the amount of the personal income tax due by the taxpayer would be reimbursed.

The social levies do not apply on the shares registered on a PEA.

Pursuant to article 243 bis of the French Tax Code, as a reminder, the dividends distributed under the previous three financial years have been as follows: see table above.

FOURTH RESOLUTION

Approval of an agreement within the scope of articles L. 225-86 *et seq.* of the French Commercial Code authorized by the Management Board and to be entered into between the Company and, in particular, the foundation of the ISAE (*Institut Supérieur de l'Aéronautique et de l'Espace*) during the current financial year 2014/2015

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having heard the reading of the report of the Management Board and of the special report of the Statutory Auditors on the agreements and undertakings referred to in articles L. 225-86 *et seq.* of the French Commercial Code, approves the new agreement mentioned in this special report, authorized by the Supervisory Board during the financial year ended August 31, 2014 and to be entered into between the Company and, in particular, the foundation of the ISAE during the current financial year 2014/2015, considering the fact that Mr. Olivier Zarrouati, Chairman of the Management Board of the Company and also Chairman of the foundation of the ISAE, is consequently interested to the agreement within the meaning of the provisions of the above mentioned articles of the French Commercial Code.

FIFTH RESOLUTION

Authorization to be granted to the Management Board to allow the Company to purchase its own shares

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings and having examined the reports of the Management Board and of the Supervisory Board, authorizes, for a period of eighteen months, the Management Board, in accordance with articles L. 225-209 *et seq.* of the French Commercial Code and in compliance with articles 241-1 to 241-6 of the General Regulation of the *Autorité des Marchés Financiers* and the European regulation n° 2273/2003 of December 22, 2003, to have the Company purchase its own shares for the following purposes:

(i) to allocate or sell shares (i) to serve the stocks options granted in the context of the provisions of articles L. 225-179 *et seq.* of the French Commercial Code, or (ii) as part of a share ownership plan or a company savings scheme applied under the conditions of articles L. 3331-1 *et seq.* of the French Labour Code, or (iii) pursuant to the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code; or

(ii) to stimulate the market or to ensure the liquidity of the stock, via an investment services provider pursuant to a liquidity agreement which is compliance with the code of conduct (*charte de déontologie*) approved by the *Autorité des Marchés Financiers*; or

(iii) within the limit of 5% of the share capital of the Company, to hold and subsequently deliver shares - in exchange, consideration, payment or otherwise - in connection with potential external growth transactions; or

(iv) to deliver shares in connection with the exercise of rights attached to securities giving right, by way of redemption, conversion, exchange, exercise of a warrant or in any other manner, to the allocation of shares of the Company; or

(v) to cancel shares, as the case may be, by way of a reduction of the share capital, subject to resolution 9 hereby submitted to this General Meeting being approved; or

(vi) to implement any market practice which may come to be approved by the A*utorité des Marchés Financiers*, and more generally, to carry out any other transaction in compliance with the applicable law.

The number of shares concerned by the purchases of shares of the Company shall be such that the number of shares which will be held by the Company further to such purchases does not exceed 10% of the shares composing the share capital of the Company, being specified that this percentage shall apply to the share capital, as adjusted in light of the transactions which may come to affect such share capital after this General Meeting.

The purchase of these shares, as well as their exchange, their sale or their transfer, may be carried out by the Management Board, in one or several occasions, at any time, except during public offering periods, within the limits authorized by the laws and regulations and subject to the cooling-off periods provided for in article 631-6 of the General Regulation of the *Autorité des Marchés Financiers*, in one or several times, by any means, on regulated markets, multilaterals trading systems, with systemic internalisers or by mutual agreements, including by acquisition or disposal of blocks (with no limit on the portion of the share repurchase program that could be carried out by this mean), via a public purchase or exchange offer, or by the use of options or other derivatives financial instruments or by the implementation of optional strategies or by the delivery of shares arising from the issue of securities giving access to the share capital of the Company through conversion, exchange, reimbursement, exercise of a warrant or in any other manner, either directly or indirectly through the intermediary of an investment services provider.

The maximum amount dedicated to the carrying out of this buy-back program is three hundred million (300,000,000) euros, (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies), the maximum acquisition price per share being set at EUR35, (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies).

The General Meeting delegates to the Management Board, in the event of a change in the nominal of the shares, of a capital increase through the incorporation of reserves, of free allocations of shares, of split or consolidation of shares, distribution of reserves of any other assets, of capital amortization, or any other transaction affecting shareholders' equity, the power to adjust the above-mentioned maximum purchase price in order to take into account the effect of these transactions on the value of the share.

The General Meeting grants to the Management Board, with a right to sub-delegate under the conditions set out by the law and the articles of association all powers to implement this authorization, including to place any trading orders, enter into any agreements, allocate or reallocate the shares purchased to the objectives pursued under applicable legal and regulatory conditions, set the terms and conditions under which will be preserved, if relevant, the rights of holders of securities or options, in accordance with legal, regulatory and contractual provisions, carry out any formalities and declarations with any bodies, make the adjustment required by the applicable regulation in the event the shares are purchased at a price above the market price, and generally do all that is necessary.

This authorization cancels, to the extent of the unused portion, the authorization granted by the Ordinary and Extraordinary General Meeting of January 8, 2014 in its resolution 5.

SIXTH RESOLUTION

Renewal of the term of office of Mrs. Gilberte Lombard, as member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to renew the term of office as member of the Supervisory Board of Mrs. Gilberte Lombard which is due to expire, for a term of two years set to expire at the end of the annual Ordinary General Meeting which will approve the financial statements for the financial year ending August 31, 2016.

SEVENTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2014 to Mr. Olivier Zarrouati, Chairman of the Management Board

The General Meeting, consulted in accordance with the *code de gouvernement d'entreprise des sociétés cotées* AFEP/MEDEF and deciding in accordance with the quorum and majority conditions required for ordinary general meetings, gives a favourable opinion on the compensation elements due or granted for the financial year ended August 31, 2014 to Mr. Olivier Zarrouati, Chairman of the Management Board, as described in the 2013/2014 annual report of the Company which includes the financial information and the financial statements, Part "*Compensation and Benefits, chapter B.I.a. Compensation due or granted for the financial year 2013/2014 to Mr. Olivier Zarrouati, Chairman of the Management Board*" submitted to the advisory opinion of the shareholders.

EIGHTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2014 to Mr. Maurice Pinault, member of the Management Board

The General Meeting, consulted in accordance with the *code de gouvernement d'entreprise des sociétés cotées* AFEP/MEDEF and deciding in accordance with the quorum and majority conditions required for ordinary general meetings, gives a favourable opinion on the compensation elements due or granted for the financial year ended August 31, 2014 to Mr. Maurice Pinault, member of the Management Board, as described in the 2013/2014 annual report of the Company which includes the financial information and the financial statements, Part "*Compensation and Benefits, chapter B.I.b. Compensation due or granted for the financial year 2013/2014 to Mr. Maurice Pinault, Member of the Management Board*" submitted to the advisory opinion of the shareholders.

EXTRAORDINARY RESOLUTIONS

NINTH RESOLUTION

Authorization to be granted to the Management Board to reduce the share capital via the cancellation of shares held by the Company per the buyback program

Subject to the approval of the foregoing resolution 5, the General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings and having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors, authorizes the Management Board, for a period of eighteen months, in accordance with the articles L. 225-209 *et seq.* of the French Commercial Code, to cancel, in one or several occasions, within the limit of 10% of the share capital of the Company, it being recalled that this limit applies to an amount of the share capital of the Company which will be, as the case may be, adjusted in order to take into account transactions affecting the share capital after this General Meeting, and in any twenty-four month-period, all or part of the shares acquired by the Company and to carry out a reduction of the share capital in the same proportion.

To this end, the General Meeting delegates all powers to the Management Board to set the final amount of the share capital reduction, to determine the terms and record the completion thereof, to amend the articles of association of the Company accordingly and carry out all subsequent actions and formalities, and more generally do all that is necessary.

This authorization cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 15 by the General Meeting of January 8, 2014.

TENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by a nominal amount of two million five hundred thousand (2,500,000) euros, by issuing, with the preferred subscription rights being maintained, ordinary shares and/or other securities giving access to the share capital

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors and in accordance, *inter alia*, with the provisions of articles L. 225-129, L. 225-129-2 and L. 228-91 of the French Commercial Code:

1. Delegates to the Management Board, with the power of sub-delegation under the conditions set out by the law and the articles of association, its authority to decide, in the proportions, at the times and under the terms which the Management Board shall appreciate, except during public offering periods on the shares of the Company, one or several share capital increases, by issuing, in France and abroad, in euros, in foreign currencies or in accounting units set by reference to several currencies, with the preferential subscription rights being maintained, (i) ordinary shares of the Company, (ii) securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are securities of the Company giving access to other securities of the Company, and/or giving right to the allocation of debt instruments of the Company, (iii) securities representing debt instruments, governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, giving access or which may give access to securities to be issued by the Company, being specified that these securities may also, as the case may be, give access to existing shares and/or debt instruments of the Company, the subscription of which may be made either in cash, or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;
2. Decides that the nominal amount of the share capital increases which are likely to be completed immediately and/or in the future pursuant to this delegation shall not exceed two million five hundred thousand (2,500,000) euros, being specified (a) that the total nominal amount of the share capital increases carried out under these resolutions, as well as under the resolutions 12 to 16, shall be deducted from this overall cap and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, in order to protect, in accordance with the law and regulations and, as the case may be, contractual provisions, the rights of the holders of securities giving access to the share capital, shall, as the case may be, come in addition to this above-mentioned cap;
3. Decides that the nominal amount of all of the securities representing debt instruments giving access to the share capital of the Company so issued may not exceed three hundred million (300,000,000) euros (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies), being agreed that this amount is common to all of the debt instruments, the issue of which is delegated to the Management Board by this General Meeting under resolution 10 and resolutions 12 to 16.

   The securities representing debt instruments giving access to the share capital of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with, or without, payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company.
4. If the Management Board uses this delegation, decides that:

   (a) the shareholders benefit, in proportion to the amount of their shares, from an irreducible preferential subscription right to the ordinary shares and the securities issued pursuant to this resolution;

   (b) the Management Board shall, in addition, be entitled to grant to the shareholders a reductible preferential subscription right which shall be exercised in proportion with their rights within the limit of their request;

   (c) if the irreductible subscriptions and, as the case may be, the reductible subscriptions do not absorbe the entire share capital increase, the Management Board shall be entitled to use, under the conditions set out by the law and the order the Management Board will determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

5. Acknowledges that if this delegation of authority is used, the decision to issue securities giving access to the share capital or securities which may give access to shares to be issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to be issued to which these securities might give right to;
6. Acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:
   - set the amount which is to be issued, the issue price, as well as the amount of the premium that may, as the case may be, be requested upon the issue;
   - set the dates and the terms of the issue, the nature, the format and the characteristics of the instruments to be created;
   - determine the way the shares and/or the instruments issued or to be issued shall be paid up;
   - set, if necessary, the terms pursuant to which the rights attached to the instruments which are issued or to be issued shall be exercised, and, notably, set the date, even if such date is retroactive, as from which the new shares will be eligible for dividend, as well as all of the other terms and conditions of the completion of the issue;
   - provide for the ability to potentially suspend the exercise of the rights attached to these instruments during a maximum period of three months;
   - decide and carry out as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to these securities in accordance with the law and regulations; at the Management Board's only initiative, deduct the costs of the share capital increases from the amount of the premiums relating thereto and deduct from this amount the sums necessary to bring the legal reserve to the tenth of the new share capital after each share capital increase;
   - in general, enter into any agreement, record the completion of each share capital increase, make the necessary amendments to the articles of association, as well as carry out all formalities and declarations necessary for the completion and the proper closing of these issues;
7. Decides that this delegation shall be valid for twenty-six (26) months as from this day;
8. Decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 11 by the General Meeting of January 9, 2013.

ELEVENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by capitalizing profits, reserves or share premiums

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, having examined the report of the Management Board, of the Supervisory Board and in accordance with the provisions of articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegates to the Management Board, with the power of sub-delegation under the conditions set out by the law and the articles of association of the Company, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, except during public offering periods on the shares of the Company, one or several share capital increases by capitalizing share premiums, reserves, profits or any other sums, which capitalization will be permitted per the law or the articles of association, by way of a free allocation of new shares or of an increase of the nominal amount of the existing shares or by a combination of these two methods;
2. decides that the maximum amount of the share capital increases which are likely to be carried out pursuant to this delegation shall not exceed the global amount of the sums that may be capitalized into the share capital on the date of their capitalization, being specified (a) that the additional amount of the ordinary shares of the Company to be issued in order to protect, in accordance with the law, the rights of the holders of the securities giving access to ordinary shares of the Company shall, as the case may be, come in addition to this cap and (b) that the sums recorded onto the legal reserve account may not be capitalized;
3. decides that, if the Management Board uses this delegation, in accordance with the provisions of article L. 225-130 of the French Commercial Code, the rights forming odd lots shall neither be tradable nor assignable and that the corresponding shares shall be sold; the proceeds of the sale shall be allocated to the holders of the rights within the deadline set out in the applicable regulation;
4. acknowledges that this delegation of authority entails the Management Board being granted all powers to implement this delegation and notably to (i) set the amount and the nature of the reserves, premiums or profits to be capitalized into the share capital, set the number of shares to be issued and/or the amount, the nominal of the existing shares of which shall be increased, set the date, even of this date is retroactive, as from which the new shares will be eligible for dividend or on which the increase of the nominal shall be effective (ii) decide and carry out as the result of the issue of the shares and/or of the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or free share attribution rights in accordance with the laws and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to this securities, in accordance with the laws and regulations and (iii) and generally, take all measures, and enter into all agreements and carry out all formalities necessary for the proper closing of each share capital increase, record the completion thereof and make the necessary amendments to the articles of association;

5. decides that this delegation shall be valid for twenty-six (26) months as from this day;

6. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 12 by the General Meeting of January 10, 2013.

TWELFTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by a nominal amount of one million two hundred thousand (1,200,000) euros by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital, via a public offering

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and of the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 of the French Commercial Code:

1. delegates to the Management Board, with the power of sub-delegation under the conditions set out by the law and the articles of association, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, except during public offering periods on the shares of the Company, one or several share capital increases by issuing, in France and abroad, in euros, in foreign currencies or in accounting units set by reference to several currencies, with the preferential subscription rights being cancelled, via a public offering, (i) of ordinary shares of the Company, (ii) of securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are securities of the Company giving access to other securities of the Company, and/or giving right to the allocation of debt instruments of the Company, (iii) of securities representing debt instruments, governed or not by articles L 228-91 *et seq.* of the French Commercial Code, giving access or which may give access to securities to be issued by the Company, being specified that these securities may also, as the case may be, give access to existing shares and/or debt instruments of the Company, the subscription of which may be made either in cash, or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;

2. decides that the nominal amount of the share capital increases which are likely to be carried out pursuant to this delegation shall not exceed one million two hundred thousand (1,200,000) euros , being specified (a) that the total nominal amount of the share capital increases carried out under this resolution shall be deducted from the overall cap sets out in resolution 10 and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, in order to protect, in accordance with the law and regulations and, as the case may be, contractual provisions, the rights of the holders of securities giving access to the share capital, shall, as the case may be, come in addition to this above-mentioned cap;

3. decides that the nominal amount of all of the securities representing debt instruments giving access to the share capital of the Company so issued may not exceed three hundred million (300,000,000) euros (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies), being agreed that the amount of the issues carried out pursuant to this resolution shall be deducted from the overall cap sets out in resolution 10 of this General Meeting.

   The securities representing debt instruments giving access to the share capital of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with or without payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company;

4. decides to cancel the shareholders' preferential subscription right to the securities to be issued pursuant to this delegation and to offer these securities via a public offering. However, the Management Board shall be entitled, for all or part of the issues carried out in accordance with the provisions of article L. 225-135 of the French Commercial Code, to create to the benefit of the shareholders an irreductible and/or reductible priority right to subscribe to the shares or to the securities, the terms and the conditions of exercise of which shall be set out by the Management Board, without this resulting in the creation of tradable rights;

5. decides that if the subscriptions do not absorb the entire share capital increase, the Management Board may use, under the conditions set out by the law and in the order the Management Board shall determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

6. acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, to shares of the Company or which may give access to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to be issued to which these securities might give right to;

7. decides that (i) the issue price of the shares of the Company pursuant to this delegation shall be at least equal to the minimum sets out by applicable regulations on the date of the issue (to date, to the weighted average stock market price over the last three trading days preceding the setting of this issue price, minus, as the case may be, a maximum discount of 5%, in accordance with the provisions of article R. 225-119 of the French Commercial Code), after adjustment, if necessary, of this amount, to take into account the difference in dividend eligibility dates (*dates de jouissance*) and (ii) the issue price of the securities giving access to the share capital shall be such that the sum received immediately, increased, as the case may be, by the sum likely to be received in the future, would be, for each share of the Company issued as a result of the issue of these securities, at least equal to the minimum price, as defined in (i) above, after adjustment, if necessary, of this amount to take into account the difference in dividend eligibility dates;

8. acknowledges that the issue(s) authorized pursuant to this resolution may be decided concurrently with one or several of the issues decided pursuant to resolution 13;

9. acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:

- set the amount which is to be issued, the issue price, as well as the amount of the premium that may, as the case may be, be requested upon the issue;
- set the dates and the terms of the issue, the nature, the format and the characteristics of the instruments to be created;
- determine the way the shares and/or the instruments issued or to be issued shall be paid up;
- set, if necessary, the terms pursuant to which the rights attached to the instruments which are issued or to be issued shall be exercised, and, notably, set the date, even if such date is retroactive, as from which the new shares will be eligible for dividend, as well as all of the other terms and conditions of the completion of the issue;
- provide for the ability to potentially suspend the exercise of the rights attached to these instruments during a maximum period of three months;
- decide and carry out as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to these securities in accordance with the law and regulations;
- at the Management Board's only initiative, deduct the costs of the share capital increases from the amount of the premiums relating thereto and deduct from this amount the sums necessary to bring the legal reserve to the tenth of the new share capital after each share capital increase;
- and generally, enter into any agreement, record the completion of each share capital increase, make the necessary amendments to the articles of association and carry out any formalities and declarations necessary for the completion and the proper closing of these issues;

10. decides that this delegation shall be valid for twenty-six (26) months as from this day;
11. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 13 by the General Meeting of January 9, 2013.

THIRTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by a nominal amount of one million two hundred thousand (1,200,000) euros by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital via private placement offering referred to in II of article L. 411-2 of the French Monetary and Financial Code

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and of the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 of the French Commercial Code and of article L. 411-2 of the French Monetary and Financial Code:

1. delegates to the Management Board, with the power to sub-delegate to any person authorized by the law, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, except during public offering periods on the shares of the Company, one or several share capital increases by issuing, in France and abroad, in euros, in foreign currencies or in accounting units set by reference to several currencies, with the preferential subscription rights being cancelled, via a private placement offering referred to in II of article L. 411-2 of the French Monetary and Financial Code, (i) of ordinary shares of the Company, (ii) of securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are securities of the Company giving access to other securities of the Company, and/or giving right to the allocation of debt instruments of the Company, (iii) of securities representing debt instruments, governed or not by articles L 228-91 *et seq.* of the French Commercial Code, giving access or which may give access to securities to be issued by the Company, being specified that these securities may also, as the case may be, give access to existing shares and/or debt instruments of the Company, the subscription of which may be made either in cash, or via compensation of receivables. It is specified that the right to issue preferred shares is excluded from this delegation;
2. decides that the nominal amount of the share capital increases which are likely to be carried out immediately or in the future pursuant to this delegation shall not exceed one million two hundred thousand (1,200,000) euros, being specified (a) that the total nominal amount of the share capital increases carried out under this resolution shall be deducted from the overall cap sets out in resolution 10 and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, in order to protect, in accordance with the law and regulations and, as the case may be, contractual provisions, the rights of the holders of securities giving access to the share capital;
3. decides that the nominal amount of all of the securities representing debt instruments giving access to the share capital of the Company so issued may not exceed three hundred million (300,000,000) euros (or the counter-value of this amount, on the same date in any other currency or currency unit established by reference to several currencies), being agreed that the amount of the issues carried out pursuant to this resolution shall be deducted from the overall cap sets out in resolution 10 of this General Meeting.

   The securities representing debt instruments giving access to the share capital of the Company may come with a fixed and/or variable rate or with capitalization, and may be redeemed, along with, or without, payment of a premium, or may be depreciated, being specified that the instruments may, in addition, be bought back on the market, or be tendered in the context of a public purchase or exchange offer by the Company;
4. decides to cancel the preferential subscription right of the shareholders to the securities to be issued pursuant to this delegation and to offer these securities via a private placement offering referred to in II of article L. 411-2 of the Monetary and Financial Code under the conditions and within the maximum limits set out by the applicable laws and regulations.

5. decides that if the subscriptions do not absorbe the entire share capital increase, the Management Board may use, under the conditions set out by the law and the order the Management Board will determine, one or the other of the options provided for by article L. 225-134 of the French Commercial Code, among which, notably, the option to offer to the public all or part of those of the shares and/or securities which have not been subscribed to;

6. acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, or which may give access to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to be issued to which these securities might give right to;

7. decides that (i) the issue price of the shares of the Company pursuant to this delegation shall be at least equal to the minimum sets out by applicable regulations on the date of the issue (To date, to the weighted average stock market price over the last three trading days preceding the determination of this issue price, minus, as the case may be, a maximum discount of 5%), in accordance with the provisions of article R. 225-119 of the French Commercial Code, after adjustment, if necessary, of this amount, to take into account the difference in dividend eligibility dates and (ii) the issue price of the securities giving access to the share capital shall be such that the sum received immediately, increased, as the case may be, by the sum likely to be received in the future, would be, for each share of the Company issued as a result of the issue of these securities, at least equal to minimum price, as defined in (i) above, after adjustment, if necessary, of this amount to take into account the difference in dividend eligibility dates;

8. acknowledges that the issue(s) authorized pursuant to this resolution may be decided concurrently with one or several of the issues decided pursuant to resolution 12;

9. acknowledges that this delegation of authority entails the Management Board being granted all powers to implement, under the conditions set out by the law, this delegation, and notably to:

   - set the amount which is to be issued, the issue price, as well as the amount of the premium that may, as the case may be, be requested upon the issue;
   - set the dates and the terms of the issue, the nature, the format and the characteristics of the instruments to be created;
   - determine the way the shares and/or the instruments issued or to be issued shall be paid up;
   - set, if necessary, the terms pursuant to which the rights attached to the instruments which are issued or to be issued shall be exercised, and, notably, set the date, even if such date is retroactive, as from which the new shares will be eligible for dividend, as well as all of the other terms and conditions of the completion of the issue;
   - provide for the ability to potentially suspend the exercise of the rights attached to these instruments during a maximum period of three months;
   - decide and carry out as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to these securities in accordance with the law and regulations;
   - at the Management Board's only initiative, deduct the costs of the share capital increases from the amount of the premiums relating thereto and deduct from this amount the sums necessary to bring the legal reserve to the tenth of the new share capital after each share capital increase;
   - and generally, enter into any agreement, record the completion of each share capital increase, make the necessary amendments to the articles of association and carry out any formalities and declarations necessary for the completion and the proper closing of these issues;

10. decides that this delegation shall be valid for twenty-six (26) months as from this day;

11. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 14 by the General Meeting of January 9, 2013.

FOURTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the number of securities to be issued in the event of a share capital increase, the preferential subscription rights being maintained or cancelled, decided pursuant to resolution 10, to resolution 12 and/or to resolution 13

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with the provisions of articles L. 225-129-2, L. 225-135-1 and R.225-118 of the French Commercial Code:

1. delegates to the Management Board, with the power of sub-delegation under the condition set out by the law and the articles of association, its authority to decide, except during public offering periods on the shares of the Company, to increase the number of securities to be issued for each of the issues, the preferential subscription rights being maintained or cancelled, decided pursuant to resolution 10, to resolution 12 and/or to the resolution 13 hereby submitted to this General Meeting, within the deadlines and limits set out in the applicable regulations;

2. decides that, in the event of the issue, immediately and/or in the future, of ordinary shares, the nominal amount of the share capital increases of the Company decided pursuant to this resolution shall be deducted from the amount of the overall cap sets out in resolution 10 of this General Meeting and, in the event of a share capital increase of the Company without preferential subscription right from the amount of the cap sets out in resolution 12, or, as the case may be, from the amount of caps sets out in resolutions of the same kind which might succeed to these resolutions during the period of validity of this delegation;

3. decides that this delegation shall be valid for twenty-six (26) months as from this day;

4. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 15 by the Ordinary and Extraordinary General Meeting of January 9, 2013.

FIFTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by a nominal amount of two million five hundred thousand (2,500,000) euros by issuing ordinary shares and/or other securities giving access to the share capital, in the event a public exchange offer is initiated by the Company

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228-91 *et seq.* of the French Commercial Code:

1. delegates to the Management Board, with the power of sub-delegation under the conditions set out by the law and the articles of association, its authority to decide, in the proportion, at the times and under the terms which the Management Board will appreciate, except during public offering periods on the shares of the Company, the issue, in France and abroad, in euros, in foreign currencies or in accounting units set by reference to several currencies, (i) of ordinary shares of the Company, (ii) of securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are securities of the Company giving access to other securities of the Company, and/or giving right to the allocation of debt instruments of the Company, (iii) of securities representing debt instruments, governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, giving access or which may give access to securities to be issued by the Company, being specified that these securities may also, as the case may be, give access to existing shares and/or debt instruments of the Company, in consideration for the shares tendered to a public offer including an exchange component (on a principal or subsidiary basis) initiated in France and/or abroad, in accordance with the local rules, by the Company over the securities of a company which shares are admitted for trading on the regulated market of a State that is a party to the European Economic Area agreement or a member of the Organization for Economic Cooperation and Development;

2. decides that the amount of the share capital increases which are likely to be completed immediately and/or in the future pursuant to this delegation may not exceed two million five hundred thousand (2,500,000) euros in nominal, being specified (a) that the global nominal amount of the share capital increases carried out under this resolution shall be deducted from the overall cap sets out in resolution 10 and (b) that the nominal amount of the shares to be potentially issued, in the event of new financial transactions, in order to protect, in accordance with the law and regulations and, as the case may be, contractual provisions, the rights of the holders of securities giving access to the share capital, shall, as the case may be, come in addition to this above-mentioned cap;

3. decides that the nominal amount of all of the securities representing debt instruments giving access to the share capital of the Company so issued may not exceed three hundred million (300,000,000) euros (or the counter-value of this amount, on the same date in any other currency or currency unit established by reference to several currencies), being agreed that the amount of the issues realized pursuant to this resolution shall be deducted from the overall cap sets out in resolution 10.

4. decides, where necessary, to cancel, to the benefit of the holders of these securities, the shareholders' preferential subscription right to the shares and/or securities to be issued pursuant to this delegation;

5. acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, or which may give access to shares of the Company likely to be thus issued shall automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to be issued to which these securities might give right to;

6. decides that the Management Board shall have all powers, with the power to sub-delegate to any person authorized by the law, to implement this delegation and notably:
   - to set the exchange ratio, as well as, as the case may be, the amount of the cash adjustment to be paid;
   - to record the number of securities which have been tendered to the exchange;
   - to set the dates, the conditions of issue, including the price and the dividend eligibility date, which dividend eligibility date may be retroactive, of the new shares, or, as the case may be, that of the securities giving access immediately and/or in the future to shares to be issued of the Company;
   - to provide for the ability to suspend, as the case may be, the exercise of the rights attached to these instruments during a maximum three month-period;
   - to record, as a liability on the balance sheet of the Company, onto a "contribution premium" account, which will concern the rights of all of the shareholders, the difference between the issue price of the new shares and the par value of said shares;
   - to deduct, where necessary, from said "contribution premium", all of the costs and duties incurred by the authorized transaction;
   - to decide and to carry out, in accordance with the law and regulations and, as the case may be, applicable contractual provisions, as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access, in the future, to the share capital of the Company, of the options to subscribe to or to purchase shares, or free share attribution rights, and suspend, as the case may be and in accordance with the law and regulations, the exercise of the rights attached to these securities;
   - to enter into any agreement to enable the proper closing of the authorized transaction, record the completion of each share capital increase resulting thereof, make the necessary amendments to the articles of association, as well as carry out all subsequent formalities and declarations and, more generally, do all that is necessary;

7. decides that this delegation shall be valid for twenty-six (26) months as from this day;
8. decides that this delegation cancels, as from this day, to the extent of the unused portion, any previous authorization having the same purpose, including the authorization granted in its resolution 16 by the General Meeting of January 9, 2013.

SIXTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by issuing ordinary shares and/or other securities giving access to the share capital, in consideration for contributions in kind within the limit of 10% of the share capital

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the reports of the Management Board and the Supervisory Board and the special report of the Statutory Auditors, and in accordance with, *inter alia*, the provisions of articles L. 225-129 to L. 225-129-6, L. 225-147 and L. 228-91 *et seq.* of the French Commercial Code:

1. delegates to the Management Board, with the power of sub-delegation under the conditions set out by the law and the articles of association, its authority to decide, based on the report of Contributions Auditor (*Commissaire aux apports*) referred to in the 1st and 2nd paragraphs of article L. 225-147 of the French Commercial Code, in the proportion, at the times and under the terms which the Management Board will appreciate, except during public offering periods on the shares of the Company, the issue, in France and abroad, in euros, in foreign currencies or in accounting units set by reference to several currencies, (i) of ordinary shares of the Company, (ii) of securities governed by articles L. 228-91 *et seq.* of the French Commercial Code, which are securities of the Company giving access to other securities of the Company, and/or giving right to the allocation of debt instruments of the Company, (iii) of securities representing debt instruments, governed or not by articles L. 228-91 *et seq.* of the French Commercial Code, giving access or which may give access to the securities to be issued by the Company, being specified that these securities may also, as the case may be, give access to existing shares and/or debt instruments of the Company, with a view to compensate for contributions in kind granted to the Company and consisting of shares or securities giving access to the share capital, where the provisions of article L. 225-148 of the French Commercial Code are not applicable;
2. decides that the amount of the share capital increases which are likely to be carried out immediately and/or in the future pursuant to this delegation (a) shall not exceed 10% of the share capital of the Company, as this share capital will exist on the date on which the Management Board uses this delegation, (b) shall be deducted from, the share capital increase overall cap sets out in resolution 10, (c) the nominal amount of the shares to be potentially issued, in the event of new financial transactions, in order to protect, in accordance with the law and regulations, and, as the case may be, contractual provisions, the rights of the holders of securities giving access to the share capital, shall, as the case may be, come in addition to this above-mentioned cap;
3. decides that the nominal amount of all of the securities representing debt instruments giving access to the share capital of the Company so issued may not exceed three hundred million (300,000,000) euros (or the counter-value of this amount, on the same date in any other currency or currency unit established by reference to several currencies), being agreed that this amount is common to all of the debt instruments, the issue of which is delegated to the Management Board by this General Meeting under resolution 10 and resolutions 12 to 16.
4. decides, where necessary, to cancel, to the benefit of the holders of the shares or the securities which are the subject of the contributions in kind, the shareholders' preferential subscription right to these shares and/or securities to be issued;
5. acknowledges that if this delegation of authority is used, the decision to issue securities giving access, in the future, or which may give access to shares of the Company likely to be thus issued will automatically entail, to the benefit of the holders of the securities thus issued, the express waiver, by the shareholders, of their preferential subscription right to the shares to be issued to which these securities might give right to;
6. decides that the Management Board shall have all powers, with the power of sub-delegation under the conditions set out by the law and the articles of association, to implement this delegation and notably to decide, based on the report of the Contributions Auditor(s) referred to in paragraphs 1 and 2 of article L. 225-147 of the French Commercial Code, on the appraisal of the contributions, to set all of the terms and conditions of the authorized transactions and notably to appraise the contributions, to set the number of securities to be issued in consideration for the contributions, as well as the dividend eligibility date – being specified that such dividend eligibility date may be retroactive – of the securities to be issued, decide and carry out as the result of the issue of shares and/or securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights, in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be and in accordance with the law and regulations, the exercise of the rights attached to this securities, to make any deduction, as the case may be, from the contribution premium(s), including deductions of costs incurred in connection with the carrying out of the issues, to record the completion of the share capital increase and amend the articles of association accordingly, and, more generally, to take all measures necessary for the completion of the issues and, as the case may be, to postpone the completion thereof, enter into any agreement, carry out any formality required for the securities issued to be traded on a regulated market and carry out any publicity formality required to ensure the proper closing of the transactions;
7. decides that this delegation shall be valid for twenty-six (26) months as from this day;
8. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 17 by the General Meeting of January 9, 2013.

SEVENTEENTH RESOLUTION

Delegation of authority to the Management Board to increase the share capital by issuing, with the preferential subscription rights being cancelled, shares reserved for members of a company savings scheme (*plan d'épargne d'entreprise*) set out pursuant to articles L. 3332-1 *et seq.* of the French Labour Code

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board and the special report of the Statutory Auditors and in accordance with, on the one hand, the provisions of the French Commercial Code and, notably, of its articles L. 225-129-2, L. 225-129-6 and L. 225-138-1 and, on the other hand, the provisions of articles L. 3332-1 *et seq.* of the French Labour Code:

1. decides to delegate to the Management Board its power, with the power of sub-delegation under the conditions set out by the law and the articles of association, to increase the share capital, in the proportion, at the times and under the terms which the Management Board will appreciate, in one or more occasions, on the basis of the only discussions of the Management Board, by issuing shares reserved for the members of a company savings scheme, in France and abroad. It is specified that in the event of a public offer on the shares of the Company, this delegation may only be used by the Management Board, or his delegate, if this latter considers that the delegation will not have any influence on this public offer, since it corresponds to the compensation policy of the Group;
2. decides that the beneficiaries of the authorized share capital increases shall be, directly or via a company collective investment fund (*fonds commun de placement d'entreprise*), the members of a company savings scheme set up by the Company and by the companies related to the Company under the conditions set out by the applicable laws and regulations and, who, in addition, meet the conditions which have been set out, as the case may be, by the Management Board;
3. decides that this delegation entails the express waiver, by the shareholders, to their preferential subscription right to the benefit of said beneficiaries;
4. also delegates to the Management Board, pursuant to article L. 3332-21 of the French Labour Code, the powers necessary to allocate to these same beneficiaries free shares or other securities giving access to the share capital, provided that the benefit resulting thereof shall not exceed, depending on the method which has been chosen, the limits set out by the law;
5. authorizes the Management Board, in the conditions of this delegation, to make assignments of shares to the benefit of the members of a company savings scheme, as such assignments are provided for in article L. 3332-24 of the French Labour Code;
6. decides that the maximum nominal amount of the shares which might thus be issued pursuant to this delegation shall be three hundred thousand (300,000) euros;
7. decides that the price of the shares to be issued pursuant to paragraph 1 of this delegation shall be set by the Management Board on the day said share capital increase(s) is(are) being implemented and that this price shall not be lower than the minimum price provided for in the applicable laws and regulations at the time of the issue, being specified that the Management Board may adjust the amount of the discount sets out in article L. 3332-19 of the French Labour Code granted to comply, on a case by case basis, with the legal systems applicable in the various states concerned by the implementation of this delegation;
8. decides that the Management Board shall have all powers, within the limits and under the conditions specified below and within the limits and under the conditions set out in the applicable laws and regulations, to take all measures for the purpose of completing the share capital increases and to set out the terms and conditions thereof, including conditions of seniority which could be potentially be required in order to take part in the transaction and, as the case may be, the maximum number of shares which may be subscribed to per employee, the number of new shares to be issued, the issue price of the new shares, to set the subscription opening and closing dates, dividend eligibility dates (*dates de jouissance*), the dates by which the shares must be paid up subject to a limit of three years, to decide and carry out as the result of the issue of the shares and/or the securities giving access to shares, all necessary measures intended to protect the rights of holders of the securities giving access to the share capital of the Company, of the options to subscribe to or to purchase shares, or of free share attribution rights in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to this securities, in accordance with the law and regulations and, as the case may be, applicable contractual provisions, and suspend, as the case may be, the exercise of the rights attached to this securities in accordance with the law and regulations, to deduct, at the Management Board's only initiative and if he considers appropriate, costs, disbursements and fees incurred by the issues from the issue premiums and deduct from this amount the sums necessary to bring the legal reserve to the tenth of the new share capital after each share capital increase; to make the necessary amendments to the articles of association, to deduct all costs from the amount of the premiums paid upon the issue of the shares and to deduct from this amount all sums necessary to bring the legal reserve to the tenth of the new share capital, after each share capital increase and, generally, to take all measures for the share capital increase to be completed.
9. decides that this delegation shall be valid for twenty-six (26) months as from this day;
10. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 21 by the General Meeting of January 8, 2014.

EIGHTEENTH RESOLUTION

Amendment to article 18 of the articles of association

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board, decides to amend article 18 of the articles of association of the Company. Thus, article 18 of the articles of association shall now be read as follows:

"ARTICLE 18 – COMPOSITION OF THE SUPERVISORY BOARD

18.1 Members of the Supervisory Board

The Supervisory Board is made up of three members at least and of twelve members at most, appointed and revocable by the Ordinary General Meeting, plus the member of the Supervisory Board representing the employees.

This latter shall not be taken into account for determining the minimum and maximum numbers of Supervisory Board members referred to in the paragraph above.

No Member of the Supervisory Board may be a member of the Management Board.

18.2 Member of the Supervisory Board representing employees

In accordance with the provisions of the law, when the number of members of the Supervisory Board is lower or equal to twelve, a member of the Supervisory Board representing the employees is elected for a period of four years by the employees of the Company and its subsidiaries, in accordance with the provisions of article L. 225-79-2 III 1° of the French Commercial Code and in accordance with the following terms:

18.2.1 Voting system

The member of the Supervisory Board representing the employees is elected by all the employees being qualified as electors.

In accordance with article L. 225-28 of the French Commercial Code, the election shall take place through a two rounds majority vote. Each application must contain the name of the candidate and the name of its possible replacement. These two persons shall be of different sexes.

The candidates are exclusively presented by one or several representative trade union organization at the level of the Group.

18.2.2 Organization and timetable of the elections

The elections are organized by the Direction. The timetable (in particular the date of submission of applications and the dates of elections) and the electoral operations terms unspecified by legal and regulatory provisions in force or by these articles of association (in particular the voting terms) are laid down by the Direction, after consultation with representative trade union organizations, when appropriate.

18.2.3 Voting terms

The vote may be expressed electronically, in a paper form, by post, or by a combination of these means.

When the vote is expressed electronically, it can take place at the workplace or by correspondence, and on a duration which cannot exceed fifteen days. The conception and the implementation of the electronic voting system can be entrusted to an external contractor. The system must ensure the confidentiality of the data transmitted and the security of the authentication device delivery, of the signature, of the recording, and of the counting of votes".

NINETEENTH RESOLUTION

Amendment to article 19 of the articles of association

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board, decides to amend article 19 of the articles of association of the Company. Thus, article 19 of the articles of association shall now be read as follows:

"ARTICLE 19 – TERM OF OFFICE

The term of office of the members of the Supervisory Board is four years, it being specified that, by way of exception, the mandates of the members of the Supervisory Board which are outstanding as at the date of January 8, 2014 will continue until their initial due date.

The age limit of the individuals, members of the Supervisory Board, and of the permanent representatives of legal entities is set at seventy (70) years old.

The functions of the said members of the Supervisory Board will end as at the date of the first General Meeting approving the financial statements for the financial year during which the age limit will have been reached.

However, when the members of the Supervisory Board will have reached this age limit, their mandates may be renewed twice and each time for a two successive years period maximum. Each potential renewal will be decided by the Ordinary General Meeting approving the financial statements for the financial year during which the previous mandate will have ceased.

Any outgoing member may be re-elected.

The functions of a member of the Supervisory Board members cease at the end of the General Meeting approving the financial statements for the past financial year and held in the year during which its mandate expires, except those of the member of the Supervisory Board representing the employees which cease at the term of its mandate.

In the event that the legal conditions relating to the scope of the obligation to appoint a member of the Supervisory Board representing the employees are not fulfilled anymore, the mandate of the member of the Supervisory Board representing the employees ceases at the end of the meeting during which the Supervisory Board notes that the conditions are not fulfilled anymore.

In the event of a vacancy due to death or resignation, of one or several seats, the Supervisory Board may, between two General Meetings, proceed to temporary appointments; these appointments will be submitted to the ratification of the closest Ordinary General Meeting; failing ratification, the adopted deliberations and acts previously accomplished by the Supervisory Board remain valid.

In the event of a vacancy due to death, resignation, dismissal, termination of the employment contract or due to any other cause, of a seat of member of the Supervisory Board representing the employees, the vacant seat is filled by its replacement.

In the event of termination of its employment contract, the member of the Supervisory Board representing the employees shall be deemed to have resigned automatically.

When the number of members of the Board falls below the legal minimum, the Management Board must immediately convene the Ordinary General Meeting in order to supplement the number of members of the Supervisory Board.

When neither the Management Board nor, failing that, the Supervisory Board convenes the General Meeting, any interested party may ask to the President of the Commercial court ruling upon petition, the designation of a proxy in charge of convening the General Meeting in order to proceed to the appointments required.

The member of the Supervisory Board appointed to replace another one shall remain in office only for the remaining period of its predecessor's mandate.

With the exception of the member of the Supervisory Board representing the employees who may be removed only in case of fault in the exercise of its mandate, by decision of the President of the "Tribunal de grande instance" ruling in summary proceedings upon request of the majority of the members of the Supervisory Board, the Ordinary General Meeting can, in any circumstances, dismiss one or several members of the Supervisory Board and replace them even if this dismissal is not in the agenda of this General Meeting".

TWENTIETH RESOLUTION

Amendment to article 29 of the articles of association

The General Meeting, deciding in accordance with the quorum and majority conditions required for extraordinary general meetings, having examined the report of the Management Board, decides to amend article 29 of the articles of association of the Company in order to enable shareholders, upon prior decision of the Management Board, to participate in and to vote at the General Meetings by videoconference or by any other means of telecommunication, within the conditions set forth by the legal and regulatory provisions in force.

Thus, article 29 of the articles of association shall now be read as follows:

"***ARTICLE 29 – ADMISSION AND PARTICIPATION TO THE GENERAL MEETINGS***

The right to participate in the General Meetings, personally or by proxy, is justified by the recording of the securities in the name of the shareholder or of the intermediary who is registered on its behalf, within the conditions set forth by the legal and regulatory provisions in force.

Failing to attend the Meeting personally, any shareholder can be represented at General Meetings by another shareholder, his spouse, by his partner with whom a pacte civil de solidarité has been entered into or by any other individual or legal entity of his choice.

Any shareholder may also vote by post within the terms and conditions set forth by the legal and regulatory provisions in force.

In particular, shareholders may send, within the conditions set forth by the legal and regulatory provisions applicable, their proxy and/or postal vote form, whether on paper form or, upon decision of the Management Board notified in the preliminary notice of meeting and in the notice of meeting, by any telecommunications and data transmissions facilities, including electronic means.

Any proxy or postal vote form may be signed electronically by shareholders; the electronic signature shall result from a reliable process of identification which shall guarantee the link between the electronic signature and the form to which it is attached and may consist, in particular, of a user identifier and a password, or any other means provided for or authorized by the regulation in force.

The proxy or the vote expressed by electronic means before the Meeting, and the confirmation of receipt given in reply, shall be regarded as irrevocable written instructions enforceable on all parties, it being specified that if the securities are sold before the third business day preceding the meeting at midnight, Paris time (or any other date and/or hour which would be imposed by legal and regulatory provisions in force), the Company or its proxy will invalidate or amend, as the case may, the proxy or the vote expressed before this date and this hour.

In order to be taken into account, proxy forms and postal vote forms filled in compliance with requirements of regulations in force, shall be received by the Company or its proxy at least three days before the meeting. However, electronic proxy forms and electronic postal vote forms may also be received by the Company or its proxy, until the eve of the General Meeting, at the later at three p.m., Paris time.

The Supervisory Board will always have the ability to deny access to the General Meeting to any shareholder or proxy who would have not complied with the foregoing provisions.

Shareholders may also, upon decision of the Management Board notified in the preliminary notice of meeting and in the notice of meeting, participate and vote to any Meeting by videoconferencing or any other means of telecommunications – including internet – allowing for their identification in accordance with the terms and conditions set forth by the regulations in force. These shareholders shall be deemed to be present for the purposes of calculating the quorum and majority".

TWENTY-FIRST RESOLUTION

Powers to carry out the legal formalities subsequent to these resolutions

The General Meeting grants all powers to the bearer of an original copy, a copy or a certified excerpt hereof to carry out all filings, publications, declarations and formalities provided for by the law and necessary for the implementation of the foregoing resolutions.

CORPORATE COMMUNICATION: Groupe Zodiac Aerospace – **DESIGNED AND PRODUCED BY:** eurokapi GROUPE
FINANCIAL REPORT PRODUCED BY: Gillet M&M

Printed in France

ZODIAC AEROSPACE

ZODIAC AEROSPACE – 61 rue Pierre Curie – CS 20001 – 78373 Plaisir Cedex – France
Telephone: +33 1 61 34 23 23 – Fax: +33 1 61 34 24 41 – www.zodiacaerospace.com
ZODIAC AEROSPACE – A French Société Anonyme (Joint Stock Corporation) with an Executive Board and Supervisory Board
with a capital of 11,537,373 € – 729 800 821 RCS Versailles