ZODIAC AEROSPACE

ANNUAL REPORT 2015-2016

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

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	2015/2016	2014/2015	Change 15/16-14/15
Reported figures:			
Sales revenue	**€5,208.2 M**	**€4,931.8 M**	**5.6%**
Number of employees (1)	33,015	31,171	5.9%
Current operating income	€269.6 M	€313.8 M	(14.1%)
Net income attributable to equity holders of the parent company	**€108.1 M**	**€184.8 M**	**(41.5%)**
Earnings per share attributable to equity holders of the parent company	€0.382	€0.670	(43.0%)
Proposed dividend (2)	€88.7 M	€88.4 M	0.3%
Debt/Equity	0.34	0.43	(20.9%)
Figures restated after excluding IFRS 3 impact:			
Current operating income (3)	€269.5 M	€314.1 M	(14.2%)
Net income attributable to equity holders of the parent company (4)	€165.7 M	€199.8 M	(17.1%)
Earnings per share attributable to equity holders of the parent company (4)	€0.591	€0.724	(18.4%)

OTHER FINANCIAL INDICATORS

	2015/2016	2014/2015	Change 15/16-14/15
Profitability			
Reported figures:			
Current operating income/Sales revenue	5.2%	6.4%	(18.8%)
Net income attributable to equity holders of the parent company/Net equity at the beginning of the year (5)	3.5%	6.6%	(47.0%)
Figures restated after excluding IFRS 3 impact:			
Current operating income/Sales revenue	5.2%	6.4%	(18.8%)
Financial position			
Reported figures:			
Cash flow from operations	€326.5 M	€391.8 M	(16.7%)
Tangible and intangible fixed assets	€210.2 M	€204.9 M	2.6%
Net equity after appropriation of net income (6)	€3,128.9 M	€2,915.5 M	7.3%
Cost of net debt	€39.3 M	€27.0 M	45.6%

(1) Average number of permanent employees on the payroll during the fiscal year.

(2) After neutralization of treasury stock.

(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) At August 31, 2016 before depreciation of the Contour trademark.

(5) 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. €3,108.4 million.

(6) Net equity after appropriation of net income is equal to total net equity minus the proposed dividends, i.e. €3,217.6 million minus €88.7 million.

Management Report

Zodiac Aerospace's 2015/2016 fiscal year saw much progress made with the Group's recovery plan.

The plan's first step is to bring delivery performance levels back up to par in terms of punctuality and quality for our customers. This means high operating costs for our Aircraft Interiors activities which impacted current operating income in the 2015/2016 fiscal year.

The Focus transformation plan continues to be deployed throughout the Group as planned. The aim is to return to normal operational performance levels by the end of 2017, 18 months after the plan was announced in March 2016. This is the second step of our recovery plan.

The third step is to return to the Group's historic financial performance levels, which means absorbing the additional expenditure and production cost overruns resulting from the Aircraft Interiors operational problems and increasing the financial contribution of new programs as they progress on their experience curves.

Sales revenue and current operating income

	2015/2016	2014/2015	Change
Sales revenue	**€5,208.2 M**	**€4,931.8 M**	**5.6%**
Current operating income before IFRS 3	**€269.5 M**	**€314.1 M**	**(14.2%)**
COI before IFRS 3/REV	**5.2%**	**6.4%**	**0.0%**
Current Operating Income	€269.6 M	€313.8 M	(14.1%)
COI/REV	5.2%	6.4%	0.0%
Net income attributable to equity holders of the parent company	**€108.1 M**	**€184.8 M**	**(41.5%)**
Net income before IFRS 3	**€165.7 M**	**€199.8 M**	**(17.1%)**
Earnings per share attributable to equity holders of the parent company	**€0.38**	**€0.67**	**(43.0%)**
Earnings per share before IFRS 3	€0.59	€0.72	(18.4%)
Net debt/equity ratio	**0.34**	**0.43**	
Net debt/EBITDA ratio	2.55	2.90	
€/$ (Transaction)	1.11	1.26	
€/$ (Conversion)	1.11	1.16	

CURRENT OPERATING INCOME IN FISCAL YEAR 2015/2016 IMPACTED BY AIRCRAFT INTERIORS ACTIVITIES

Zodiac Aerospace sales revenue for the 2015/2016 fiscal year was up by +5.6% at €5,208.2 million. At like-for-like consolidation scope and exchange rates, this amounts to an increase of 1.3%. Changes in consolidation scope had no effect at the Group level, whereas exchange rates had a positive impact on the growth rate of +4.3 percentage points. This growth was boosted by a still favorable commercial aviation market (some two-thirds of the Group's sales revenue), with traffic increasing above its long-run average to support new program ramp-ups, older program deliveries and cabin retrofits. Sales revenue growth, on the other hand, was hampered by delays in regional jet programs and a challenging helicopter and business aviation market.

Sales revenue in 2015/2016

(in millions of euros)	Fiscal year 2015/2016	Fiscal year 2014/2015	Change	Exchange rates	Consolidation scope	Organic growth
Aerosystems activities	**2,032.9**	**1,955.2**	**4.0%**	**4.8%**	**(0.1%)**	**(0.7%)**
Zodiac Aerosafety	619.8	634.5	(2.3%)	3.6%	(2.3%)	(3.6%)
Zodiac Aircraft Systems	1,413.1	1,320.7	7.0%	5.3%	1.1%	0.6%
Aircraft Interiors activities	**3,175.3**	**2,976.6**	**6.7%**	**4.1%**	**0.0%**	**2.6%**
Zodiac Seats	1,387.9	1,370.2	1.3%	2.6%	0.0%	(1.3%)
Zodiac Cabin	1,787.4	1,606.4	11.3%	5.4%	0.0%	5.9%
GROUP TOTAL	**5,208.2**	**4,931.8**	**5.6%**	**4.3%**	**0.0%**	**1.3%**
€/$ (conversion)	1.11	1.16				

Zodiac Aerospace continued to put customers first in fiscal year 2015/2016, focusing on the return to normal levels of delivery performance in terms of punctuality and quality in order to safeguard the operations of its customers.

The Group received some major new orders during the fiscal year as well as a new letter of intent in September from an undisclosed customer for what will be its largest business-class seat order to date. Prior to that, in April Air France announced that it had chosen Zodiac Aerospace as the supplier of seats in all three classes plus in-flight entertainment (IFE) systems for its A330 fleet that was undergoing retrofit.

New cabin-related contracts were awarded by Airbus, including some lavatories for the A330neo. The Group also received substantial orders from a number of airlines for its RAVE IFEC (In-flight Entertainment & Connectivity) solution. Results of this renewed sales momentum are not expected to be felt for another 18 months due to the development cycle between orders and deliveries, especially in Seats.

Against this backdrop, the Group's current operating income before IFRS 3 was down by 14.2% to €269.5 million, compared to €314.1 million in 2014/2015, which is an operating margin of 5.2% versus 6.4%. This result is mainly due to the high level of cost overruns incurred by Aircraft Interiors to re-establish on-time deliveries to customers.

By activity, Aircraft Interiors was responsible for the €93.7 million drop in current operating income between 2014/2015 and 2015/2016. This was partially offset by the contribution of Aerosystems (+ €41.8 million), particularly in the second half of the fiscal year.

In fiscal year 2015/2016, exchange rates had a positive impact on operating income of €115.4 million, broken down as a conversion loss of -€12.9 million and a transaction gain of +€128.3 million. Contributions from acquisitions resulted in a €4.6 million increase. Cost overruns associated with Aircraft Interiors' activities accounted for €98 million of COI, with operations accounting for €66.5 million.

The research tax credit had a positive impact on current operating income of €25.6 million, compared to €21.8 million in 2014/2015.

During the second half of the fiscal year, the Group's current operating income stood at €189 million, up sharply by 135% over the first half (€80 million). This dissymmetry between the first and second half is expected to be repeated in the 2016/2017 fiscal year.

Sales revenue for **Aircraft Interiors activities** was up by +6.7% at €3,175.3 million in reported data and by +2.6% in organic growth. Exchange rates had a positive impact on growth for the fiscal year of +4.1 percentage points.

- **The Cabin branch (34.3% of Group sales revenue)** posted a sales revenue increase of +11.3% at €1,787.4 million. This reflects a currency effect of +5.4 percentage points and +5.9% on a like-for-like consolidation scope and exchange rate basis. The increase was sustained by the ramp-up of new programs (A350XWB, CSeries, Spaceflex v2).
- **Sales revenue for the Seats branch (26.6% of Group sales revenue)** was up by +1.3% at €1,387.9 million on a reported basis. After deducting a currency effect of 2.6 percentage points, sales revenue fell slightly by -1.3% in organic growth, mainly in the first half. This was due to the end of the impact on sales revenue of the cycle of past design problems.

Current operating income before IFRS 3 for Aircraft Interiors activities showed a loss of -€77.8 million versus a gain of €16.0 million in 2014/2015. This was due to a higher level of cost overruns (€98 million) and the ramp-up of new programs at the bottom of their experience curve. Currency adjustments had a positive impact on current operating income of €35.5 million (a conversion impact of -€18.5 million and transaction impact of +€54.0 million).

Sales revenue for **Aerosystems activities** was up by 4.0% at €2,032.9 million on a reported basis, but down slightly by -0.7% on a like-for-like basis. Aerosystems activities suffered from the decline in sales in the helicopter, business aviation and regional jet markets, as well as from a sluggish market in commercial aircraft arresting systems.

Current operating income was up by 13.3% at €355.2 million as a result of a positive foreign exchange impact of €76 million (+€5.8 million for the conversion impact and +€70.2 million for the transaction impact) and an impact of +€4.6 million due to consolidation scope changes (consolidation of Enviro and sale of Zodiac Elastomer Systems in June 2015). Organic change was down by -€38.7 million, largely concentrated in the first half (€35 million). This was due to higher exposure to the business aircraft, regional jet and helicopter markets (26% of sales revenue) compared to the Group's overall exposure (15%), as well as high development costs (G7000, F5X, E2), the impact of new programs entering their experience curve and so not yet at their peak (A350XWB), and a lack of volume for arresting systems.

With regard to former branches, **AeroSafety** posted a 2.3% drop in sales revenue at €619.8 million, broken down into -3.6% on a constant consolidation scope and exchange rate basis, a currency effect of +3.6 percentage points, and a consolidation scope impact of -2.3 percentage points related to Zodiac Elastomer US (Amfuel), sold in June 2015. Its current operating income before IFRS 3 was down -2.6% at €115.3 million, broken down into a €13.9 million currency effect, a +€1.4 million consolidation scope impact and organic change of -€18.4 million. **Aircraft Systems** reported a +7.0% increase in sales at €1,413.1 million (currency effect +5.3 percentage points; consolidation scope +1.1 percentage point). Its current operating income before IFRS 3 was up by +23.0% at €239.9 million due to a positive currency effect of €62.0 million and a positive consolidation scope impact of €3.3 million. Organic change was negative at €20.3 million.

The IFRS 3 accounting impact was €0.1 million in 2015/2016, compared to a negative €0.3 million in 2014/2015. Current operating income after IFRS 3 was down -14.1% at €269.6 million.

Non current items amounted to -€75.7 million versus -€21.9 million in 2014/2015, mainly due to the impairment loss on the Contour brand (Zodiac Seats UK activity) totaling €57.5 million. Operating income was €193.9 million versus €291.9 million in 2014/2015.

Interest expenses rose by +45.9% as a result of the increase in average debt and average cost of debt from 1.79% to 2.03%.

The tax liability was -€39.6 million versus -€75.7 million in 2014/2015, reflecting the drop in current operating income, particularly for our activities in the United States. The drop in the tax rate from 28.8% in 2014/2015 to 26.0% is largely due to the breakdown of Group operating income, since the loss-making Aircraft Interiors activities are mainly located in the USA where the average tax rate is around 35%.

Net income for 2015/2016 amounted to €107.9 million while net income attributable to equity holders of the parent company stood at €108.1 million. Both were down by 41.5% after taking into account the impairment of the Contour brand.

A STRONG BALANCE SHEET

The Group's cash flow from operations fell by 16.7% to €326.5 million, versus €391.8 million in 2014/2015, in line with current operating income. Working capital requirement (WCR) amounted to €1,568 million at the end of the 2015/2016 fiscal year, versus €1,507 million at the end of the previous fiscal year. WCR, expressed as a percentage of sales revenue, is gradually returning to historic levels. Operating WCR was 33.2% of sales revenue at end-August 2016, compared with 37.4% at end-August 2015.

Capital expenditure was also stable as a percentage of sales (4.0% versus 4.2% in 2014/2015). Intangible assets held steady at €84.8 million, primarily due to the capitalization of development costs under IAS 38. Tangible investments were up by 4.6% at €125.4 million. In total, at €210.2 million the increase in assets was limited to +2.6% or 4.0% of sales revenue in 2015/2016, versus 4.2% in 2014/2015.

The Group's net debt at end-August 2016 amounted to €1,056.9 million after recognizing in equity (under IAS 32) hybrid financing of €250 million set up in March 2016. This compares with €1,266.7 million at end-August 2015. Gearing therefore stood at 0.34 versus 0.43 at end-August 2015. Net financial debt to adjusted EBITDA, corresponding to the bank covenant for our Club Deal financing, was 2.55 as compared to a maximum ratio of 3. This bank covenant is calculated at fiscal year-end based on the definition contained in the Club Deal financing agreement of August 31. It corresponds to net financial debt of €1,056.9 divided by adjusted EBITDA of €414.7 million.

Changes in the €/$ and €/£ exchange rates at fiscal year-end resulted in a net reduction of €39 million in on-balance-sheet items which included a €35-million decrease in our equity.

RECOVERY AND ONGOING TRANSFORMATION

Aircraft Interiors and Group current operating income was heavily impacted by cost overruns, which were up by €98 million during the 2015/2016 fiscal year at €390 million.

Overrun costs were mainly due to incremental costs associated with penalties, settlements and customer warranties, as well as logistics costs (freight). Thanks to improvements made in terms of delivery performance, these items represent a relatively small percentage of cost overruns when compared to operating costs.

Operating costs consist of fluctuating industrial production costs (excess material usage, supplies and scrapping, inventory obsolescence, labor inefficiency) and overhead costs (indirect or temporary labor, etc.).

THE THREE STEPS TO ZODIAC AEROSPACE'S RECOVERY

Step one, which is ongoing, is to bring delivery performance levels back up to par in terms of punctuality and quality. This action point generated a need for additional resources and led to higher production costs than standard, which heavily impacted the Group's current operating income. However, as a result of this major effort, our target has either been achieved, or is on course to be achieved, in most of our activities.

As of now, late delivery is no longer the main cause of cost overruns in our Seats activity. To support the ramp-up in production of new high-end business class seats, assembly capacity has been increased, especially at Zodiac Seats UK, and additional resources have been put in place for shell manufacture. In addition, Zodiac Seats Shells now reports to Zodiac Seats France and rightsizing efforts at Santa Maria (California) are continuing.

With regard to Cabins, three production lines for A350 XWB lavatories have been set up to support the production ramp-up for Airbus (Cypress in California, Montreal since late 2015, and Herborn in Germany since summer 2016). More generally, the Cabin branch saw the replacement of old programs with new platforms (e.g. A320 SpaceFlex, MRJ, SSP and CSeries) at the beginning of their experience curve.

Step two is to re-establish our normal operating performance levels, which means delivering to customers efficiently and on time according to the processes that have been set up and in keeping with standards. This phase includes the Group-wide roll-out of the Focus transformation plan and Zodiac Aerospace Operating System.

The Focus plan continues to be implemented as planned.

The second series of standards is currently being deployed throughout the Group, while the third series is still under development. The goal of this second step, namely to return to normal operating performance levels, is expected to be achieved by the end of 2017, in line with the 18-month forecast announced in March 2016.

Step three focuses on improving the Group's operating margin. This means eliminating residual cost overruns and ensuring production remains consistent. Costs must be reduced and efficiency improved. A double-digit operating margin is expected to be achieved by fiscal year 2017/2018 and historic operational profitability restored by fiscal year 2019/2020.

As delivery performance improves, thanks to additional resources and, where possible, renegotiated delivery schedules, cost overruns related to penalties, compensation and logistics are expected to be reduced by the end of the 2016/2017 fiscal year.

Production variances will be managed by the Operations Department based on the Focus plan, Lean manufacturing and operational excellence.

Cost overruns will be eliminated between 2017 and 2019, depending on the nature of the overrun.

Overheads will be reduced over the same period through cost-cutting measures and organizational streamlining. These efforts have already begun at Zodiac Seat Shells.

MANAGEMENT TEAM IN PLACE AND FULLY COMMITTED TO THE TRANSFORMATION

Didier Fontaine was appointed Executive Vice-President, Group Administration and Finance on October 24, 2016, succeeding Jean-Jacques Jégou, who is assisting with the transition. The Supervisory Board, Executive Board and Executive Committee wish to acknowledge Jean-Jacques Jégou's exceptional, sustained and long-lasting contribution to Zodiac Aerospace and its development since joining the Group in 1979.

Christophe Bernardini was appointed Chief Executive Officer of Zodiac Cabin effective November 1, 2016, following the departure of Yannick Assouad to become Chairman and Chief Executive Officer of Latécoère. Christophe Bernardini remains acting Chief Executive Officer of Zodiac Aerospace Services until December 31, 2016.

Effective January 1, 2017, Bruno Delile will be Chief Executive Officer of Zodiac Aerospace Services. Bruno Delile is currently Executive Vice President Long-Haul Operations at Air-France KLM. He brings over 25 years' experience in the aerospace industry and has held several positions at Air France-KLM in the MRO (Maintenance, Repair, Overhaul) area.

At its meeting of November 21, the Supervisory Board resolved to appoint Benoît Ribadeau-Dumas to the Executive Board. The Executive Board now comprises Olivier Zarrouati, Chairman, Maurice Pinault and Benoît Ribadeau-Dumas.

PROPOSED DIVIDEND OF €0.32 PER SHARE

At the General Meeting of Shareholders on January 19, 2017, the Supervisory Board will propose the distribution of a dividend of €0.32 per share. This is the same as the dividend for the previous fiscal year. Shareholders may opt to receive the dividend entirely in cash or as a combination of 50% cash, 50% shares.

OUTLOOK: FOCUSING ON FINANCIAL RECOVERY

Zodiac Aerospace continues to operate in a growing market, with current trends in the industry sustaining the strategic value of its business model.

The cabin interiors business is being driven by growth in traffic and airlines' desire to stand out from competitors. This activity has high entry barriers due to its complexity and stringent security requirements, consolidating the Group's global leadership positioning in this sector.

Zodiac Aerospace is also a key player in connected cabins as a result of its leadership position in aircraft interiors and systems. Cabin digitization is a new frontier for the airline industry, offering better in-service support, connectivity for both airlines and passengers, potential data sources and added-value services for airlines.

The second phase of our recovery is on track, thanks to the roll-out of the Focus transformation plan. Operating performance levels are expected to be restored by the end of 2017. This will allow the Group to continue with its transformation, resizing and cost cutting measures, most notably reductions in excess overheads and production gaps, and return to its historic profitability levels by fiscal year 2019/2020.

Zodiac Aerospace expects sales revenue to remain stable in fiscal year 2016/2017 due firstly to the delayed impact of past lead-time problems related to the product development cycle and secondly to weak sales in the helicopter and business aircraft activities.

Current operating income is expected to rise between 10% and 20% with a major dissymmetry between the first and second half of the fiscal year.

The Group expects its organic growth to return to historic levels of a double-digit operating margin by fiscal year 2017/2018 and to achieve historic profitability levels (mid-double digit) by 2019/2020.

Current currency hedging covers 87% of the estimated EUR/USD net transaction exposure for 2016/2017 at a rate of $1.1184/€. Estimated exposure to the pound sterling (GBP) and Canadian dollar (CAD) are hedged as follows: 79% of USD/CAD, 80% of USD/GBP, 71% of USD/MXN 71 and 80% of USD/THB.

Reconciliation of income before/after IFRS 3

(in millions of euros)	Year ended Aug. 31, 2016	Year ended Aug. 31, 2015
Current operating income after IFRS 3	**269.6**	**313.8**
Inventory valuation	(0.1)	0.3
Current operating income before IFRS 3	**269.5**	**314.1**
Net income attributable to equity holders of the parent company after IFRS 3	**108.1**	**184.8**
Inventory valuation	–	0.3
Impairment losses [(1)]	57.5	–
Amortization of intangible assets	17.5	20.3
Acquisition costs	–	2.0
Corporate income tax	(17.4)	(7.6)
Net income attributable to equity holders of the parent company before IFRS 3	**165.7**	**199.8**

(1) Impairment loss for Contour brand.

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.

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 13 provides a summary of the provisions not adopted and the reasons for non-adoption.

Your Company is managed by the Supervisory Board and the Executive Board under a dual management method. This structure separates the management functions exercised by the Executive Board and the control functions over this management, delegated to the Supervisory Board, a body representing the interests of shareholders.

The Executive Board ensures management of the Group using the powers granted to it by legal and regulatory provisions and defined by the Articles of Association; the Supervisory Board is responsible for ongoing control over management and receives the information it requires to perform this task.

THE EXECUTIVE BOARD AND RESTRICTED EXECUTIVE COMMITTEE

To ensure a balance of power and proper governance, the Executive Board was assisted in its mission during the 2015/2016 fiscal year by a Restricted Executive Committee (tasked with the mission previously delegated to the Executive Committee as it existed in previous fiscal years).

The Executive Committee was dissolved on September 1, 2016.

The Executive Board and the Restricted Executive Committee are responsible for examining the issues relating to the functioning and the operational performance of the Group twice per month and for deciding any necessary actions that arise. Chaired by the Chairman of the Executive Board and CEO, Olivier Zarrouati, the Restricted Executive Committee comprises the Deputy Chief Executive Officer, Strategy and Business Development, in charge of Group Business Development, the Chief Executive Officers of the Cabin and Seats branches and the Aerosystems activity, the Chief Executive Officer of Zodiac Aerospace Services, the Executive Vice-President, Group Administration and Finance, the Group Chief Operating Officer, the Executive Vice-President, Group Communication and Investor Relations, and the Executive Vice-President, Group Human Resources.

As Yannick Assouad decided to leave the Zodiac Aerospace Group to take up the chairmanship of a listed aerospace group, her term as member of the Executive Board ended on September 9, 2016 and her term as member of the Restricted Executive Committee and position as Chief Executive Officer of the Cabin branch ended on October 31, 2016. The Zodiac Aerospace Group thanks Mrs. Assouad for her contribution to the Group over the past 13 years, during which time she most notably created the Zodiac Services branch and successfully headed up the Aircraft Systems branch before accepting a position at the head of the Cabin branch on May 15, 2015.

Maurice Pinault was reappointed to the Executive Board by the Supervisory Board on September 29, 2016.

Benoît Ribadeau-Dumas, Chief Executive Officer of the Aerosystems activity, was appointed member of the Executive Board on November 21, 2016.

Consequently, at the time of the report of the Chairman of the Supervisory Board, the Executive Board had three members (Olivier Zarrouati, Chairman, Maurice Pinault and Benoît Ribadeau-Dumas).

Christophe Bernardini was appointed Chief Executive Officer of the Cabin branch effective November 1, 2016 and is assisting with the transition from his current position as Chief Executive Officer of Zodiac Aerospace Services until the new Chief Executive Officer of Zodiac Aerospace Services, Bruno Delile, takes over the position on January 1, 2017.

Jean-Jacques Jégou, Executive Vice-President, Group Administration and Finance, is retiring after 37 years within the Zodiac Aerospace Group. He will leave the Group on December 31, 2016. The Zodiac Aerospace Group thanks Mr. Jégou for his unfailing commitment to the Group and his pivotal role in building the Zodiac Aerospace Group. His professionalism and personal values will remain benchmarks for the entire Group.

Didier Fontaine joined the Zodiac Aerospace Group on September 19, 2016, taking over Jean-Jacques Jégou's role as Executive Vice-President, Group Administration and Finance on October 24, 2016. Didier Fontaine has extensive experience in a wide range of fields, having worked as finance director in a variety of industries (banking, automotive, oil and chemical) and listed companies.

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.

Composition of the Supervisory Board

The Supervisory Board is currently composed of 11 members, including one who represents the Group's employees. They are: Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Patrick Daher, Élisabeth Domange, Laure Hauseux, Vincent Gerondeau, Gilberte Lombard, Estelle Brachlianoff, FFP Invest, represented by Frédéric Banzet, Fonds Stratégique de Participations (FSP), represented by Florence Parly, and Anne Aubert, representing employees.

At the time of the report of the Chairman of the Supervisory Board, six members were defined as "independent" within the meaning of the criteria of the AFEP-MEDEF Code, namely Patrick Daher, Laure Hauseux, Vincent Gerondeau, FFP Invest, represented by Frédéric Banzet, Estelle Brachlianoff, and Fonds Stratégique de Participations (FSP), represented by Florence Parly. These members provide the Board with wide-ranging experience in terms of their own industries and the international business environment.

The percentage of independent members as defined by the AFEP-MEDEF Code is therefore 60%, which is above the Code's required threshold.

Six members are women, including the employee representative. This gives a rate of 50% women, which means that Zodiac Aerospace exceeds[1] the provisions of the AFEP-MEDEF Code (requiring at least 40% women[1] on the board as from the 2016 General Meeting) and France's law of January 27, 2011 on gender equality on boards (requiring at least 40% women[1] as from the 2017 General Meeting).

In addition, at least two-thirds of members have international experience from current or past professional responsibilities.

Changes in the composition of the Supervisory Board

During the 2015/2016 fiscal year, the General Meeting of January 14, 2016 appointed Estelle Brachlianoff and FSP, represented by Florence Parly, for a four-year term expiring at the end of the General Meeting held to approve the financial statements for fiscal year 2018/2019. The terms of Marc Assa and Robert Maréchal expired at the end of the General Meeting of January 14, 2016.

Renewal of terms of office and new appointment proposed to the General Meeting of January 19, 2017

On the recommendation of the Appointments Committee, the Supervisory Board will ask the General Meeting of January 19, 2017 to renew the terms of office of Laure Hauseux (eighth resolution) and Vincent Gerondeau (ninth resolution) for a four-year period expiring at the end of the General Meeting held to approve the financial statements for fiscal year 2019/2020, and the term of office of Gilberte Lombard (seventh resolution) for a two-year period expiring at the end of the General Meeting held to approve the financial statements for fiscal year 2017/2018.

The Supervisory Board wishes to make it clear that Vincent Gerondeau's independent status would not be affected by the collective retention agreements to which he is a signatory and which are described in the "Shareholder Agreements" section on page 38 of this document. Said agreements are strictly limited to retention and the non-transferability of the shares held by Mr. Gerondeau and his family group, and carry no rights or obligations that may influence his judgment.

On the recommendation of the Appointments Committee, the Supervisory Board will also ask the General Meeting of January 19, 2017 to appoint Fidoma, a family company representing 80% of the Zodiac Aerospace shares held by Élisabeth Domange and Didier Domange and their descendants (i.e. approximately 8% of the Company's total capital). The terms of office of Élisabeth Domange and Didier Domange expire at the end of the General Meeting held to approve the financial statements for the period ending August 31, 2017 and may not be renewed. The proposed appointment of Fidoma is intended to prepare for their succession.

Accordingly, at the end of the General Meeting of January 19, 2017, the Supervisory Board will comprise twelve members, one of them representing employees. Six will be independent (55%)[1] and six, women (45%).[1]

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 the statutory clauses referred to in the above introduction will apply to those who have reached the age limit of 70 (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 the Group's parent company or subsidiary level.

(1) In accordance with the AFEP-MEDEF Code, the member representing employees is not taken into account when calculating the percentage of independent members on the Supervisory Board nor when calculating the proportion of women on the board.

Independence of members of the Supervisory Board

The Company subscribes to the independence criteria as set forth in the AFEP-MEDEF Code. A Board member is considered independent when he or she has no relationship of any kind with the Company, Group or its management that may influence his or her judgment.

Rules of professional conduct of members 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 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, 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 material due to the low volume of services provided and/or products sold by those companies which represents less than 0.1% of the Group's sales revenue. Furthermore, the Group does not provide or sell services to the companies of which Patrick Daher is chairman or director.

It should also be noted that Patrick Daher has left his executive position as Chairman and Chief Executive Officer of the Daher Group. He is now Non-Executive Chairman of the Daher Group.

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 or vote on a decision affecting him or her. No conflict of interest has been brought to the attention of the Supervisory Board.

Frequency of Supervisory Board Meetings

During the fiscal year, the Board met on eight scheduled occasions: September 29, October 13, November 23, 2015, and January 14 (twice), February 16, April 19, and July 13, 2016. Board members were diligent in their attendance at meetings, resulting in an average attendance rate of over 90%.

Operation of the Supervisory Board and activity in 2015/2016

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 fiscal year. It holds an "Outlook" seminar annually, primarily to examine development opportunities for the Group in terms of governance, organization and internal and external growth. A portion of each Board meeting is dedicated to discussions that are not attended by Executive Board members ("executive sessions"). 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.

During fiscal year 2015/2016, the Board mainly performed its functions in the following areas:

- with regard to the running of the business, the Supervisory Board examined the Group's operational performances and in particular its operations planning, the reorganization of the Cabin and Seats branches, and the tracking of the estimated cost overruns related to these two branches' operational difficulties;
- the annual and half-year financial statements and revised earnings estimates;
- the monitoring of the strategic plan and Focus plan;
- the 2015/2016 budget, disposals and acquisitions, the financing policy;
- the reappointment of the statutory auditors and the review of financial press releases.

In terms of governance, the Board reviewed the following:

- the reappointment of Olivier Zarrouati as member and Chairman of the Executive Board effective November 17, 2015 for a four-year period expiring on November 16, 2019;
- the change in the Executive Board's structure with the appointment of Yannick Assouad[1] as Executive Board member effective November 23, 2015 and the Executive Board's interaction with the Supervisory Board;
- the compensation policy for executive management, as proposed by the Compensation Committee;
- the total package and number of performance shares granted to executive corporate officers, members of the Restricted Executive Committee who are not corporate officers, and Group employees;
- compliance of the Group's governance with the recommendations of the AFEP-MEDEF Code;
- the independence of Board members;
- the succession plan for the Supervisory Board Chairman and members of the Board, plus the annual assessment of the Supervisory Board and Committees;
- composition of the Board and its Committees, including:
  - the proposed reappointment of Élisabeth Domange and Didier Domange for a two-year term expiring at the end of the General Meeting held to approve the financial statements for the fiscal year ending August 31, 2017;
  - the proposed appointment of two new members, Fonds Stratégique de Participations, represented by Florence Parly, and Estelle Brachlianoff, for a four-year term expiring at the end of the General Meeting held to approve the financial statements for the fiscal year ending August 31, 2019;
  - the reappointment of the Chairman of the Supervisory Board for the duration of his term as member of the Board;
  - the changes in the composition of the Committees (see above), with effect from the General Meeting of January 14, 2016, to incorporate the two newly elected Board members who qualify as independent under the AFEP-MEDEF Code;
  - the appointment to the Compensation Committee of the member representing employees effective November 23, 2015;
  - the establishment of a Strategy Committee effective November 23, 2015, whose purpose is to provide Board members with regular updates on the Group's operations until such time as the Aircraft Interiors operational problems are resolved.

(1) Until September 9, 2016.

On March 14, 2016, on the recommendation of the Board's Chairman and on the advice of the Appointments Committee, the Board granted Gilberte Lombard a special mandate under Article R. 225-56 of the French Commercial Code to handle relations between the Supervisory Board and company shareholders until the end of the 2016 fiscal year. This mandate is renewable. Gilberte Lombard's powers in respect of this role are limited to those of the Supervisory Board and its Committees

Assessment of the Board

In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board conducts an external assessment of the terms of its operations every three years and an internal assessment annually.

The external assessment was carried out for the 2014/2015 fiscal year by a specialist consulting firm. The internal assessment for the 2015/2016 was conducted on the basis of a questionnaire sent to each Board member.

The assessment revealed that the Board's operations had improved since the previous assessment, noting that:

- "executive sessions" (meetings not attended by executive company officers) are held systematically at every Board meeting;
- the percentage of independent members has increased;
- more discussions take place within the Board;
- there is more interaction with Executive Board members.

Going forward, progress is likely in the following areas as regards the AFEP-MEDEF Code:

- more international Board members;
- documents sent more quickly;
- more familiarity with the executive management team working with the Executive Board Chairman;
- greater visibility of indicators measuring operating performance at the division level.

The Supervisory Board has noted these suggestions and the proposals for related improvements.

Committees

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

Members who accept appointment to a Committee are expected to attend all meetings held by that Committee.

In light of the difficulties encountered in some sections of the Aircraft Interiors activity, the Board introduced a temporary Strategy Committee on November 23, 2015 to provide it with regular updates on Group operations until such time as the activity's operational problems are resolved.

The Audit Committee

The Audit Committee met seven times during the fiscal year. It met five times to review in particular the Group's half-year and consolidated full-year financial statements, the main account closing options, the operational situation of the Cabin and Seats branches and associated risks (especially aircraft manufacturer risk), budgets and reforecasts, financial press releases, the accounting treatment of Group brands, the renewal of the mandates of the Statutory Auditors, and the presentation of statutory audit reform.

These meetings are held eight days before the Supervisory Board meeting convened to deliberate on the financial statements.

The Committee also met twice with the Audit and Internal Control Director to consider the following:

- Risk management:
- general guidelines of the Focus plan;
- improvement in the structure of Zodiac Aerospace: individual roles and responsibilities;
- monitoring of measures implemented since the last risk-related Audit Committee meeting;
- presentation of the updated top group risks and risk mapping of Group risks;
- report on progress made on the main risks identified (see chapter on Risk Management) and related risk control plans.
- Internal control:
- special report on the Focus transformation plan and particularly the internal control action plan (Back to Basics);
- presentation and update of planned improvements to the system of ongoing internal control and review of the various data mining tools being introduced.
- Internal audit:
- report on the latest assignments and newly identified areas of risk;
- report on the recommendations of the late audit and action plans for the fiscal year.

In addition, the Audit Committee had a face-to-face meeting with the Statutory Auditors, reviewed the report of the Chairman of the Supervisory Board and the content of the financial press releases, and considered the fees paid to the Statutory Auditors.

During the fiscal year ended August 31, 2016, the Committee comprised the following five Board members (including three independent members): Laure Hauseux (Chairman), Gilberte Lombard, Louis Desanges, FFP Invest, represented by Frédéric Banzet, and FSP, represented by Florence Parly. The meetings were also attended by the Statutory Auditors and the Executive Vice-President, Group Administration and Finance.

The chairmanship of the Audit Committee is assigned to an independent member within the strict meaning of the AFEP-MEDEF Code. A new independent member within the meaning of the AFEP-MEDEF Code joined the Committee during the fiscal year.

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

Compensation Committee

The Compensation Committee usually meets six times during the fiscal year, and did so this year. The Committee comprised four, or sometimes five, members during the fiscal year ended August 31, 2016: Patrick Daher (Chairman), Gilberte Lombard, Vincent Gerondeau, Marc Assa until January 14, 2016 and Anne Aubert from November 23, 2015.

The members are tasked by the Supervisory Board with setting the compensation paid to the Executive Board and Restricted Executive Committee members, allocating 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 time of the report of the Chairman of the Supervisory Board, the Committee comprised four members (including two independent members) and was chaired by an independent member within the strict definition of the AFEP-MEDEF Code. Anne Aubert, the Board member representing employees, has served on the Compensation Committee since November 23, 2015.

The Compensation Committee's work for the year primarily related to the impact of the Macron Act on bonus share awards and on the compensation of the new Executive Board member.

Appointments Committee

The Appointments Committee meets when required; it met four times during the fiscal year ended August 31, 2016. It has four members: Louis Desanges (Chairman), Marc Assa until January 14, 2016 and Estelle Brachlianoff thereafter, Vincent Gerondeau and FFP Invest, represented by Frédéric Banzet.

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's members and approved the "independent" qualification of members Laure Hauseux, Patrick Daher, Vincent Gerondeau, FFP Invest, represented by Frédéric Banzet, FSP, represented by Florence Parly, and Estelle Brachlianoff for the fiscal year ended August 31, 2016.

The Appointments Committee's work for the year focused specifically on:

- appointing a new Executive Board member, leading to the appointment of Yannick Assouad;
- recommending the Supervisory Board member to handle relations with the company shareholders;
- reviewing the succession plan for executive corporate officers;
- hiring the new Executive Vice-President, Group Administration and Finance;
- conducting the standard review of the independence criteria of Board members.

For the fiscal year ended August 31, 2016, 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 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.

The lower relative representation of independent members on the Audit and Compensation Committees is due to the requalification during the fiscal year beginning September 1, 2015 of Gilberte Lombard, in strict application of the AFEP-MEDEF Code, on the basis that her term of office exceeded 12 years. Notwithstanding the length of her term, Gilberte Lombard has demonstrated great freedom of judgment and critical thinking with regard to executive management.

The Strategy Committee

The Strategy Committee was established on November 23, 2015. Its purpose is to provide Board members with regular updates on the Group's operations until such time as the Aircraft Interiors operational problems are resolved. It is intended to be temporary. It meets every two weeks, except where unavoidable, and its meetings are attended by the Chairman of the Executive Board and the Executive Vice-President, Group Administration and Finance.

The Committee is composed of four members: Didier Domange, Louis Desanges, Patrick Daher and FFP Invest, represented by Frédéric Banzet.

The Strategy Committee reports on its meeting during Board sessions not attended by executives ("executive sessions").

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
Composition of the Audit Committee Article 16.1: The proportion of independent members of the Supervisory Board serving on the Audit Committee "should be at least two-thirds".	For the fiscal year ending August 31, 2016, the lower representation of independent members on the Audit Committee (three out of five) is due to the requalification during the fiscal year beginning September 1, 2015 of Gilberte Lombard, in strict application of the AFEP-MEDEF Code, on the basis that her term of office exceeded 12 years. Notwithstanding the length of her term, Gilberte Lombard has demonstrated great freedom of judgment and critical thinking with regard to executive management.
Composition of the Compensation Committee Article 18.1: The Committee should have a majority of independent directors.	For the fiscal year ending August 31, 2016, the lower representation of independent members on the Compensation Committee (two out of four) is due to the requalification during the fiscal year beginning September 1, 2015 of Gilberte Lombard, in strict application of the AFEP-MEDEF Code, on the basis that her term of office exceeded 12 years. Notwithstanding the length of her term, Gilberte Lombard has demonstrated great freedom of judgment and critical thinking with regard to executive management. In addition, the chairmanship of the Compensation Committee was assigned to an independent member in accordance with the AFEP-MEDEF Code. The Board member representing employees has served on the Compensation Committee since November 23, 2015.
Composition 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.	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 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.

Composition of the Executive Board and Supervisory Board

Executive Board at August 31, 2016

Olivier Zarrouati
Chairman of the Executive Board and CEO

Maurice Pinault
Member

Yannick Assouad (1)
Member

Executive Board effective September 9, 2016

Olivier Zarrouati
Chairman of the Executive Board and CEO

Maurice Pinault
Member

Benoît Ribadeau-Dumas (2)
Member

Supervisory Board at August 31, 2016

Didier Domange
Chairman of the Supervisory Board

Louis Desanges
Vice-Chairman

Estelle Brachlianoff (3)
Member

Patrick Daher (3)
Member

Élisabeth Domange
Member

Laure Hauseux (3)
Member

Vincent Gerondeau (3)
Membre

Gilberte Lombard
Member

FFP Invest (3)
Member, represented by Frédéric Banzet

FSP (3)
Member, represented by Florence Parly

Anne Aubert
Member representing employees

(1) From November 23, 2015 to September 9, 2016.
(2) From November 21, 2016.
(3) Independent member during the fiscal year ended August 31, 2016.

Details of the functions and other terms of office of members of the Supervisory and Executive Boards are provided on pages 15 and 16.

Composition of the Restricted Executive Committee

Restricted Executive Committee

Olivier Zarrouati
Chairman of the Executive Board and CEO

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

Yannick Assouad
Member of the Executive Board (1)
CEO, Cabin branch (2)

Christophe Bernardini
CEO, Zodiac Aerospace Services (3)
CEO, Cabin branch (4)

Jean-Michel Billig
CEO, Seats branch

Bruno Delile
CEO, Zodiac Aerospace Services (5)

François Feugier
Group Chief Operating Officer

Didier Fontaine
Executive Vice-President, Group Administration and Finance (6)

Jean-Jacques Jégou
Executive Vice-President, Group Administration and Finance (7)

Benoît Ribadeau-Dumas
Member of the Executive Board (8)
CEO, Aerosystems activity

Delphine Segura Vaylet
Executive Vice-President, Group Human Resources

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

(1) From November 23, 2015 to September 9, 2016.
(2) Until October 31, 2016.
(3) Until December 31, 2016.
(4) From November 1, 2016.
(5) Effective January 1, 2017.
(6) From October 24, 2016.
(7) Until December 31, 2016.
(8) From November 21, 2016.

Statutory Auditors

Ernst & Young Audit

Fidaudit (a member of the Fiducial network)

APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS

Members	Date of appointment	Date of last reappointment	End-of-term General Meeting	Position held in the Company	Other positions or offices held	Nationality
Didier Domange (73 years)	June 24, 1966	Jan. 14, 2016	2018 (fiscal year 2016/2017)	- Chairman of the Supervisory Board	**Unlisted companies:** - 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 (69 years)	Feb. 20, 1981	Jan. 10, 2012	2018 (fiscal year 2016/2017)	- Vice-Chairman of the Supervisory Board - Chairman of the Appointments Committee - Member of the Audit Committee	**Unlisted companies:** - Chief Executive of Omnium Delabordère - Director of Ecod'Air EI and Ecod'Air EA	French
Anne Aubert (45 years)	July 1, 2014	–	2018 (fiscal year 2016/2017)	- Member of the Supervisory Board, representative of Group employees - Member of the Compensation Committee since November 23, 2015	**Unlisted companies:** - Head of Programs Zodiac Seats France	French
Estelle Brachlianoff (44 years)	Jan. 14, 2016	–	2020 (fiscal year 2018/2019)	- Member of the Supervisory Board - Member of the Appointments Committee *Independent member*	**Unlisted companies:** - Chairman of the French Chamber of Commerce in London **Listed companies:** - Senior Executive Vice-President Veolia UK & Ireland	French
Patrick Daher (67 years)	Jan. 8, 2014	–	2018 (fiscal year 2016/2017)	- Member of the Supervisory Board - Chairman of the Compensation Committee *Independent member*	**Unlisted companies:** - Managing Partner of SOGEMARCO-Daher - Chairman of Daher - Vice-Chairman of GIFAS - Chairman of GEAD **Listed companies:** - Director and Chairman of the Compensation Committee of LISI	French
Élisabeth Domange (73 years)	Feb. 19, 1982	1Jan. 14, 2016	2018 (fiscal year 2016/2017)	- Member of the Supervisory Board	**Unlisted companies:** - Farm manager - Member of the Supervisory Board of Fidoma	French
FFP Invest, représentée par M. Frédéric Banzet (58 years)	Dec. 18, 2006	Jan. 9, 2013	2019 (fiscal year 2017/2018)	- Member of the Supervisory Board - Member of the Audit Committee - Member of the Appointments Committee *Independent member*	**Unlisted companies:** - Director of EPF - Permanent representative of FFP Invest, Member of the Supervisory Board of Idi EM: SA (Luxembourg law) - Chairman of the Board of Directors of FFP Investment UK **Listed companies:** - Non-voting member of the Supervisory Board of PSA	French
Vincent Gerondeau (51 years)	Jan. 10, 2011	–	2017 (fiscal year 2015/2016)	- Member of the Supervisory Board - Member of the Appointments Committee - Member of the Compensation Committee *Independent member*	**Unlisted companies:** - Chairman of Clairsys SAS - Permanent representative of Clairsys SAS, itself Chairman of Cordon Blanc Réceptions	French
Laure Hauseux (54 years)	Jan. 10, 2011	–	2017 (fiscal year 2015/2016)	- Member of the Supervisory Board - Member of the Audit Committee - Chairman of the Audit Committee *Independent member*	**Unlisted companies:** - Member of the Executive Board and Chairman of the Audit Committee of PHM FranceTopco 19 - Chief Executive of Grande Armée Conseil SARL - CEO, GAC SASU - Chief Executive of GA Conseil SARL	French

Members	Date of appointment	Date of last reappointment	End-of-term General Meeting	Position held in the Company	Other positions or offices held	Nationality
Gilberte Lombard (72 years)	Jan. 10, 1983	Jan. 15, 2015	2017 (fiscal year 2015/2016)	- Member of the Supervisory Board - Member of the Audit Committee - Member of the Compensation Committee	**Unlisted companies:** - Director of Vernet Retraite **Listed companies:** - Director, Chairman of the Audit Committee, member of the HSE Committee (social and environmental responsibility) of CGG (formerly CGG Veritas) - Director, Chairman of the Compensation Committee, member of the Audit Committee of Robertet SA	French
FSP, represented by Florence Parly (53 years)	Jan. 14, 2016	–	2020 (fiscal year 2018/2019)	- Member of the Supervisory Board - Member of the Audit Committee *Independent member*	**Unlisted companies:** Main role: CEO, Voyageurs, SNCF Mobilités **Listed companies:** - Altran Board of Directors: • Independent Director • Chairman of the Appointments and Compensation Committee - Ingenico Board of Directors: • Independent Director • Chairman of the Audit and Finance Committee • Member of the Strategy Committee • Member of the Compensation, Appointments and Governance Committee	French

APPOINTMENTS HELD BY EXECUTIVE BOARD MEMBERS

Members	Date of appointment and last reappointment	Position held in the Company	Other position or offices held
Olivier Zarrouati	November 15, 2007 reappointed on November 17, 2015	Chairman of the Executive Board (1)	Directorships: **Group Companies (unlisted companies)** **France:** Engineering, Zodiac Seats France **Other countries:** Air Cruisers Company LLC (USA), Avox Systems Inc. (USA), C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), Esco (USA), Zodiac Interconnect UK Ltd (UK), Mag Aerospace Industries LLC (USA), Monogram Train LLC (USA), Zodiac Parachutes Industries of Southern Africa Pty (South Africa), Sicma Aero Seat Services (USA), Zodiac Aerospace Services UK Ltd (UK), Zodiac US Corporation (USA) **Non-Group Companies (listed companies)** **France:** Coface SA, Member of the Board of Directors **Non-Group Companies (listed companies)** **France :** Member of the Board of Directors of GIFAS, Member of GEAD Chairman of the ISAE-SUPAERO Foundation
Maurice Pinault	September 18, 1992 reappointed on September 29, 2016	Member of the Executive Board (2)	Directorships: **Group Companies (unlisted companies)** **France:** Zodiac Engineering, Zodiac Seats France **Other countries:** Aerodesign de Mexico S.A. de C.V. (Mexico), Sicma Aero Seat Services (USA), Driessen Aerospace Group N.V. (Netherlands), Greenpoint Aerospace Inc. (USA), Greenpoint Aerospace Inc. (USA), Greenpoint Technologies Inc. (USA)
Yannick Assouad	November 23, 2015	Member of the Executive Board (3)	Directorships: **Group Companies (unlisted companies)** **France:** until October 18, 2016: Zodiac Actuation Systems **Other countries:** juntil October 9, 2016: Zodiac Aerospace Holding Australia Pty Ltd (Australia); until October 31, 2016: Systems & Software Enterprises, LLC (USA), Innovative Power Solutions LLC (USA), JBR Technologies LLC (USA), Heath Tecna Inc. (USA), Greenpoint Aerospace Inc. (USA), Greenpoint Technologies Inc. (USA), Northwest Aerospace Technologies Inc. (USA), Driessen Aircraft Interior Systems Inc. (USA), The Richards Corp. (USA), C&D Zodiac Inc. (USA), C&D Aerospace Canada (Canada), Aerodesign de Mexico S.A. de C.V. (Mexico), Zodiac Cabin & Structure Support LLC (USA) **Non-Group Companies (listed companies)** **France:** Members of the Board of Directors of Vinci
Benoît Ribadeau-Dumas	November 21, 2016	Member of the Executive Board (4)	Directorships: **Group Companies (unlisted companies)** **France:** Zodiac Aerosafety Systems, Zodiac Aero Duct Systems, Zodiac Aerotechnics, Zodiac Aero Electric, Zodiac Fluid Equipment, Zodiac Hydraulics **USA:** Esco, Pacific Precision Products, Zodiac Data Systems Inc., IDD Aerospace Corp., Mag Aerospace Industries LLC

(1) Reappointed by the Supervisory Board for a period of four years, i.e. until November 16, 2019.
(2) Reappointed until November 16, 2019.
(3) Until September 9, 2016.
(4) From November 21, 2016 to November 16, 2019.

Compensation and Benefits

The information and tables in this section:

- have been produced in accordance with the French AFEP-MEDEF Code (version dated November 2015);
- 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, 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 opinion concerning elements of compensation due, awarded or to be awarded for fiscal year 2015/2016 to Olivier Zarrouati, Maurice Pinault and Yannick Assouad are presented as defined by the AFEP-MEDEF Code and its implementation guide.

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 29, 2016, the Supervisory Board approved the renewal of directors' fees on an individual basis, on the same terms as those approved at the Board's meeting of November 23, 2015, 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 fee of €1,500 will be granted per meeting, up to a maximum of €10,000.

Committee members will also receive a flat-fee attendance bonus:

- €6,000 for members of the Audit Committee and €10,000 for its Chairman per meeting;
- €4,000 for members of the Compensation Committee and €6,000 for its Chairman per meeting;
- €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 2015/2016 submitted for shareholder advisory opinion at the Combined General Meeting on January 19, 2017

a. Compensation due or awarded for fiscal year 2015/2016 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 April 19, 2016, representing no change compared to fixed compensation for fiscal year 2014/2015.
Variable	€0	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 + budget for fiscal year n)/2 The variable portion due for fiscal year 2015/2016 amounted to €0, identical to the previous fiscal year.
Multi-year variable	N/A	Olivier Zarrouati does not benefit from any compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€43,950	Olivier Zarrouati benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €3,839 and €40,111 into the contribution pension plan (excluding French Social Security).
Benefits in kind	€12,882	Olivier Zarrouati benefited from: - unemployment insurance taken out with GSC, for which the contribution for fiscal year 2015/2016 was €5,145. - a company car, for which the usage value in fiscal year 2015/2016 was €7,737.
Award of stock options	No award	Olivier Zarrouati was not awarded any such stock options during fiscal year 2015/2016.
Award of performance-based free shares	€1,165,130	Performance shares are awarded at the same time of year, every year. These awards are subject to conditions of presence in the company and performance. The next award is due to be made after the Combined General Meeting on January 19, 2017. Olivier Zarrouati was awarded 67,000 performance shares during fiscal year 2015/2016.
Non-compete payment	No payment	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, 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 a maximum of 12 months' gross fixed and variable compensation (according to the formula defined above). 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 2015/2016 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 April 19, 2016, representing no change compared to fixed compensation for fiscal year 2014/2015.
Variable	0 €	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 + budget for fiscal year n)/2 The variable part due for fiscal year 2015/2016 amounted to €0, identical to the previous fiscal year.
Multi-year variable	N/A	Maurice Pinault does not benefit from any compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€43,950	Maurice Pinault benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €3,839 and €40,111 into the contribution pension plan (excluding French Social Security).
Benefits in kind	€8,796	Maurice Pinault benefited from a company car, for which the usage value in fiscal year 2015/2016 was €8,796.
Award of stock options	No award	Maurice Pinault was not awarded any such stock options during fiscal year 2015/2016.
Award of performance-based free shares	€591,260	Performance shares are awarded at the same time of year, every year. These awards are subject to conditions of presence in the company and performance. The next award is due to be made after the Combined General Meeting on January 19, 2017. Maurice Pinault was awarded 34,000 performance shares during fiscal year 2015/2016.
Non-compete payment	N/A	Maurice Pinault is not subject to a non-compete agreement.
Compensatory payment 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 (18 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) at August 31, 2016. (1) Based on the preceding 12 months.

c. Compensation due or awarded for fiscal year 2015/2016 to Yannick Assouad, Member of the Executive Board

Elements of compensation	Amount	Details
Fixed	€274,274	Gross fixed compensation set by the Supervisory Board on April 19, 2016, defined in proportion to the time worked from the date of Yannick Assouad's appointment to the Executive Board on November 23, 2015.
Variable	€25,343	Set at a maximum of €355,000 if the target is 120% achieved and €0 if the target is 80% achieved. The total amount is proportional between these two limits. 30% is based on 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 + budget for fiscal year n)/2), and 70% (for the Cabin branch): on the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n", the reduction in the working capital requirement and the "on-time delivery" rate to customers. The variable portion payable for 2015/2016 amounted to €25,343 (for the period she served as a company officer), compared to €163,453 for the whole of the previous fiscal year.
Multi-year variable	N/A	Yannick Assouad did not receive any compensation in this respect.
Directors' fees	N/A	Members of the Executive Board do not receive directors' fees.
Life/health and pension plans	€33,956	Yannick Assouad benefited from the same collective plan as other Zodiac Aerospace executives. Employer's contributions paid into the life/health plan amounted to €2,966 and €30,990 into the contribution pension plan (excluding French Social Security), defined in proportion to the time worked from the date of Yannick Assouad's appointment to the Executive Board on November 23, 2015.
Benefits in kind	€6,404	Yannick Assouad benefited from a company car, for which the usage value in fiscal year 2015/2016 was €6,404, defined in proportion to the time worked from the date of Yannick Assouad's appointment to the Executive Board on November 23, 2015.
Award of stock options	No award	Yannick Assouad was not awarded any such stock options during fiscal year 2015/2016.
Award of performance-based free shares	€591,260	Performance shares are awarded at the same time of year, every year. These awards are subject to conditions presence in the company and performance. Yannick Assouad was awarded 34,000 performance shares during fiscal year 2015/2016.
Non-compete payment	N/A	Yannick Assouad is not subject to a non-compete agreement.
Compensatory payment or benefits due or likely to be due on termination or change of function	No payment	As part of her employment contract, pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Yannick Assouad could benefit from the following payments: - severance payment in the event of termination of the employment contract by the employer (8 months of gross fixed and variable salary) (1); - lump-sum retirement gratuity if Yannick Assouad chooses to implement her pension rights (2 months of gross fixed and variable salary) (1) at August 31, 2016. (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 performance-based 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 as a replacement for stock options.
- From September 1, 2015, stock options were no longer awarded to corporate officers and members of the Executive Committee.
- The obligation to retain shares awarded as free shares, for members of the Executive Committee and corporate officers, strengthens the convergence of interest between shareholding employees and external shareholders (see under "Investor Information", page 38).
- Awards of stock options and/or performance-based free shares to executive corporate officers and members of the Executive Committee are made at the same time of year, annually. The last award was made in April 2016.

III. Description of components of stock option and/or performance-based free share programs applicable to August 31, 2016

1. Stock options

Up to August 31, 2015:

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 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.

From September 1, 2015:

Executive 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.

Therefore, no stock options were awarded to executive corporate officers in fiscal year 2015/2016.

2. Award of performance-based free shares

From September 1, 2011:

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

- presence;
- performance.

a. Presence condition

The condition of presence for the vesting of shares to executive corporate officers is two years following the award date (additional to this condition is a holding period of two years after the vesting date).

These awards are made in the first four months of the fiscal year and are four-yearly, with the exception of awards to new executive corporate officers 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. The 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 over the fiscal year of the award and the following fiscal year.

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

From January 14, 2016:

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

- presence;
- performance.

These awards are made on an annual basis.

a. Presence condition

The condition of presence for the vesting of shares to executive corporate officers is three years following the award date (additional to this condition is a holding period of two years after the vesting date).

b. Performance condition

The performance condition applies to all shares awarded to corporate officers.

The performance target calculation formula is assessed over three consecutive fiscal years, depending on the level of achievement of two targets defined in the Group's Business Plan: the average EBITA calculated over three fiscal years and the organic growth rate of revenue, calculated over the same period. These targets will be compared to the actual realization at the end of the reference period, and the total of the two achievement rates, factored according to their respective weighting, will give the overall performance target achieved.

The shares will be vested as follows:

- in full if the overall performance target achievement rate is 100%;
- at 50% of the full amount if the overall performance target achievement rate is 70%;
- between 50.01% and 100% of the full amount by applying a straight-line percentage if the overall performance target achievement rate is between 70% and 100%;
- no shares if the overall performance target achievement rate is below 70%.

IV. 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 and November 17, 2015.

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 26).

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 2014/2015 and will apply to fiscal year 2015/2016; i.e. there was no increase in the fixed portion for the year ended August 31, 2016.

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":

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

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 due for 2015/2016 and payable in fiscal year 2016/2017 is €0.

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 2015/2016 were:

- life/health plan: €3,839
- pension plan: €40,111

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

c. Benefits in kind

Olivier Zarrouati benefits from unemployment insurance taken out with GSC. The 2015/2016 contribution amount was €5,145 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 2015/2016 of €7,737 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

Olivier Zarrouati was awarded 67,000 performance-based free shares during fiscal year 2015/2016 (April 25, 2016 plan).

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 performance-based free shares. Executive corporate officers are required to retain them until the end of their term of office (see Table 8 "Information on the requirements to retain shares issued from the exercise of options and awards of performance-based free shares applicable to executive corporate officers").

V. 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 29, 2016.

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 office, 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, 2016, the amounts payable would have been:

- severance payment: 18 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 26).

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 2014/2015 and will apply to fiscal year 2015/2016; i.e. there was no increase in the fixed portion for the year ended August 31, 2016..

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":

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

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 due for 2015/2016 and payable in fiscal year 2016/2017 is €0.

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 2015/2016 were:

- life/health plan: €3,839
- pension plan: €40,111

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 €70k; its usage value for fiscal year 2015/2016 of €8,796 is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

Maurice Pinault was awarded 34,000 performance-based free shares during fiscal year 2015/2016 (April 25, 2016 plan).

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 performance-based free shares. Executive corporate officers are required to retain them until the end of their term of office (see Table 8 "Information on the requirements to retain shares issued from the exercise of options and awards of performance-based free shares applicable to executive corporate officers").

VI. Situation of Yannick Assouad

Yannick Assouad was appointed to the Executive Board on November 23, 2015[(1)] and left the Group on October 31, 2016.

Yannick Assouad did not receive any compensation for her position as a member of the Executive Board.

Yannick Assouad maintained her employment contract as CEO, Cabin branch until she left the Group on October 31, 2016.

(1) Through September 9, 2016.

As regards this office, Yannick Assouad was 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 her employment contract, and pursuant to the Business Segments' Collective Agreement for the Metallurgy Industry, Yannick Assouad could have benefited from the following payments:

- severance payment in the event that the employer terminates the employment contract;
- retirement gratuity in the event that Yannick Assouad claimed her pension rights.

If either of these events had occurred by August 31, 2016, the amounts payable would have been:

- severance payment: 8 months,
- retirement gratuity: 2 months,

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

Compensation for Yannick Assouad

a. Annual compensation under her employment contract

This includes a fixed and variable portion (see summary table of compensation for each executive corporate officer, page 26).

1. FIXED PORTION

The fixed portion, defined in proportion to the time worked, was determined by the Supervisory Board on April 19, 2016 at €274,274.

2. VARIABLE PORTION

The maximum for the variable portion is €355,000. It is calculated as follows:

- 30% is based on the average of the Group's consolidated net income for fiscal year "n -1" and the budget for fiscal year "n":

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

- 70% is based (for the Cabin branch), on the average of current operating income for fiscal year "n -1" and the budget for fiscal year "n", the reduction in the working capital requirement and the "on-time delivery" rate to customers.

The variable portion is 100% achieved if the net income target is 120% achieved (0% for this part if only 80% achieved) and if the Cabin target is 125% achieved (0% for this part if only 75% achieved); it varies on a straight-line basis between these limits.

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 2016 for fiscal year 2014/2015 (a period before Yannick Assouad was a member of the Executive Board) amounted to €163,453. In addition, an exceptional bonus of €30,000 was paid for fiscal year 2014/2015.

The variable portion due for fiscal year 2015/2016 (for the period corresponding to her service as a corporate officer) and payable during fiscal year 2016/2017 amounted to €25,343.

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

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

Employer contributions paid into this plan in 2015/2016 (defined in proportion to the time from her appointment to the Executive Board) were as follows:

- life/health plan: €2,966
- pension plan: €30,990

Yannick Assouad does not benefit from a "top-hat" retirement plan.

c. Benefits in kind

Yannick Assouad benefited from a company car, for which the usage value in fiscal year 2015/2016 was €6,404 (defined in proportion to the time from her appointment to the Executive Board) is included in the amount declared in benefits in kind.

d. Long-term profit-sharing tools

Yannick Assouad was awarded 34,000 performance-based free shares during fiscal year 2015/2016 (April 25, 2016 plan).

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 performance-based free shares. Executive corporate officers are required to retain them until the end of their term of office (see Table 8 "Information on the requirements to retain shares issued from the exercise of options and awards of performance-based free shares applicable to executive corporate officers").

Compensation policy for executive corporate officers

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

(in euros)	2015/2016	2014/2015
Olivier Zarrouati, Chairman of the Executive Board		
Compensation due for the period (details in Table 2)	€632,882	€632,882
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of performance-based free shares awarded during the period (details in Table 6)	€1,165,130	None
TOTAL	**€1,798,012**	**€632,882**
Maurice Pinault, Executive Board member		
Compensation due for the period (details in Table 2)	€380,796	€380,599
Valuation of stock options awarded during the period (details in Table 4)	None	None
Valuation of performance-based free shares awarded during the period (details in Table 6)	€591,260	None
TOTAL	**€972,056**	**€380,599**
Yannick Assouad, Executive Board member		(Not a corporate officer)
Compensation due for the period (details in Table 2)[(1)]	€306,021	Not applicable
Valuation of stock options awarded during the period (details in Table 4)	None	Not applicable
Valuation of performance-based free shares awarded during the period (details in Table 6)	€591,260	Not applicable
TOTAL	**€897,281**	**–**

(1) Amount defined in proportion to the time from her appointment to the Executive Board (November 23, 2015).

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

(in euros)	2015/2016		2014/2015	
	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	€0	–	€0	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€12,882	€12,882	€12,882	€12,882
TOTAL	**€632,882**	**€632,882**	**€632,882**	**€632,882**
Maurice Pinault, Executive Board member				
Fixed compensation	€372,000	€372,000	€372,000	€372,000
Variable compensation	€0	–	€0	–
Exceptional compensation	–	–	–	–
Directors' fees	–	–	–	–
Benefits in kind	€8,796	€8,796	€8,599	€8,599
TOTAL	**€380,796**	**€380,796**	**€380,599**	**€380,599**
Yannick Assouad, Executive Board member			(Not a corporate officer)	
Fixed compensation (1)	€274,274	€274,274	Not applicable	Not applicable
Variable compensation	€25,343	€163,453 (2)	Not applicable	Not applicable
Exceptional compensation	€0	€30,000	Not applicable	Not applicable
Directors' fees	–	–	–	–
Benefits in kind	€6,404	€6,404	Not applicable	Not applicable
TOTAL	**€306,021**	**€474,131**	**–**	**–**

(1) Amount defined in proportion to the time from her appointment to the Executive Board (November 23, 2015).
(2) Amount paid under her employment contract for fiscal year 2014/2015.

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

Name	Employment contract		Supplementary pension plan		Compensatory payment or benefits 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, Executive Board member	X			X	X			X
Yannick Assouad, Executive Board member	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 financial statements	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
Yannick Assouad	None	None	None	None	None	None

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

Name	No. and date of plan	Number of options exercised in the fiscal year	Exercise price
Olivier Zarrouati	None	None	None
Maurice Pinault	Plan 11b Dec. 29, 2011	29,294	€12.47
Maurice Pinault	Plan 11b Dec. 29, 2011	10,706	€12.47
Yannick Assouad	None	None	None

Table 6. Performance-based 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 based on the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
Olivier Zarrouati	Plan 11 April 25, 2016	67,000	€1,165,130	April 25, 2019	April 25, 2021	Yes
Maurice Pinault	Plan 11 April 25, 2016	34,000	€591,260	April 25, 2019	April 25, 2021	Yes
Yannick Assouad	Plan 11 April 25, 2016	34,000	€591,260	April 25, 2019	April 25, 2021	Yes

Table 7. Performance-based free shares that became available during the fiscal year for each 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	None	None	None	None	None
Maurice Pinault	None	None	None	None	None
Yannick Assouad	None	None	None	None	None

Table 8. Information on the requirements to retain shares issued from the exercise of options and awards of performance-based free shares 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 Performance-based free shares	50,000	Until date of termination of office on Executive Board
	2016 Performance-based free shares	3,000	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 Performance-based free shares	50,000	Until date of termination of office on Executive Board
	2016 Performance-based free shares	3,000	Until date of termination of office on Executive Board
Yannick Assouad	2016 Performance-based free shares	3,000	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:

- either using an identical formula to that applicable to corporate officers who are members of the Executive Committee;
- or according to a formula constituted of components with a "different weighting" including the following:
  - for 30% of the amount, using an identical formula to that applicable to corporate officers who are members of the Executive Committee;
  - for 70% of the amount (in their own area of responsibility):

(A) Average of current operating income for fiscal year "n -1" and the budget for year "n", calculated using the foreign exchange impact on transactions at their actual rate, and converting on a constant rate (Group rates) the net results and objectives of the companies whose conversion currency is not the euro;

(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 can be up to 100% of the maximum bonus rate if the target is:

- 120% achieved for the identical formula to that of the corporate officers; for these beneficiaries the variable portion is 0% if under 80% of the target is achieved;
- 125% achieved for 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 prior to August 31, 2015

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. Stock options after September 1, 2015

Members of the Executive Committee who are not 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. Therefore, no stock options were awarded in fiscal year 2015/2016.

c. Performance-based free shares (mechanism applicable from January 14, 2016)

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

- presence;
- performance.

These awards are made on an annual basis.

(i) The presence condition is three years from the date of the award (additional to this condition is a retention period of two years after the vesting date).

(ii) The performance condition applies to a percentage of the number of shares awarded: it is 100% of the award for members of the Restricted Executive Committee who are not corporate officers and 50% for members of the Executive Committee (other than those on the Restricted Executive Committee).

The Executive Committee was dissolved on September 1, 2016.

The calculation formula for the performance target is identical for all beneficiaries. It is assessed over three consecutive fiscal years, depending on the level of achievement of two targets defined in the Group's Business Plan: the average EBITA calculated over three fiscal years and the organic growth rate of revenue, calculated over the same period. These targets will be compared to the actual realization at the end of the reference period, and the total of the two achievement rates, factored according to their respective weighting, will give the overall performance target achieved.

The shares will be vested as follows:

- in full if the overall performance target achievement rate is 100%;
- at 50% of the full amount if the overall performance target achievement rate is 70%;
- between 50.01% and 100% of the full amount by applying a straight-line percentage if the overall performance target achievement rate is between 70% and 100%;
- no shares if the overall performance target achievement rate is below 70%.

3. Annual compensation and performance-based free share awards

a. Compensation

There were ten members of the Restricted Executive Committee during the 2015/2016 fiscal year, compared to sixteen on the Executive Committee during the 2014/2015 fiscal year. The total compensation paid for fiscal year 2015/2016 amounted to €3,536k fixed and €494k variable, plus €74k benefits in kind, amounting to €4,105k, 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 for the Restricted Executive Committee amounted to €2,678k fixed and €965k variable, plus €57k benefits in kind, representing a total of €3,701k.

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

During the fiscal year, a total of 131,666 performance-based free shares were awarded to members of the Restricted Executive Committee who were not corporate officers, with a vesting date of April 25, 2019 and a transferability date of April 25, 2021.

During the fiscal year, a total of 317,400 stock options were exercised by members of the Restricted Executive Committee who were not corporate officers.

Table 9. History of stock option awards to employees or 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 Number that may be subscribed or purchased by corporate officers:	941,665	396,750[1]	1,375,400[1]	793,425	723,500	752,000
- Olivier Zarrouati	–	396,750[1]	317,400[1]	–	–	–
- Maurice Pinault	–	–	423,200[1]	–	–	–
- Yannick Assouad	10,000	–	–	20,000	20,000	50,000
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	• 79,350[1] on Date D • 158,700[1], one year after Date D • 158,700[1], 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 at Aug. 31, 2016	775,790	396,740	1,375,400	619,085	574,325	458,460
Aggregate number of stock options canceled or null and void	165,875	10	–	174,340	47,500	37,250
Stock options remaining at year-end	–	–	–	–	101,675	256,290

(1) Adjusted for the impact of the payment of the extraordinary dividend in January 2008.

	Plan No. 10	Plan No. 11a	Plan No. 11b	Plan No. 12	Plan No. 13	Plan No. 14	TOTAL
Date of General Meeting	Jan. 8, 2008	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	Jan. 10, 2011	Jan. 8, 2014	
Date of Supervisory Board or Executive Board meeting	Dec. 10, 2010	Dec. 29, 2011	Dec. 29, 2011	May 13, 2013	Dec. 4, 2013	Feb. 12, 2015	
Total number of shares that may be subscribed or purchased Number that may be subscribed or purchased by corporate officers:	827,250	499,475	309,950	1,043,500	1,196,250	1,277,900	10,039,915
- Olivier Zarrouati	–	–	–	–	–	–	675,000
- Maurice Pinault	–	–	160,000	–	–	–	560,000
- Yannick Assouad	67,500	89,950	–	–	–	–	287,450
Start date for exercise of options **“Date D”**	Dec. 10, 2011	Dec. 29, 2012	Dec. 29, 2012	May 13, 2014	Dec. 4, 2014	Feb. 12, 2015	
Expiration date	Dec. 10, 2018	Dec. 29, 2019	Dec. 29, 2019	May 13, 2021	Dec. 4, 2021	Feb. 12, 2023	
Subscription or purchase price	€10.15	€12.47	€12.47	€18.91	€24.34	€29.50	
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	• 50% on Date D • 50% one year after Date D	
Number of shares subscribed at Aug. 31, 2016	380,210	201,325	40,000	30,419	119	–	4,851,873
Aggregate number of stock options canceled or null and void	38,250	52,000	–	566,744	764,125	613,685	2,459,769
Stock options remaining at year-end	408,790	246,150	269,950	446,337	432,006	664,215	2,825,413

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

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4	Plan No. 5	Plan No. 6
Date of General Meeting	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
Total number of shares awarded Number of shares awarded to corporate officers:	113,420	354,190	346,670	130,190	37,505	164,855
- Olivier Zarrouati	–	–	266,670	–	–	–
- Maurice Pinault	–	–	80,000	–	–	–
- Yannick Assouad	–	86,685	–	–	–	–
Vesting date	Dec. 29, 2013 - Dec. 29, 2015 (1)	Dec. 29, 2013	Dec. 29, 2013	June 5, 2015	June 5, 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
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
Number of shares vested at Aug. 31, 2016	105,995	354,190	346,670	104,353	37,505	111,868
Aggregate number of shares canceled or null and void	7,425	–	–	12,237	–	32,792
Performance-based free shares remaining at year-end	–	–	–	13,600 (2)	–	20,195

	Plan No. 7	Plan No. 8	Plan No. 9	Plan No. 10	Plan No. 11	TOTAL
Date of General Meeting	Jan. 11, 2011	Jan. 8, 2014	Jan. 8, 2014	Jan. 8, 2014	Jan. 16, 2016	
Date of Supervisory Board or Executive Board meeting	Dec. 4, 2013	Feb. 12, 2015	Feb. 12, 2015	Feb. 12, 2015	Apr. 25, 2016	
Total number of shares awarded Number of shares awarded to corporate officers:	54,170	134,805	53,001	250 800	694,821	2,333,627
- Olivier Zarrouati	–	–	–	–	67,000	333,670
- Maurice Pinault	–	–	–	–	34,000	114,000
- Yannick Assouad	–	–	–	–	34,000	120,685
Vesting date	Dec. 4, 2015	Feb. 4, 2017	Feb. 4, 2017	(3)	Apr. 25, 2019	
Date of end of retention period	Dec. 4, 2017	Feb. 4, 2019	Feb. 4, 2019	(3)	Apr. 25, 2021	
Performance condition	For 80% of shares awarded	For 50% of shares awarded	For 80% of shares awarded	(3)	For 100% of shares awarded to Comex and the Executive Board, and 50% for other beneficiaries	
Number of shares vested at Aug. 31, 2016	30,932	–	–	–	–	1,091,513
Aggregate number of shares canceled or null and void	13,238	4,417	4,667	62,700	–	74,776
Performance-based free shares remaining at year-end	10,000	129,588	48,334	188,100	694,821	1,104,638

(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.

(3) Plan No. 10 specifically concerns executives from Greenpoint Technologies, which was acquired in June 2014. The vesting period is 2 years for 50% of the shares, plus a two-year retention period. For 25% of the performance-related shares for fiscal year 2016/2017, the vesting period is 3 years with a 1-year retention period. For 25% of the shares related to performance in fiscal year 2017/2018, the vesting period is four years, with no retention period.

Table 11. Directors' fees[1] and other compensation paid to non-executive corporate officers[2]

(in thousands of euros)		2015/2016	2014/2015
Non-executive corporate officers			
Didier Domange			
	- Directors' fees	70	70
	- Other compensation	120	120
Louis Desanges			
	- Directors' fees	42	37.5
	- Other compensation	–	–
Élisabeth Domange			
	- Directors' fees	24	22.5
	- Other compensation	–	–
FFP Invest, represented by Frédéric Banzet			
	- Directors' fees	37	31.5
	- Other compensation	–	–
Vincent Gerondeau			
	- Directors' fees	33.5	30.5
	- Other compensation	–	–
Laure Hauseux			
	- Directors' fees	40	33.5
	- Other compensation	–	–
Gilberte Lombard			
	- Directors' fees	40	37.5
	- Other compensation	–	–
Patrick Daher			
	- Directors' fees	36	31.5
	- Other compensation	–	–
Estelle Brachlianoff (appointed in January 2016)			
	- Directors' fees	20.5	–
	- Other compensation	–	–
Florence Parly (appointed in January 2016)			
	- Directors' fees	13	–
	- Other compensation	–	–
Anne Aubert, employees' representative			
	- Directors' fees[3]	34	15
TOTAL DIRECTORS' FEES		**390**	**309.5[4]**
TOTAL OTHER COMPENSATION		**120**	**120**
TOTAL		**510**	**429.5[4]**

(1) Paid in September 2016 for fiscal year ended August 31, 2016.

(2) 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.

(3) For the CFE-CGC Aeronautics, Space and Defense (AED) union.

(4) This table does not include directors' fees paid to Marc Assa and Robert Maréchal, respectively amounting to €29k and €22.5k, whose appointments expired at the end of the General Meeting on January 14, 2016.

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.*)

During the period from September 1, 2015 and August 31, 2016, 28 transactions were carried out in this respect. They are detailed in the following summary statement.

Person concerned (first name, last name and position)	Type of financial instrument	Type of transaction	Date of transaction	Number of shares/ securities	Unit price (in euros)
Didier Domange[1] Chairman of the Supervisory Board	Shares	Purchase	Jan. 25, 2016	1,450	19.66
Legal entity connected to	Shares	Purchase	Jan. 22, 2016	51,622	18.695
Didier Domange[1]	Shares	Purchase	Jan. 25, 2016	50,002	18.888
Chairman of the Supervisory Board	Shares	Purchase	Jan. 26, 2016	50,002	19.503
	Shares	Purchase	Jan. 27, 2016	50,000	19.329
	Shares	Purchase	Jan. 28, 2016	34,001	18.999
Gilles Debray	Shares	Sale	Jan. 11, 2016	10,000	20.2752
Member of the Executive Committee	Shares	Sale	Jan. 25, 2016	10,000	18.9207
	Shares	Sale	Feb. 1, 2016	10,000	19.32
	Shares	Sale	Feb. 18, 2016	50	20.15
	Shares	Sale	Feb. 18, 2016	20,000	20.0549
FFP Invest, Legal Entity	Shares	Purchase	Sep. 22, 2015	700,000	23.2416
Member of the Supervisory Board	Shares	Purchase	Sep. 22, 2015	850,000	23.1428
	Shares	Purchase	Sep. 23, 2015	652,000	23.2308
	Shares	Purchase	Sep. 24, 2015	784,319	22.7515
	Shares	Purchase	Sep. 25, 2015	365,681	22.7515
Jean-Jacques Jégou[1]	Shares	Sale	Apr. 21, 2016	54,370	18.5234
Member of the Restricted	Shares	Exercise of stock options	Nov. 27, 2015	280,000	8.22
Executive Committee	Shares	Exercise of stock options	Nov. 27, 2015	37,400	8.22
Christian Novella	Shares	Exercise of stock options	Nov. 27, 2015	154,000	8.22
Member of the Executive Committee	Shares	Sale	Feb. 22, 2016	10,000	20.1093
	Shares	Sale	May 9, 2016	10,000	19.50
	Shares	Sale	June 20, 2016	6,135	21.866
Maurice Pinault[1]	Shares	Sale	Apr. 18, 2016	7,500	17.98
Member of the Executive Board	Shares	Sale	Apr. 22, 2016	7,500	21.04
Member of the Restricted	Shares	Exercise of stock options	May 3, 2016	10,706	12.47
Executive Committee	Shares	Exercise of stock options	May 4, 2016	29,294	12.47
	Shares	Sale	July 26, 2016	25,000	20.2541

(1) Transactions performed by an independent agent under a discretionary management mandate.

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 stock options as well as 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.

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 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 2015/2016, approximately 85% of the Group's adjusted consolidated sales 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. However, 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 2015/2016, approximately 8% of the Group's consolidated sales 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 from its 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 16 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 2015/2016, approximately 50% of Group sales revenue was generated by its U.S.-based companies. In addition, approximately 46% of total Group sales 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 40.4% of dollar sales generated in the 2015/2016 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 the 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 Branch Committee meetings.

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

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 branch-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.

Since September 2015, the new role of Group Purchasing Director, under the authority of the Group Chief Operating Officer, has strengthened the systematic application within the branches of Group-wide tools and standards for monitoring performance and analyzing supplier risk.

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 and improving management quality. In this context, investment is being focused on deploying a limited number of software packages within the Group (Movex M3, Lotus Notes, Catia and OBI) with the aim of reducing installation and usage risks, as well as minimizing the risks posed by obsolete local systems.

The increased dependence on using the same information systems 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, rebooting procedures, the management of user access rights, etc. Long periods of testing prior to the live introduction of new systems combined with continuous monitoring of a rigorous information systems policy (by the Steering Committee) are designed to ensure reliability, confidentiality, appropriate separation of tasks, and the necessary availability. 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.

D. Risks related to the security of the information systems

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 facing all companies.

This includes increased employee awareness and recognition of this subject as a key risk, but also the implementation of suitable operating resources in terms of IT security.

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

Defining and improving security processes for Group information systems are the responsibility of an Information Systems Security Manager (ISSM).

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

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 risks

The Group closely monitors the 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.

In addition, the Group has introduced a management system for its community of technical experts. These experts have been identified and are recognized in order to enhance and develop their skills over the long term and to facilitate the transfer of knowledge when necessary.

G. New product development risk

The Group draws on its innovative capacity to design increasingly effective systems that address its customers' requirements, underpinned throughout by the Group's structure which focuses on monitoring technological developments.

This means that the Group is susceptible to the impact of all risks relating to the new product development process, such as delays or additional costs. These problems within the development process may also result in organizational difficulties in production.

This risk could occur despite the procedures in place within the Group.

H. Risks of non-compliance

The Group may face quality issues with its products, which could lead to a recall campaign for the products involved.

Our customers would be the first people impacted by such issues. For the Group, there would be financial repercussions (additional costs linked to modifying the products, possible investigations, etc.), as well as an impact on the Group's reputation.

In order to manage this risk, the Quality teams within the entities have strengthened their monitoring procedures.

The Group's Quality Department is rolling out various tools to help local teams with this monitoring, for example, by developing training modules on key subjects or by adding to the standards.

I. Ethics risk

Due to its international presence and its business sectors, the Group is subject to the national legislation of different countries and international standards governing anti-corruption, as well as business ethics in general.

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 Code of Ethics applies to all employees and formalizes the Group's commitments in terms of integrity and compliance with applicable legal requirements.

A global training program for employees exposed to these risks was introduced in fiscal year 2014/2015.

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

In addition, 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 2015/2016.

J. Industrial risks relating to safety and the environment

The Group has continued its actions to improve industrial risk management and protect the Group's property.

1. Damage to goods and operating losses

a. Partnership with insurance companies

To safeguard its future, the Group has for many years conducted an industrial risk management policy. 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.

Following an accident at one of our sites in July 2015, all Group entities deployed new action plans during this fiscal year. These actions focused simultaneously on improving the level of operational risk management, crisis management and business recovery management. These points were integrated into the Group standards and each entity's own business continuity plans.

Twenty-seven production units were classified as HPR (Highly Protected Risk) sites in 2015/2016, representing one-third of Group sites. This is our insurer's own classification. It is based on the 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, updated this fiscal year, 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;
- three sites which are potentially exposed to increased risk of tornadoes.

RISK CLASSIFICATION

Classification	August 2012	August 2013	August 2014	August 2015	August 2016
A (1)	19	21	26	27	27
B (2)	10	13	15	15	19
C (2)	39	38	39	42	42
D (3)	3	5	4	4	3
E (4)	0	0	0	0	0
TOTAL SITES	**71**	**77**	**84**	**88**	**91**

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

The number of sites included has increased from 71 sites at the end of fiscal year 2011/2012 to 91 sites this fiscal year.

In the last six fiscal years, no site has been classified as E. Of the three D-classified sites, one site has undergone strenuous modifications which will improve its protection and hence its rating. Regarding the other two sites, an action plan is being implemented and should produce positive improvements in the coming months.

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.

2. Environmental risks

Environmental audits are carried out at numerous 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 or significantly modifying its 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.

The Group has also implemented a system to monitor the regulations for the use of chemical products at its sites. This also helps to prevent obsolescence and comply with the marketing conditions of these products.

The Group constantly monitors the prohibition and obsolescence of chemical products and has instituted several standards in this respect.

3. Risks related to the transportation of hazardous goods

The Group is subject to different regulations relating to the transport of dangerous goods (international, European and national regulations). A Group standard was instituted this fiscal year to harmonize practices and ensure that the entities comply with all applicable regulations.

K. 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 Technical and Innovation Department ensures the governance and coordination of innovation through a Group Scientific and Technical Council.

2. 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 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. Trade receivables

At August 31, 2016, the Group had not identified any significant counterparty risk remaining unprovisioned in its financial statements. The variety and multiplicity of the Group's marketing networks limit both the risk and likelihood of customer receivables having a major impact on its consolidated financial statements. The category of customers with the potential to pose a more significant risk is that of airlines, which are specifically monitored in terms of their consolidated indebtedness using a process; this could lead to the suspension of supplies until the risk can be minimized by obtaining payment guarantees and/

or through debt collection (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. Cf. Note 21 "Financial liabilities" in the 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 financing risk by introducing the following mechanisms in March 2016:

- an open-ended hybrid instrument for a total of €250 million; and
- a "Euro PP" for €230 million for 7 years, maturing in March 2023, to refinance the existing €125 million "Euro PP" maturing in July 2018, and repay the first installment of €133 million for the "Schuldschein" in July 2016.

After repaying this first installment, the Group has a €402 million facility under the July 2013 "Schuldschein":

- €243 million maturing in 2018;
- €159 million maturing in 2020.

The Group also has a €1.03 billion "Club Deal", signed on March 14, 2014, giving it access to additional liquidity when 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. This contractual facility was exercised in March 2015 and March 2016. These two extensions were accepted by all the banks participating in the "Club Deal". The initial maturity of March 14, 2019 was therefore extended to March 11, 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.

1. 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.

- **Damage to property 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 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 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 included in a worldwide public liability insurance program that covers their operating liability and the liability arising from 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.

2. 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 Group's business report.

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 increases in the Zodiac Aerospace share price over the long term. The Supervisory Board has granted prior authorization for any stock option plan within the overall terms approved by the General Meeting of Shareholders.

The stock option plans still in force expire after a period of eight years. The stock options were granted without discount at 100% of the market value and can be exercised in tranches:

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

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

The Combined General Meeting of January 14, 2016 approved the early termination of the authorization granted to the Executive Board by the Combined General Meeting of January 8, 2014 to grant options to subscribe for or purchase Company shares to eligible Company or Group employees and corporate officers. Consequently, no stock options were awarded in fiscal year 2015/2016.

AWARD OF FREE SHARES

On April 25, 2016 the Executive Board awarded 766,601 free shares under the annual plan. These awards were granted under the authorizations given by the General Meeting of Shareholders on January 14, 2016.

Under this plan, a performance condition is applied to 50% of the shares awarded to non-members of the Restricted Executive Committee, and to 100% of the shares awarded to Restricted Executive Committee members and corporate officers

SHARES HELD BY CORPORATE OFFICERS

	Number of shares held at Aug. 31, 2016
Executive Board members	
Yannick Assouad	115,895
Maurice Pinault	2,423,450
Olivier Zarrouati	403,115
Supervisory Board members	
Didier Domange	1,124,100
Louis Desanges	2,815,825
Élisabeth Domange	4,321,595
Gilberte Lombard	2,500
FFP Invest	14,993,635
Vincent Gérondeau, including joint holdings	3,837,213
Laure Hauseux	2,500
Patrick Daher	1,000
Estelle Brachlianoff	500
Fonds Stratégique de Participation (FSP)	10,817,882

SHAREHOLDER AGREEMENTS

It should be noted that some shareholders are bound by a collective agreement to retain their shares, concluded pursuant to Articles 787 B and 885 I *bis* of the French General Tax Code. That agreement was registered on June 20, 2016 with the tax authorities and runs for a period of two years. It may be tacitly renewed in 12-month periods (unless terminated by one of the parties).

As at June 20, 2016, 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 as at that date, shareholders who were corporate officers and/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, the Olivier Zarrouati family and the Yannick Assouad family.

It should be noted that some shareholders are bound by a collective agreement to retain their shares, concluded pursuant to Article 885 I *bis* of the French General Tax Code. That agreement was registered on December 21, 2005 with the tax authorities and ran for a period of six years as from that date. It may be tacitly renewed in 12-month periods (unless terminated by one of the parties). This agreement is still in effect. It also grants the signatories a mutual right of first refusal on the locked-up shares.

Some shareholders also entered into a non-transferability agreement on June 18, 2012 to further consolidate their collective tax lock-up agreements.

This agreement was for an initial period of one year and may be tacitly renewed in 12-month increments. The agreement is still in effect. 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.

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2016

The following table shows the theoretical total number of shares following issue of all those new shares that would be created if all stock options were exercised.

THEORETICAL CHANGE IN THE TOTAL NUMBER OF SHARES	Shares outstanding (excl. treasury stock)	Maximum potential number of shares
Ordinary shares issued at Aug. 31, 2016	277,261,211	290,072,433
Stock options	2,825,413	2,825,413
Allotment of free shares	1,104,638	1,104,638
MAXIMUM TOTAL NUMBER OF SHARES	**281,191,262**	**294,002,484**

SHARE BUYBACK PROGRAM

At the General Meeting of January 14, 2016, 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 14, 2017.

In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2015/2016 fiscal year, your Company did not exercise the authorization granted by shareholders at the General Meeting of January 14, 2016.

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. The total number of shares held for this purpose at August 31, 2015 was 12,970,662 shares. On December 4, 2015 and December 29, 2015, 142,800 and 16,640 of those shares were withdrawn respectively and awarded to Group employees under the free share award of December 2013. Consequently, the number of treasury shares at August 31, 2016 was reduced to 12,811,222, corresponding to 4.42% 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 Board and a Supervisory Board, 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, hire and representation of all objects, whether or not made of rubber and in particular but not limited to: 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 of 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 has sole authority for deciding on the allocation of 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 the distribution will be made. Dividend payments will always be deducted firstly from the distributable earnings for the fiscal year.

Apart from capital reductions, no distribution may be made to shareholders at any time when the equity of the Company is or would 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 not necessarily Company employees or 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 comprises at least three and at most twelve members who are appointed and may be dismissed by the Ordinary General Meeting as well as the member of the Supervisory Board representing the employees. The latter is not included when determining the number of Supervisory Board members. When the number of Supervisory Board members is less than or equal to twelve, a member of the Supervisory Board representing the employees is elected for a four-year term by Company and subsidiary employees, in compliance with the provisions of Article L. 225-79 III paragraph 1 of the French Commercial Code.

Supervisory Board members are appointed for a term of four 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 supervision of the Executive Board's management of the Company, and gives the Executive Board the prior authorizations required to conclude transactions for which its authorization is required.

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.

All shareholders may participate in the Company's General Meetings, either in person or through an authorized representative. The right of shareholders to participate in General Meetings is subject to the registration of the shares in the name of the shareholder or the intermediary registered on behalf of the shareholder (pursuant to legal provisions) at 00:00 hours, Paris time, on the second business day preceding the General Meeting.

Any shareholder unable to attend the General Meeting personally may, pursuant to legal provisions, choose from one of the following options:

- give proxy to the Chairman of the General Meeting;
- give proxy to their spouse or partner with whom they have a civil partnership or any other person;
- vote by mail, or, where applicable and on the prior decision of the Company's Executive Board as communicated in the Notice of Meeting, by internet.

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, who holds or may come to 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 capital stock 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, is also required to inform the Company within the above-mentioned 15-day period, if the percentage of capital they own falls below 2% of the capital or a multiple of this percentage.

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

The Company may, at any time, request the registrar, 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

Human Resources

Zodiac Aerospace will celebrate its 120th anniversary in December 2016. It was in December 1896 that celebrated 19th century French aeronaut Maurice Mallet founded "Mallet, Mélandri et de Pitray," which would go on to be renamed Zodiac in 1911.

Since the late 1970s, Zodiac Aerospace has undergone major expansion, underpinned by a proven strategy based on organic growth, innovation, acquisitions, and the commitment of the Group's employees, whose fundamental values are 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 in which it operates, taking positive action at both Group and local level.

In particular, the Group demands the highest standards for the safety of its employees and its facilities and lays great stress on reducing its environmental footprint, combating corruption, and respecting human rights.

This commitment was strengthened in 2014 when the Group joined the United Nations Global Compact, undertaking 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.

Zodiac Seats France is a French *société anonyme* located in Issoudun, central France, and a Group subsidiary affected by France's Grenelle environment law. The indicators regarding this subsidiary are reported as and when the various issues are covered in this report.

1. EMPLOYMENT

At August 31, 2016, there were 33,667 permanent Group employees. This number was up by 3.95% compared to August 31, 2015.

At August 31, 2016, the countries with the most employees were, in descending order, the United States, France, Mexico, Germany, Thailand, Tunisia, the United Kingdom and Canada.

Breakdown of workforce by country

	Aug. 31, 2015	Aug. 31, 2016
USA	11,437	11,658
France*	6,700	6,917
Mexico	5,043	5,173
Germany	1,979	1,992
Thailand	1,675	1,844
Tunisia	1,565	1,897
UK	1,349	1,480
Canada	930	892
Other	1,710	1,814
TOTAL	**32,388**	**33,667**
** Including Zodiac Seats France*	*1,101*	*1,193*

The tables below show the breakdown of employees by gender, business segment, region, age group, length of service and grade at August 31, 2015 and 2016.

Breakdown by gender

	Aug. 31, 2015	Aug. 31, 2016
Total number of employees	32,388*	33,667*
Women	32%	32%
Men	68%	68%
** Including Zodiac Seats France:*		
Total number of employees	*1,101*	*1,193*
Women	*21%*	*21%*
Men	*79%*	*79%*

Breakdown of Group workforce

	Aug. 31, 2015	Aug. 31, 2016
Zodiac Aerosystems	36.2%	33.9%
Aircraft Interiors (1)	63.2%	65.4%
Parent company	0.6%	0.7%

(1) Activities include the Zodiac Seats and Zodiac Cabin branches.

Breakdown of workforce by geographic region

	Aug. 31, 2015	Aug. 31, 2016
France	21%	21%
Europe (excl. France)	12%	12%
USA	35%	35%
Rest of the world	32%	32%

Breakdown of workforce by age group

	Aug. 31, 2015	Aug. 31, 2016
< 30 years old	25%	23%
30 to 39 years old	28%	29%
40 to 49 years old	22%	23%
≥ 50 years old	25%	25%
Zodiac Seats France:		
< 30 years old	*9%*	*10%*
30 to 39 years old	*25%*	*24%*
40 to 49 years old	*40%*	*39%*
≥ 50 years old	*26%*	*27%*

Breakdown of workforce by length of service

	Aug. 31, 2015	Aug. 31, 2016
< 5 years	55%	53%
5 to 14 years	28%	33%
15 to 24 years	10%	9%
≥ 25 years	7%	5%
Zodiac Seats France:		
< 5 years	*29%*	*34%*
5 to 14 years	*26%*	*22%*
15 to 24 years	*31%*	*31%*
≥ 25 years	*14%*	*13%*

Distribution of managerial staff or equivalent

	Aug. 31, 2015	Aug. 31, 2016
% of managerial staff in workforce	**30%**	**29%**
% of women managerial staff	24%	23%
% of men managerial staff	76%	77%
Zodiac Seats France:		
% of managerial staff in workforce	*29%*	*31%*
% of women managerial staff	*20%*	*20%*
% of men managerial staff	*80%*	*80%*

1.1 New hires and departures

Permanent hires

	Aug. 31, 2015	Aug. 31, 2016
Total number of permanent hires	9,455	7,467
Women	37%	38%
Men	63%	62%
Zodiac Seats France:		
Total number of permanent hires	*154*	*155*
Women	*31%*	*25%*
Men	*69%*	*75%*

Approximately 30% of new hires were in the United States and 42% in Mexico – countries where employee turnover rate is highest..

Departures

	Aug. 31, 2015	Aug. 31, 2016
Total number of permanent departures	6,669	6,487
Layoffs	1,424	933
Resignations	3,754	4,232
Other	1,491	1,322
Zodiac Seats France:		
Total number of permanent departures	*50*	*53*
Layoffs	*20*	*5*
Resignations	*4*	*18*
Other	*26*	*30*

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 given annually. Group companies may also use tools that reward collective performance (for example, profit-sharing and incentives in France, and profit-sharing in the United States), plus base salary supplements, such as a bonus or variable element, depending on Group policy and annual regulations, to recognize performance. In addition, contribution pension systems are in place in some countries, notably France (with the PERCO collective retirement savings plan) and the United States.

The Group also pays particular attention to health and life insurance for its employees and nearly 90% of the Group's employees are covered by a death benefit policy.[1]

(1) 100% of employees at Zodiac Seats France.

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:

For the 2015/2016 fiscal year, the absenteeism indicator pertains to France only. It shows the number of days absent for all permanent employees in France expressed as calendar days divided by (360 x total number of employees in France). The calculation includes unauthorized absences and absences due to illness, including occupational, and workplace or travel-related accidents.

Absenteeism rate in France	Aug. 31, 2015	Aug. 31, 2016
Absenteeism	3.08%	3.49%
Zodiac Seats France:		
Absenteeism	*3.04%*	*3.92%*

In 2016, the Human Resources Department took the initiative to set up a monthly Group absenteeism indicator as part of the Focus plan. This involved developing and communicating a common definition that takes account of absences such as those due to illnesses lasting less than a month, workplace and travel-related accidents, occupational illnesses, and unexcused absences.

The total number of hours absent is divided by the number of theoretical hours worked. The ultimate goal is make this indicator more reliable by ensuring that the definition can be applied to all Group entities.

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, for instance, regular social dialogue takes place within the subsidiaries' staff representative bodies:

- works councils;
- workplace health and safety committees (CHSCT);
- staff representatives;
- specialized committees, some of which are the result of company agreements: an economic committee, a strategic workforce planning committee, a joint-trades observatory, an equal opportunities committee and an occupational-stress steering committee;
- a Group Committee, comprising members of various French works councils, which meets once a year.

A member of staff elected by employees of the French entities serves on the Supervisory Board and has voting rights.

The majority of subsidiaries outside France have employee representatives.

Topics covered by social dialogue vary from company to company. However, they include key issues such as duration and organization of work, health and safety, quality of life in the workplace, equal opportunities, compensation, training, and strategic workforce planning. Agreements on these issues are signed locally and not consolidated at Group level.

In fiscal year 2015/2016, the main negotiations in France related to the renewal of gender equality agreements, "generation contracts" (agreements to offer open-ended contracts to young people and hire or maintain jobs for seniors), and strategic workforce planning. Agreements were also signed on the introduction of a time savings account (CET) and group retirement savings plan (PERCO).

A time savings account agreement was signed for Zodiac Seats France. With regard to health and safety, 16 CHSCT meetings were held (four ordinary and 12 extraordinary, mainly relating to the extension of premises and provisional changes in work organization).

Following an analysis of the results of the Group internal opinion survey conducted in spring 2015, action plans have been rolled out at the Group, branch and local levels. 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.

4. TRAINING

The Group's training focuses on four major challenges:

- sharing the fundamentals of Group culture, in particular in the fields of leadership, ethics, and health, safety and the environment;
- strengthening key skills in all our businesses and maintaining a high capacity for innovation and team operational performance;
- promoting the integration and professional development of employees through training in Group knowledge, management and personal development;
- supporting the Group's policy of mobility and diversity, particularly through language learning;
- supporting the Focus transformation plan in implementing new processes, methods, and tracking key performance indicators, including a training program to support the change.

In 2015/2016, the Group provided an average of 2.9 days of training per employee.

Average number of training days per employee and per fiscal year

	Aug. 31, 2015	Aug. 31, 2016
France*	2.7	2.6
USA	2.4	2.5
Competitive cost countries	6.2	3.7
Rest of the world	3.3	2.8
TOTAL	**3.7**	**2.9**
**Including Zodiac Seats France*	*3.5*	*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 or action plans on generation contracts (agreements to offer open-ended contracts to young people and hire or maintain jobs for seniors).

The Group also takes part in initiatives to raise awareness among young people of careers in aerospace, well before the actual recruitment process.

Entities operate an active work-experience policy, whereby young people are offered opportunities in a broad range of business lines. In the 2015/2016 fiscal year, 199 people were given work-experience contracts.

Job-seeker initiatives are implemented locally. A return-to-work program, which combines temporary employment contracts with certified training, has been set up at our Niort site. Specifically it offers a "CQPM" metallurgy qualification in cabling, recognized in France and throughout the sector. The program is an opportunity for participants to acquire a recognized diploma along with on-the-job experience, thereby facilitating their access to open-ended employment contracts.

Another site in Issoudun helps employees find jobs at the end of their temporary employment contracts. Interested parties receive career guidance from a specialist firm and job training if possible. Over the last few years, 110 people have benefited from this program.

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

In Texas, Zodiac works with local authorities to help people enter the workforce. It hosts visits from students or industries, gives teachers the opportunity to observe its operations, and organizes job fairs.

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. In France, this principle is underscored by agreements or action plans regarding professional gender equality.

More broadly, the Group makes sure that new hires reflect the demographics of the applicant population and that internal promotions are in keeping with the gender breakdown of its workforce. The proportion of women holding a managerial or executive position currently stands at 23%.

It also strives to ensure that women who start or return from maternity leave are not penalized in terms of personal advancement. Equally, it ensures that employees on family leave incur no career interruptions, offering those concerned the option of training to acquire new skills and the resources they need to organize their work schedule, and keep in touch with the company during their absence.

To support this trend, women are offered specific training courses, such as female leadership training. The creation of women's networks is also encouraged and initiated locally.

5.3 Measures promoting the employment and inclusion of people with disabilities

The Group supports workforce entry, vocational training and job retention of people with disabilities. It is committed to promoting the direct hiring of people with disabilities, particularly through relationships with recruitment agencies and employment agencies, and collaboration with the protected sector. Locally, workstation adjustments, job modifications or internal transfers help those employees registered as disabled retain jobs suited to their skills and motivation levels, which in turn produces better working conditions. Agreements in this area are negotiated locally with social partners.

6. NOTE ON METHODOLOGY: HUMAN RESOURCES INDICATORS

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

A new HR information system, shared by all companies, was introduced at the end of the 2015/2016 fiscal year. It collects information on almost 33,000 employees (93% of the Group's workforce) so that the Group can develop appropriate indicators.

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

Figures relating to permanent staff have been extracted from the new HR information system. However, for the handful of companies not yet integrated into the system, information still has to be retrieved manually.

Seniority is calculated based on the date of entry in the Zodiac Aerospace Group.

The specific case of Tunisia: it should be noted that the 816 employees in Tunisia are not included as permanent employees due to the legal structure of their local employment contract but 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: recruitment figures for 2015/2016 include all permanent staff hired during the period. They also include employees who switched from temporary or fixed-term contracts to permanent contracts.

Recognition of new hires and departures: new hires and departures are recognized on the basis of movements identified in Group companies' payroll tools.

Training: the figures for training are calculated on a base of 98% of the permanent workforce.

Health, Safety and the Environment

Signed in September 2014 by Executive Board Chairman and CEO 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 Department and the Safety and Industrial Risks Department ensure that all Group entities implement this policy, which translates the Group's goals and ambitions into action.

They are supported by safety and environment road maps that have been developed over the past several fiscal years. Most Group entities have safety and environment experts who ensure that this Group policy and the related road maps are followed and that local applicable regulations and internal requirements are applied.

1. GENERAL ENVIRONMENTAL/HEALTH AND SAFETY POLICY

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, Tunisian, Moroccan, and US 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.

All sites ensure that the GHS (Globally Harmonized System of Classification and Labelling of Chemicals) is applied worldwide and that extended safety data sheets are monitored in Europe.

In addition to regulatory compliance, the Group has asked its entities to look for opportunities to replace CMRs (carcinogenic, mutagenic and reprotoxic chemicals) used at 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 will prohibit any new materials or chemicals they consider a danger to people and the environment.

A standard to help interpret and implement the REACH regulation is available and used to manage registrations and monitor substances in articles.

2. OCCUPATIONAL HEALTH AND SAFETY

2.1. Accidents

The Group continues to make workplace health and safety the absolute priority in all its entities. To this end, a number of tools and standards have been instituted in all Group entities.

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

Given the importance of analyzing "near misses" and potentially hazardous situations, the Group places strong emphasis on educating operating entities on the need to monitor, analyze and report these events to the Group so that preventive actions can be put in place at the earliest stage. In this fiscal year, the Group focused on teaching employees to recognize potentially hazardous situations and near misses. All entities, including Zodiac Seats France, have started gathering data on such events, which should prevent potential accidents.

Other centralized and consolidated data include the number, circumstances and causes of workplace accidents. This shared information boosts prevention by allowing other Group companies to see what corrective action has been implemented and use this knowledge to avoid similar situations at their own sites.

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

Above a certain level of severity, an accident report and 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 fell by 14%. Our accident frequency index, calculated by applying this number to the Group's total workforce and multiplying by 1,000, dropped from 11 in August 2015 to nine in August 2016.[2] This reduction reflects not only the broad extent to which entities are monitoring local actions, but also the involvement of all management levels.

The table below shows the breakdown of the number of accidents with at least one day of work lost by region and by branch in the last three fiscal years. There have been no fatal accidents in the Group in the last three fiscal years.[3]

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

(2) The accident frequency index of Zodiac Seats France in August 2016 was 9 (versus 12 in August 2015).

(3) There have been no fatal accidents at Zodiac Seats France in the last three fiscal years.

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

	Aug. 31, 2014 Accidents[1] with at least one day of work lost	Aug. 31, 2015 Accidents[1] with at least one day of work lost	Aug. 31, 2016 Accidents[1] with at least one day of work lost
By region			
France	111	106*	105*
Other countries in Europe	79	64	52
USA	63	71	38
Other countries in the Americas	51	96	109
Rest of the world	95	93	65
TOTAL	**399**	**430**	**369**
** Including Zodiac Seats France*		*18*	*14*
By branch			
Zodiac Aerosystems	194	168	164
Zodiac Cabin	118	166	140
Zodiac Seats	82	90	55
Zodiac Services Activities	5	6	10
TOTAL	**399**	**430**	**369**

(1) Figures include Zodiac Aerospace employees (permanent and fixed term contracts) and temporary employees. Travel-related accidents and service providers are not included in the figures.

The roll-out of internal procedures and tools is gradually being extended to cover the entire Group scope. Action plans continue to be put in place at each entity[2] to eliminate potentially hazardous situations.

2.2. Occupational illnesses

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 fiscal year.[3]

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.[3] These operations are reviewed at least annually during occupational risk assessments and action plans implemented where necessary.

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, 2014	Aug. 31, 2015	Aug. 31, 2016**
France*	20	8	11*
USA	93	67	79
TOTAL	**113**	**75**	**90**
**Including Zodiac Seats France*			*2*

(**) 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. Since the last fiscal year, an ergonomics and safety manager has joined the Group's safety and industrial risks Department. One of that manager's tasks is to offer entities training in a simple method of rating workstation ergonomics.[4] This training involved multi-disciplinary teams comprising representatives from the methods, health, and safety departments, as well as members of the Workplace Health & Safety Committee and the Operating Excellence Department. The training has already resulted in ergonomic improvements to many workstations. The initiative has been implemented in most entities in France and the United States and all entities in Thailand and Singapore. The training is based on a Group standard that has been developed to help entities conduct studies on workstations. Post-training monitoring not only measures progress but also supports entities in their various tasks.

A new standard aimed at office workers was implemented during the fiscal year. It allows workers to assess their own posture at their workstation and, where necessary, follow an action plan to improve it.

At the same time, as part of preventing occupational burnout or stressful/harsh working conditions,* French entities have continued their action plans to prevent work situations that could become "stressful/harsh" in the French legal sense. (* Fewer than half of all French employees are exposed to at least one stress factor[5]).

(2) Including Zodiac Seats France.

(3) Identical analysis for Zodiac Seats France.

(4) This training was conducted at Zodiac Seats France in the past fiscal year.

(5) 1.7% of employees at Zodiac Seats France were exposed to at least one of the 10 stress factors that went into effect in July 2016; action plans are under way.

2.3. Other employee health and safety measures

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

Audits between Group entities were carried out to verify the implementation of Group safety directives. These audits were conducted according to a Group standard that has been in place for the past two fiscal years. They 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 fiscal years, safety committee meetings have been held in France, North America and Europe for the safety managers of the entities in these three regions. These meetings are aimed at benchmarking and sharing best practice on health and safety matters. They also provide an opportunity to present the Group's directives, focus on various specific regulatory points, and 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 has been in place at the Group level for the past three fiscal years. 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 and Industrial Risk Director. Published best practices will eventually become Group standards. Around twenty best practices were posted during the fiscal year. Some were used to upgrade existing Group standards while others form the basis of new standards that will apply this fiscal year. Best practices are 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 the previous fiscal year – particularly a standard to improve the process for reporting potentially hazardous situations – has helped entities improve their safety culture. At the sites' request, new standards are pending validation. They are expected in particular to improve the safety culture through the introduction of "safety" observations.

Improving the safety culture also involves training. Among the 43% of employees trained this fiscal year, 17% had training on safety culture/conduct while 62% received training on specific risks(1) such as working in confined spaces, working at heights, fire risk management, handling goods, driving rolling equipment, ergonomics and using a defibrillator. In addition, most new employees were educated about safety issues during their job orientation. This safety induction is part of a Group standard that begins with a video of the Executive Board Chairman and CEO reaffirming the Group's 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.

Lastly, 37 Group entities are OHSAS 18001-certified. This certification provides a framework that limits potential deviations from the existing health and safety management system. More than a third of the Group's entities are now certified. This figure should continue to increase in line with the Group's objective for all entities to be certified by 2018.

2.4. Consumer health and safety measures

In conducting its operations, the Zodiac Aerospace Group applies a responsible risk-management policy designed in particular to safeguard the health and safety of customers and consumers. Some of our products contribute directly to passenger safety, such as life jackets, evacuation slides, seat belts, oxygen systems and flotation systems. Our approach to quality can be found in all our businesses and at all Group levels. This approach is applied to an organization geared toward customers and managing product safety, especially through product certification and the licenses held by our companies. This approach, which incorporates consumer health and safety, develops and improves air safety management in all areas of design, production and maintenance. At the same time it implements an air safety assurance system that includes performance monitoring, reporting and ongoing improvement.

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 2015/2016, more than 90 full-time equivalent jobs(2) in the Group were devoted to the environment. This network of environmental representatives is coordinated by the Group Environment Department, which has several tasks:

- monitoring the environmental performance of each entity based on Group policy;
- handling all environment-related issues;
- promoting and enforcing internal standards;
- supporting the Business Units in the implementation and monitoring of plans to substitute chemicals.

(1) For Zodiac Seats France, 69% of staff have been trained in specific risks.

(2) At Zodiac Seats France, one full-time equivalent job is devoted to the environment.

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.[1]

To date, just over half of Group sites are certified and were joined this fiscal year by the Compiègne and Saint Crépin sites in France.

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. The sites use a variety of communication channels. For example, information is circulated through newsletters or the intranet, via communication screens in high-traffic areas, or during themed days, which are an opportunity to engage employees in environment-related topics. At Group level, eight articles were published on the Environment intranet and two in the Zodiac Aerospace Magazine during the 2015/2016 fiscal year. A Health, Safety and the Environment awareness video, aimed primarily at new hires, has been available since April 2016.

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 had set the following targets for 2016:

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

During the fiscal year, the amount of waste per production hour remained stable. A total of 60% of waste was recovered, of which 49% 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

(metric tons)	2014/2015 73 sites 92% of the workforce	2015/2016 73 sites 92% of the workforce	2015/2016 79 sites 95% of the workforce
France*	3,185	3,530	3,530
Other countries in Europe	1,944	1,928	2,009
USA	12,945	10,220	10,262
Other countries in the Americas	3,773	4,354	4,354
Rest of the world	3,499	3,504	3,510
TOTAL	**25,345**	**23,536**	**23,666**
** Including Zodiac Seats France*	*610*		*887*

Amount of waste recycled and recovered by region

(metric tons)	Waste: material recycling			Waste: incineration with energy recovery			Waste: landfill		
	2014/2015 73 sites 92% of the workforce	2015/2016 73 sites 92% of the workforce	2015/2016 79 sites 95% of the workforce	2014/2015 73 sites 92% of the workforce	2015/2016 73 sites 92% of the workforce	2015/2016 79 sites 95% of the workforce	2014/2015 73 sites 92% of the workforce	2015/2016 73 sites 92% of the workforce	2015/2016 79 sites 95% of the workforce
France*	1,766	1,970	1,970	1,024	1,173	1,173	395	386	386
Other countries in Europe	1,354	1,312	1,349	422	399	402	168	216	259
USA	6,316	4,870	4,886	276	298	316	6,353	5,008	5,017
Other countries in the Americas	1,695	1,792	1,792	450	393	393	1,628	2,169	2,169
Rest of the world	1,834	1,529	1,536	183	340	340	1,482	1,636	1,635
TOTAL	**12,965**	**11,474**	**11,534**	**2,354**	**2,603**	**2,624**	**10,025**	**9,416**	**9,465**
** Including Zodiac Seats France*	*472*		*697*	*31*		*39*	*107*		*151*

(1) Zodiac Seats France has been certified since 2008, including its design activities.

Waste recycling and recovery rate by region

(in %)	Recycling rate 2014/2015 73 sites 92% of the workforce	Recycling rate 2015/2016 73 sites 92% of the workforce	Recycling rate 2015/2016 79 sites 95% of the workforce	Recovery rate 2014/2015 73 sites 92% of the workforce	Recovery rate 2015/2016 73 sites 92% of the workforce	Recovery rate 2015/2016 79 sites 95% of the workforce
France*	55%	56%	56%	88%	89%	89%
Other countries in Europe	70%	68%	67%	91%	89%	87%
USA	49%	48%	48%	51%	51%	51%
Other countries in the Americas	45%	41%	41%	57%	50%	50%
Rest of the world	52%	44%	44%	58%	53%	53%
TOTAL	**51%**	**49%**	**49%**	**60%**	**60%**	**60%**
** Including Zodiac Seats France*	*77%*		*79%*	*83%*		*83%*

Water use by region

(thousands of m^3)	2014/2015 73 sites 92% of the workforce	2015/2016 73 sites 92% of the workforce	2015/2016 81 sites 95% of the workforce
France*	226	142	142
Other countries in Europe	31	32	34
USA	311	269	278
Other countries in the Americas	111	108	108
Rest of the world	108	124	125
TOTAL	**786**	**675**	**686**
** Including Zodiac Seats France*	*6.43*		*6.47*

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

The same goals have been carried forward for 2020. Each year, internal reporting allows each department to track changes in its indicators.

Most sites arrange an annual management review to track these data and define appropriate action.

4.2. Water

The Group's activities generate very little industrial wastewater.[1]

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 shown in the table above.

(1) Zodiac Seats France is not affected.

GHG breakdown by region

(metric tons of CO_2 equivalent)	2015/2016 Scope 1 - 86 sites 97% of the workforce	2015/2016 Scope 2 - 86 sites 97% of the workforce
France*	10,385	3,615
Other countries in Europe	3,333	7,734
USA	10,018	49,588
Other countries in the Americas	2,075	19,652
Rest of the world	745	17,407
TOTAL	**26,556**	**97,996**
** Including Zodiac Seats France*	*1,652*	*484*

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, 2016, 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.(1)

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.

This target was partially achieved and will be set again for 2020.

Statutory energy audits were carried out by affected sites in Europe.

Action will be monitored and positive feedback will be translated into best practice to be instituted throughout the Group.

Scope 1(2) and Scope 2(3) GHG emissions are monitored and Zodiac Aerospace continues to introduce concrete measures to reduce them. For instance, in 2015/2016, the more energy-efficient LED lighting was installed at a number of sites in the UK (Slough, Cwmbran), France (Auxerre, Les Ulis, Châteaudun) and the United States (Gainesville, Marysville, Santa-Maria). Building insulation has been improved to reduce energy consumption, while sites are investing in equipment to improve environmental and economic performance. In Niort, fuel has been replaced by gas, which is reducing heating costs by 25% and cutting CO_2 emissions by 150 metric tons per year. In Cognac, a new variable-flow, automated air handling unit renews air based on

Energy consumption by source and by region

	Energy: gas			Energy: electricity			Energy: fuel oil		
(n thousands of kWh)	2014/2015 71 sites 88% of the workforce	2015/2016 71 sites 88% of the workforce	2015/2016 86 sites 97% of the workforce	2014/2015 72 sites 88% of the workforce	2015/2016 72 sites 88% of the workforce	2015/2016 86 sites 97% of the workforce	2014/2015 72 sites 88% of the workforce	2015/2016 72 sites 88% of the workforce	2015/2016 86 sites 97% of the workforce
France*	41,425	42,460	42,460	46,622	46,403	46,403	2,094	2,830	2,830
Other countries in Europe	14,205	16,849	17,524	13,527	15,261	15,994	–	–	–
USA	55,125	48,028	49,988	79,640	78,054	88,527	40	60	60
Other countries in the Americas	13,207	10,353	10,482	35,145	38,777	40,331	–	–	–
Rest of the world	-	169	1,100	28,578	31,106	31,636	2,314	1,937	1,937
TOTAL	**123,962**	**117,859**	**121,554**	**203,511**	**209,603**	**222,891**	**4,448**	**4,827**	**4,827**
** Including Zodiac Seats France*	*6,887*		*7,218*	*5,920*		*6,168*	*1*		–

(1) No such accidents were recorded by Zodiac Seats France.

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

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

the workshop's volatile organic compound content, reducing energy consumption. These best-practice initiatives can be carried over to the rest of the Group's sites.

The Group also quantifies other indirect emissions[1] generated by business travel, commuting and waste treatment. Product and service purchases and cargo have once again been excluded from the reporting perimeter this year because of difficulties in gathering information and the lack of a recognized calculation methodology for converting procurement data into CO_2. However, the lack of carbon accounting does not mean a lack of emission-reducing measures. The supply chain is a key part of the Group's initiative to improve its environmental impact over the coming years.

With regard to reporting information on significant Scope 3 items, Zodiac Aerospace has followed recently French published decree No. 2016-1138. At present, discussions are under way within the French Aerospace Industries Association's Carbon Working Group to harmonize the way the various emission items are stated.

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.

To date, the Group's use of renewable energies has been marginal – mainly solar panels on some of its buildings and renewable energies distributed by local grids.

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 2015/2016, nine Business Units began an eco-design initiative. A product's environmental impact is measured using EIME software or a simplified method developed by the Group, while life-cycle assessment (LCA) continues to be used to identify sub-assemblies with the least environmental impact and compare alternative solutions. Some of the Business Units that had conducted LCAs in previous fiscal years are now reaping the benefits and eco-designing their next-generation products.[2]

Skills sharing is key to the success of this approach, so the Business Units involved share information and best practices on the company's social media via the "Zodiac Aerospace Ecodesign Community."

(1) 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.

(2) Zodiac Seats France is one of the players involved in this initiative.

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.

6.3. Food waste

The Group is not affected by this issue. Vigilance will be required by the few sites with a company restaurant.

7. CONSEQUENCES OF CLIMATE CHANGE FOR THE GROUP

The potential impact of climate change on the Group is discussed under "Risk management," page 33.

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 2014/2015 and 2015/2016 fiscal years.

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 in 2014 by joining the United Nations Global Compact, signed by Executive Board Chairman and CEO Olivier Zarrouati. Membership of the Compact underscores the Group's commitment to ensuring that its operations are aligned 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 listening, understanding and learning from others. It also involves the right to make mistakes and the duty to learn from them.
- **Realism**, which requires decisions to be based solely on established facts so that the issues and challenges to be addressed can be tackled objectively.
- **Entrepreneurial spirit**, which means daring to take a risk, working hard and surpassing oneself. It also means working together, trusting oneself and being trusted by others. Entrepreneurial spirit means having a responsible attitude toward the use of company resources.
- **Respect**, which includes respect for our undertakings, our employees, our customers and our partners. It also means respect for one's own work and that of others.

The Group's Code of Ethics is a code of conduct in relation to one's environment. The Code is available to all Group employees 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 so that the 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, and 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 abide by the same ethical rules as Group companies and, most of all, 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.

In addition to the Code of Ethics, the Group has a Code of Stock Trading Ethics, which sets out the rules for trading in Zodiac Aerospace shares. It is designed to prevent the risk of breaches and insider trading. In particular, the Code notes the introduction of black-out periods preceding a financial publication, during which all transactions are prohibited.

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.

In fiscal year 2014/2015, the Group launched a transformation plan called Focus in response to the problems encountered by the Seats branch. The plan ensures that various initiatives continue to be pursued within the Group. The plan's deployment continued into the 2015/2016 fiscal year to give the Group a set of procedures and standards common to all Group entities (the Zodiac Aerospace Operating System). The transformation plan has its own support teams and also receives considerable support from teams in Human Resources.

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

The Zodiac Aerospace Group operates in 16 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 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. To supplement the Group's actions aimed at promoting values of excellence and sharing, Zodiac Aerospace is involved in a number of philanthropic musical initiatives in support of young artists.

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 business report. Initiatives carried out by the Group or its entities are regularly showcased and shared with all Group employees through our intranet or in our in-house magazine.

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. The Compact was signed by Executive Board Chairman and CEO Olivier Zarrouati.

By joining the Global Compact, Zodiac Aerospace reaffirmed its commitment to align its 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 Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

This commitment was reconfirmed in 2016.

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 Group's entire management, starting with Olivier Zarrouati, Executive Board Chairman and CEO, is committed to fighting corruption.

The Zodiac Aerospace Group's Code of Ethics includes a specific chapter on combating 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 and CEO 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 Group employees most exposed to the risk of corruption (mainly managers, buyers and sellers – some 3,000 people in total). The aim is to increase their knowledge of the issue and help them make the right decisions and report anything inappropriate. Following the success of this program, which was introduced in May 2015 and continued in 2015/2016, more awareness campaigns and training initiatives are planned.

4.3. Oslo Convention

The Zodiac Aerospace Group complies with the Oslo Convention on cluster munitions. In past fiscal years there has been just one potentially relevant contract for a brake parachute manufactured by a subsidiary in the United States. This was reported in late 2010, before the business concerned was 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 Labour 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 roll-out 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.

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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, 2016. 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. 225-105-1 of the French Commercial Code and in accordance with the standards used by the Company. These standards consist of instructions on HR reporting and on the procedure for providing information about performance indicators in versions dated September 2016 and March 2016 (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 involved five people and took place between June and November 2016 for a total period of approximately 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

Nature and extent of audit

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 of the French Commercial Code and the companies it controls within the meaning of Article L. 233-3 of said 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.

Conclusion

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 14% of the workforce and between 9% and 14% of the quantitative environmental information presented.(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 fact that the absenteeism indicator is consolidated solely for France, which accounts for 21% of the Group's workforce.

Paris-La Défense, November 17, 2016

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.

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

(4) Cognac (France), La Palma (USA), Huntington Beach Galleys (USA), Huntington Beach Cabin Interiors (USA), Cwmbran (UK), Herborn (Germany) and Châteaudun (France).

(5) Employees: 14%; energy consumption (MWh): 9% (o/w 13% electricity); waste production (metric tons): 14%; water consumption (m^3): 14%.

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 18, 2016

To our knowledge, the financial statements for the fiscal year ended August 31, 2016 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	Didier Fontaine
Chairman of the Executive Board and CEO	Executive Vice-President, Administration and Finance	Executive Vice-President, Administration and Finance

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

Assets

(in thousands of euros)	Notes	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
Goodwill	(Notes 3.8 and 13.1)	1,994,687	2,023,354
Intangible assets	(Notes 3.8, 13.2 and 13.3)	653,554	698,149
Property, plant and equipment	(Note 14)	492,988	464,008
Investment in associates and joint ventures	(Note 15)	1,605	8,352
Loans		24,533	20,587
Other non-current financial assets	(Note 16)	12,257	14,016
Deferred tax assets	(Note 11)	6,102	1,225
TOTAL NON-CURRENT ASSETS		**3,185,726**	**3,229,691**
Inventories	(Notes 3.9 and 17)	1,360,124	1,340,700
Current tax assets	(Note 11)	144,379	104,383
Trade receivables	(Notes 2 and 3.10)	1,046,469	1,010,990
Advances to suppliers and employees		11,320	16,393
Other current assets	(Note 18)	48,167	38,655
Other financial assets:			
- loans and other current financial assets		6,466	11,970
Cash and cash equivalents	(Note 19)	268,780	163,616
TOTAL CURRENT ASSETS		**2,885,705**	**2,686,707**
HELD-FOR-SALE ASSETS (1)		**686**	**680**
TOTAL ASSETS		**6,072,117**	**5,917,078**

(1) At August 31, 2015 and August 31, 2016, the amounts pertained to buildings held for sale (see Note 14).

Equity and Liabilities

(in thousands of euros)	Notes	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
Capital	(Note 20)	11,603	11,576
Share premium	(Note 20)	147,761	141,980
Consolidated reserves and hybrid loan		2,769,111	2,436,351
Currency translation adjustments		279,026	313,402
Fair value adjustment of financial instruments		(15,813)	1,658
Net income attributable to equity holders of the parent company		108,053	184,762
Treasury shares		(83,303)	(85,436)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**3,216,438**	**3,004,293**
Non-controlling interests:			
- in equity		1,587	108
- currency translation adjustments		(260)	(204)
- in consolidated net income		(175)	(231)
Non-controlling interests		**1,152**	**(327)**
EQUITY		**3,217,590**	**3,003,966**
Non-current provisions	(Notes 3.11 and 22)	148,694	122,073
Non-current financial liabilities	(Note 21)	984,706	831,648
Other non-current financial liabilities		3,546	485
Deferred tax liabilities	(Note 11)	148,323	163,433
TOTAL NON-CURRENT LIABILITIES		**1,285,269**	**1,117,639**
Current provisions	(Notes 3.11 and 22)	165,367	171,047
Current financial liabilities	(Notes 19 and 21)	340,968	598,661
Other current financial liabilities		20,349	21,889
Trade payables	(Note 3.12)	542,051	432,816
Liabilities to employees and payroll liabilities	(Note 3.13)	228,674	218,602
Current tax liabilities		29,220	60,349
Other current liabilities	(Note 23)	242,629	292,109
TOTAL CURRENT LIABILITIES		**1,569,258**	**1,795,473**
TOTAL EQUITY AND LIABILITIES		**6,072,117**	**5,917,078**

Consolidated Statement of Profit and Loss

(in thousands of euros)	Notes	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
Sales revenue	(Notes 3.1, 3.2 and 3.3)	5,208,176	4,931,754
Other revenue from operations		27,788	23,490
Purchases used in production		2,392,125	2,147,270
Personnel costs	(Note 5)	1,570,451	1,490,378
External costs		734,351	814,719
Taxes other than income tax		43,079	39,666
Depreciation and amortization		138,716	117,426
Charge to provisions		86,037	95,770
Changes in inventories of finished goods and work in progress [1]		(811)	63,877
Other operating income and expenses	(Note 7)	(799)	(115)
CURRENT OPERATING INCOME	(Note 3.4)	**269,595**	**313,777**
Non-current operating items	(Note 8)	(75,665)	(21,914)
OPERATING INCOME		**193,930**	**291,863**
Income/(expenses) related to cash and cash equivalents		(3,543)	2,815
Cost of gross debt		(35,799)	(29,786)
Cost of net debt	(Notes 3.6 and 9)	(39,342)	(26,971)
Other financial income and expenses	(Notes 3.6 and 10)	(2,401)	(1,954)
Income tax	(Notes 3.7 and 11)	(39,602)	(75,734)
Results of companies accounted for by the equity method		(4,707)	(2,673)
NET INCOME	**(Note 3.5)**	**107,878**	**184,531**
Attributable to non-controlling interests		(175)	(231)
Attributable to equity holders of the parent company		108,053	184,762
BASIC EARNINGS PER SHARE (ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY)	(Note 12)	**€0.382**	**€0.670**
DILUTED EARNINGS PER SHARE (ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY)	(Note 12)	**€0.380**	**€0.665**

(1) Changes in inventories of components and goods are included under "Purchases used in production".

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
NET INCOME	**107,878**	**184,531**
Other comprehensive income:		
- currency translation adjustments (1)	(34,433)	328,829
- restatement of hedging derivative instruments	(22,420)	5,563
- tax on restatement of hedging derivative instruments	6,226	(1,890)
- items to be reclassified to profit	**(50,627)**	**332,502**
- actuarial gains and losses	(19,404)	(331)
- tax on actuarial gains or losses	5,148	47
- items not to be reclassified to profit	**(14,256)**	**(284)**
TOTAL OF GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**(64,883)**	**332,218**
NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**42,995**	**516,749**
Attributable to non-controlling interests	(232)	(326)
Attributable to equity holders of the parent company	43,227	517,075

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

Consolidated Statement of Cash Flows[(1) (2)]

(in thousands of euros)	Notes	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
Operating activities:			
Net income		107,878	184,531
Results of companies accounted for by the equity method		4,707	2,673
Depreciation, amortization and provisions		217,243	218,982
Capital gains		244	(7,424)
Deferred taxes	(Note 11)	(4,044)	(13,450)
Stock options		5,611	6,632
Other		(5,117)	(106)
CASH FLOW FROM OPERATIONS		**326,522**	**391,838**
Net change in inventories	(Note 6)	(19,428)	(237,687)
Net change in operating assets		(98,578)	(60,491)
Net change in debt		49,474	60,203
CASH FLOW FROM CONTINUING OPERATIONS		**257,990**	**153,863**
Investing activities:			
Acquisitions of non-current assets:			
- intangible assets	(Note 13.2)	(84,825)	(85,033)
- property, plant and equipment	(Note 14.1)	(125,355)	(119,825)
- other		(11,280)	(15,185)
Proceeds from sale of property, plant and equipment		15,332	26,100
Changes in receivables and payables relating to fixed assets		976	3,388
Acquisitions/disposals of entities, net of cash acquired		534	(95,034)
CASH FLOW FROM INVESTMENTS		**(204,618)**	**(285,589)**
Financing activities:			
Change in debt		(115,347)	194,913
Hybrid loan		248,049	–
Increase in equity	(Note 20)	5,808	8,837
Treasury stock		1,103	(1,944)
Ordinary dividends paid by parent company		(88,450)	(88,105)
Dividends paid to minority interests		(2)	–
CASH FLOW FROM THE FINANCING OF OPERATIONS		**51,161**	**113,701**
Currency translation adjustments, beginning of period		(8,159)	15,139
CHANGE IN CASH AND CASH EQUIVALENTS		**96,374**	**(2,886)**
CASH AT BEGINNING OF PERIOD		**152,784**	**155,670**
CASH AT END OF PERIOD	**(Note 19)**	**249,158**	**152,784**

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

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

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 shares	Restatement of financial instruments[1]	Equity attributable to equity holders of the parent company	Non-controlling interests	Change in equity
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**
Currency translation adjustments			(4,495)		333,419			328,924	(95)	328,829
Revaluation of financial instruments			(4)				3,677	3,673		3,673
Actuarial gains and losses			(284)					(284)		(284)
Income recognized directly in equity (a)			(4,783)		333,419		3,677	332,313	(95)	332,218
Net income for the year (b)				184,762				184,762	(231)	184,531
Income recognized for the fiscal year (a) + (b)			(4,783)	184,762	333,419		3,677	517,075	(326)	516,749
Capital increase	39	8,798						8,837		8,837
Acquisition or disposal own shares [2]			(956)			(988)		(1,944)		(1,944)
Valuation of option on stock options and free share awards			6,632					6,632		6,632
Dividends			(88,105)					(88,105)		(88,105)
Other [4]			354,416	(354,413)				3	270	273
BALANCE AT AUG. 31, 2015	**11,576**	**141,980**	**2,436,351**	**184,762**	**313,402**	**(85,436)**	**1,658**	**3,004,293**	**(327)**	**3,003,966**
Currency translation adjustments					(34,376)			(34,376)	(57)	(34,433)
Revaluation of financial instruments			1,277				(17,471)	(16,194)		(16,194)
Actuarial gains and losses			(14,256)					(14,256)		(14,256)
Income recognized directly in equity (a)			(12,979)		(34,376)		(17,471)	(64,826)	(57)	(64,883)
Net income for the year (b)				108,053				108,053	(175)	107,878
Income recognized for the fiscal year (a) + (b)			(12,979)	108,053	(34,376)		(17,471)	43,227	(232)	42,995
Capital increase	27	5,781						5,808		5,808
Acquisition or disposal own shares [2]			(1,030)			2,133		1,103		1,103
Valuation of options on stock options and free share awards			5,611					5,611		5,611
Dividends			(88,450)					(88,450)	(2)	(88,452)
Hybrid loan [3]			248,049					248,049		248,049
Other [4]			181,559	(184,762)				(3,203)	1,713	(1,490)
BALANCE AT AUG. 31, 2016	**11,603**	**147,761**	**2,769,111**	**108,053**	**279,026**	**(83,303)**	**(15,813)**	**3,216,438**	**1,152**	**3,217,590**

(1) The “Fair value adjustment of financial instruments” column includes fair value of the interest rate hedging (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 €1,658k shown as revaluation of financial instruments at August 31, 2015, €2,580k was recycled in income during the fiscal year and -€922k was kept as equity because it corresponds to the impact of the interest rate hedging maturing on July 25, 2018.

(2) Shares acquired under a “liquidity agreement” and share buyback program.

(3) Corresponding to the amount of the hybrid funding signed in March 2016, net of interest, classified in equity as required by IAS 32 (see Note 20.2).

(4) Including appropriation of prior year profit to reserves.

Notes to the Consolidated Financial Statements

NOTE 1 - ACCOUNTING PRINCIPLES

The consolidated financial statements of the Zodiac Aerospace Group were approved by the Executive Board at its meeting of November 18, 2016.

Amounts are expressed in thousands of euros unless otherwise stated.

The accounting principles and policies applied by the Group are described below.

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, 2016, 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, 2016, 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, 2015. The new standards and interpretations applicable to the period ended August 31, 2016 are as follows:

- Amendment to IAS 19 – Employee Benefits: Employee contributions.
- IFRS annual improvements cycles 2010-2012, 2011-2013.

Application of the new standards had no material impact on the financial statements at August 31, 2016.

Further, the Zodiac Aerospace Group did not apply the following standards and interpretations, whose application became mandatory after August 31, 2016 or which had not been endorsed by the European Union as of August 31, 2016.

Endorsed standards and amendments whose application is not mandatory for the year ended August 31, 2016:

- Amendments to IAS 27 – Equity method in separate financial statements.
- Amendment to IAS 1 – Presentation of financial statements: disclosure initiative.
- IFRS Annual Improvements cycle 2012 - 2014.
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization.
- Amendment to IFRS 11 – Joint Arrangements: Acquisition of an Interest in Joint Operation.

Standards and amendments not endorsed as At August 31, 2016:

- IFRS 9 – Financial Instruments.
- IFRS 15 – Revenue from Contracts with Customers.
- IFRS 16 - Leases.
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 12 - Recognition of deferred tax assets for unrealized losses.
- Amendments to IAS 7 - Disclosure initiative.
- Clarification of IFRS 15 – Revenue from contracts with customers.
- Amendments to IFRS 2 - Classification and measurement of share-based payment transactions.

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) 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).

D) 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, according to 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 tax assets, 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:

Provisions for contractual compensation

Provisions for contractual compensation are recognized when the Group has not fulfilled its contractual obligations or has received a quantified claim from one of its customers. The amount provisioned is defined by management based on the following factors:

- the history of the sales relationship with the customer and level of contractual compensation paid for similar claims in the past;
- the legal analysis of the contractual obligations and a reasonable estimate of the damage suffered by the customer if the Group is bound to compensate such damage; for contractual compensation where the amount depends on meeting future performance obligations, the analysis of the Group's operating ability to meet those obligations; for specific compensation related to the quality of delivered products, the estimated costs to repair or replace those products.

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.

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.".

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 J-2).

Recoverability of deferred tax assets

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

E) Consolidation principles

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

Companies over which Zodiac Aerospace exercises significant influence are accounted for by the equity method. The joint venture EZ Air Interior Ltd, 50%-owned by Zodiac Aerospace and 50% by Embraer, is accounted for by the equity method.

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

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.

F) 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.

Main exchange rates used in consolidation

	At Aug. 31, 2016		At Aug. 31, 2015	
	Statement of Financial Position	Net income	Statement of Financial Position	Net income
US dollar	1.1132	1.1107	1.1215	1.1622
Canadian dollar	1.4583	1.4736	1.4863	1.4013
South African rand	16.1731	16.3789	14.9546	13.6710
Pound sterling	0.8481	0.7720	0.7275	0.7478
Thai baht	38.5490	39.4278	40.2000	38.5037
Czech crown	27.0260	27.0471	27.0210	27.4712

G) 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.

H) Property, plant and equipment and finance leases

Property, plant and equipment are recognized in the statement of financial position at their acquisition (including associated expenses) or production cost, 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

I) 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 measurement of acquired assets and liabilities assumed, 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.

J) 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 "cataloged" 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 cataloged product.

IFEC (In-Flight Entertainment Connectivity) 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.

K) Financial assets

All the financial assets other than hedging derivatives shown in the balance sheet 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 - Financial assets available for sale

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.

L) 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.

M) 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.

The Group may, on occasion, need to obtain part of its financing through agreements to transfer its trade receivables to financial institutions.

N) 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.

O) Costs associated with 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.

P) 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.

Q) 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.

R) 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 amount of the research tax credits is classified under "Personnel costs."

S) 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 2015/2016 through financial instruments (see Note 2).

T) 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 costs;
- 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.

U) Share-based compensation

As required by IFRS 2, stock option and purchase plans granted after November 7, 2002 for which stock purchase rights 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 according to 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.

V) Revenues

As required by IAS 18, "Revenue", sales of finished goods and merchandise are recognized in "Sales revenues" when the risks and rewards incident to ownership are transferred, i.e., in most cases, 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.

W) 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.

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 pro-rata 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.

X) 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.

Y) IFRS financial information presentation 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 comprehensive net income.

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 as part of external growth transactions.

Z) 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.

NOTE 2 - MANAGEMENT OF FINANCIAL RISKS

A) Interest rate risk

Financing for all Group subsidiaries is centralized. At August 31, 2016 the Group's debt was primarily exposed to fluctuations in the Euribor.

The Group holds an interest-rate swap to hedge the fluctuations of the 6-month Euribor expiring in July 25, 2018, for an amount of €50 million, at a rate of 1.11%.

The fair value of the hedges used by the Group at August 31, 2016 was:

Swap	Nominal value	Within one year (in thousands of euros)	Over one year	Fair value (1) (in thousands of euros)
EUR	50,000	–	50,000	(1,319)

(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, 2016, the impact of this market value was recognized in equity in the amount of €1,319k.

On the basis of the current and non-current financial liabilities of €1,326 million at August 31, 2016 (see Note 21 – Financial liabilities), and on the basis of non de-designated hedges remaining at the fiscal year end, 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;
- €0.95 million, including the effect of interest rate hedges.

B) Currency exchange rate 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, 2016 to hedge currency risks are:

Forward currency sales Currency 1/Currency 2	Nominal value	Within one year (in thousands of Currency 1)	Over one year	Fair value (1) (in thousands of euros)
USD/EUR	802,090 (2)	715,690	86,400	(7,437)
USD/GBP	139,600 (2)	120,900	18,700	(11,836)
USD/CAD	47,230 (2)	40,770	6,460	(357)
USD/MXN	43,050 (2)	39,342	3,708	(2,253)
USD/THB	30,290 (2)	30,290	–	404
EUR/GBP	1,400 (2)	1,400	–	(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. €927,659 thousand.

Forward currency purchases Currency 1/Currency 2	Nominal value	Within one year (in thousands of Currency 1)	Over one year	Fair value (1) (in thousands of euros)
EUR/GBP	623 (2)	623	–	1
USD/EUR	–	–	–	–

(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., £528 thousand.

Statement of financial position value (in thousands of euros)	Assets		Equity and liabilities	
	Current	Non-current	Current	Non-current
Fair value hedges	1,091	–	3,676	–
Cash flow hedges	1,160	165	16,673	3,546

At August 31, 2016, cash flow hedges were put in place in the amount of:

- $641 million to hedge 71% of our net exposure to fluctuations in the USD/EUR exchange rate (revenue – purchases) estimated for the 2016/2017 fiscal year;
- $114.8 million to hedge 73% of our net exposure to fluctuations in the USD/GBP exchange rate (revenue – purchases) estimated for the 2016/2017 fiscal year;
- $39.1 million to hedge 75% of our net exposure to fluctuations in the USD/CAD exchange rate (revenue – purchases) estimated for the 2016/2017 fiscal year;
- $24 million to hedge 43% of our net exposure to fluctuations in the USD/MXN exchange rate (revenue – purchases) estimated for the 2016/2017 fiscal year;
- $30.3 million to hedge 49% of our net exposure to fluctuations in the USD/THB exchange rate (revenue – purchases) estimated for the 2016/2017 fiscal year;

The impact of the fair value of these hedges on equity amounted to a negative €17,490k at the fiscal year-end, of which €3,305k 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 €375 million on the sales revenue for the fiscal year.

The fluctuation primarily affects the euro/dollar exchange rate; the average transaction rate was 1.11 for the fiscal year, versus 1.21 for the preceding fiscal year.

A 10-cent fluctuation (from 1.11 to 1.21) in the average dollar transaction rate for net flows and from its cross exchange rates with the other currencies would have had a negative impact, excluding hedge, of €94 million on current operating income.

A 10-cent fluctuation (from 1.11 to 1.21) of the dollar conversion rate and from its cross exchange rates with the other currencies would have had a positive impact on the order of €0.8 million on current operating income.

The impact on the current operating income of the currency hedges set up during fiscal year 2015/2016 (difference between the average monthly rate of currencies and the spot rate of hedges) was negative by €2.2 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.

In this respect, 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 and BRL.

(in millions of USD)	At Aug. 31, 2016
Financial assets	522.8
Financial liabilities	254.9
Net exposure before hedging	267.9
Hedging derivatives	188.0
Net exposure after hedging	79.9

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, 2016, 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 Aug. 31, 2016
Impact on net income (1)	5.4

(1) Based on an average corporate income tax rate of 22.4%.

C) Liquidity risk

(in thousands of euros)	Book value at the balance sheet date	Not yet due and < 30 day 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, 2015	1,010,990	816,560	82,396	62,540	34,525	13,934	193,395	1,035
Trade receivables at Aug. 31, 2016	1,046,469	883,712	81,512	47,867	18,693	13,695	161,767	990

The increase in trade receivables was 3.5% at the year-end rate. At like-for-like consolidation scope, trade receivables are stable (+0.5%) and receivables overdue and not impaired dropped by 4.4%.

Future cash flows related to financial liabilities

	2016/2017	2017/2018	2018/2019	2019/2020	After 2020
Gross financial liabilities (in € thousands) (1)	(381,290)	(285,138)	(41,068)	(200,023)	(619,768)
Interest rate hedging derivatives (in € thousands) (2)	(411)	(371)	–	–	–
Trade payables (in € thousands)	(689)	–	–	–	–
Currency hedging derivatives – USD flows (in $ thousands)	(755,522)	(97,408)	–	–	–
Currency hedging derivatives – EUR flows (in € thousands)	495,556	60,219	–	–	–
Currency hedging derivatives – CAD flows (in C$ thousands)	38,808	5,970	–	–	–
Currency hedging derivatives – GBP flows (in £ thousands)	83,194	12,857	–	–	–
Currency hedging derivatives – MXN flows (in MXN thousands)	709,748	67,941	–	–	–

(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 6-month Euribor, for which the variable rate is estimated at 0.30 over the relevant period.

NOTE 3 - SEGMENT REPORTING

Segment reporting is presented in accordance with IFRS 8.

The operational activities of the Group are structured and managed separately to reflect the nature of the products and services supplied. Each segment represents a strategic business area offering distinct products and serving distinct markets. These segments are reflected in the internal reporting structure used by the Group management team in managing the business as a whole.

The Group has been organized into two activities since September 1, 2015. These two activities correspond to reportable segments:

- The Aerosystems activity, primarily including businesses linked to the so-called "SFE" - (Supplier Furnished Equipment), whose direct customers are manufacturers of aircraft, helicopters, spacecraft. This activity includes the AeroSafety and Aircraft Systems branches.
- The Aircraft Interiors activity, consisting for the most part of businesses related to the "BFE" (Buyer Furnished Equipment) market, on which the direct customers are primarily airlines. This activity continues to unite the Seats and Cabin branches.

To carry out these combinations, the Group reviewed the following characteristics:

- profile of customers ("SFE" or "BFE" markets) which determine the economic characteristics and structure the risks of these activities;
- regulatory environment;
- positioning in the Group's strategy.

The above two activities are supported by Zodiac Aerospace Services, an internal structure dedicated to after-sales service.

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.

Notes per region are broken down by asset location, except for sales revenue which is also broken down by customer location.

Description of reportable segments

Aerosystems

This segment designs, develops, manufactures and markets:

- aircraft evacuation systems: evacuation slides for commercial aircraft, emergency floats for helicopters, etc.;
- emergency arresting systems for military and commercial applications;
- elastomer systems and technologies, protection parachutes (military and commercial);
- electric power management systems, actuators, sensors and electric motors;
- on-board computers, fuel systems and oxygen systems;
- hydraulic and regulation systems, water distribution and sanitary systems;
- aerospace telemetry and telecommunication systems, air conditioning, bleed air control and cabin pressure systems.

Aircraft Interiors

In this segment, the Group designs, develops, manufactures and markets, mainly for the civil aviation market:

- passenger seats (first, business and economy classes), crew seats and airbags;
- complete cabin interiors, luggage stowage bins, class-separator partitions, sidewall panels, and cabin retrofit solutions especially for VIP-format wide-bodied aircraft;
- refrigeration systems, trolleys, galleys, cargo containers, etc.;
- IFEC (In Flight Entertainment and Connectivity) systems.

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 (€595.8 million from different business segments).

A - STATEMENT OF PROFIT AND LOSS ITEMS

Note 3.1 - Consolidated sales revenue by branch and by customer region of location

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	103,811	153,942	226,442	58,077	92,269	634,541
Aircraft Systems	408,807	271,643	428,819	72,794	138,505	1,320,568
Aerosystems activities	**512,618**	**425,585**	**655,261**	**130,871**	**230,774**	**1,955,109**
Aircraft Interiors activities	**104,594**	**539,007**	**1,007,248**	**333,496**	**992,300**	**2,976,645**
TOTAL	**617,212**	**964,592**	**1,662,509**	**464,367**	**1,223,074**	**4,931,754**
At Aug. 31, 2016						
AeroSafety	105,869	170,130	170,446	61,260	112,051	619,756
Aircraft Systems	489,803	248,137	454,825	58,902	161,466	1,413,133
Aerosystems activities	**595,672**	**418,267**	**625,271**	**120,162**	**273,517**	**2,032,889**
Aircraft Interiors activities	**111,221**	**642,287**	**1,159,456**	**292,597**	**969,726**	**3,175,287**
TOTAL	**706,893**	**1,060,554**	**1,784,727**	**412,759**	**1,243,243**	**5,208,176**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.2 - Consolidated sales revenue by branch 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 Aug. 31, 2015 (1)						
AeroSafety	212,695	38,070	310,396	25,300	48,080	634,541
Aircraft Systems	762,640	88,815	388,672	–	80,441	1,320,568
Aerosystems activities	**975,335**	**126,885**	**699,068**	**25,300**	**128,521**	**1,955,109**
Aircraft Interiors activities	**547,558**	**623,446**	**1,700,195**	**86,289**	**19,157**	**2,976,645**
TOTAL	**1,522,893**	**750,331**	**2,399,263**	**111,589**	**147,678**	**4,931,754**
At Aug. 31, 2016						
AeroSafety	205,532	36,502	296,495	24,212	57,015	619,756
Aircraft Systems	812,177	84,705	429,755	–	86,496	1,413,133
Aerosystems activities	**1,017,709**	**121,207**	**726,250**	**24,212**	**143,511**	**2,032,889**
Aircraft Interiors activities	**593,102**	**642,397**	**1,855,651**	**60,285**	**23,852**	**3,175,287**
TOTAL	**1,610,811**	**763,604**	**2,581,901**	**84,497**	**167,363**	**5,208,176**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.3 - Consolidated sales revenue by branch with a breakdown of inter-segment revenue

(in thousands of euros)	Sales revenue including inter-segment	Inter-segment sales revenue	Consolidated sales revenue
At Aug. 31, 2015 (1)			
AeroSafety	664,047	(29,506)	634,541
Aircraft Systems	1,326,351	(5,783)	1,320,568
Aerosystems activities	**1,990,398**	**(35,289)**	**1,955,109**
Aircraft Interiors activities	**3,200,525**	**(223,880)**	**2,976,645**
TOTAL	**5,190,923**	**(259,169)**	**4,931,754**
At Aug. 31, 2016			
AeroSafety	658,400	(38,644)	619,756
Aircraft Systems	1,463,802	(50,669)	1,413,133
Aerosystems activities	**2,122,202**	**(89,313)**	**2,032,889**
Aircraft Interiors activities	**3,388,860**	**(213,573)**	**3,175,287**
TOTAL	**5,511,062**	**(302,886)**	**5,208,176**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.4 - Current operating income by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	41,129	5,354	67,432	1,472	2,963	118,350
Aircraft Systems	107,287	7,463	76,704	8	3,234	194,696
Aerosystems activities	**148,416**	**12,817**	**144,136**	**1,480**	**6,197**	**313,046**
Aircraft Interiors activities	**71,165**	**108,353**	**(189,369)**	**16,060**	**9,790**	**15,999**
Zodiac Aerospace	**(16,207)**	**–**	**939**	**–**	**–**	**(15,268)**
TOTAL	**203,374**	**121,170**	**(44,294)**	**17,540**	**15,987**	**313,777**
At Aug. 31, 2016						
AeroSafety	33,064	4,862	68,745	2,825	5,758	115,254
Aircraft Systems	138,883	11,655	83,787	864	4,797	239,986
Aerosystems activities	**171,947**	**16,517**	**152,532**	**3,689**	**10,555**	**355,240**
Aircraft Interiors activities	**40,915**	**108,637**	**(240,257)**	**3,526**	**9,388**	**(77,791)**
Zodiac Aerospace	**(7,810)**	**–**	**(44)**	**–**	**–**	**(7,854)**
TOTAL	**205,052**	**125,154**	**(87,769)**	**7,215**	**19,943**	**269,595**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.5 - Net income by branch

(in thousands of euros)	AeroSafety	Aircraft Systems	Aircraft Interiors activities	Zodiac Aerospace	Total
At Aug. 31, 2015 (1)					
Net income	77,847	132,688	11,074	(37,078)	184,531
At Aug. 31, 2016					
Net income	75,465	150,935	(102,432)	(16,090)	107,878

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.6 - Financial income by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	(1,486)	150	1,142	(381)	(175)	(750)
Aircraft Systems	(8,234)	(39)	80	–	(794)	(8,987)
Aerosystems activities	**(9,720)**	**111**	**1,222**	**(381)**	**(969)**	**(9,737)**
Aircraft Interiors activities	**427**	**(2,351)**	**(4,997)**	**5,255**	**147**	**(1,519)**
Zodiac Aerospace	**(16,583)**	**–**	**(1,086)**	**–**	**–**	**(17,669)**
TOTAL	**(25,876)**	**(2,240)**	**(4,861)**	**4,874**	**(822)**	**(28,925)**
At Aug. 31, 2016						
AeroSafety	(1,900)	327	539	638	(420)	(816)
Aircraft Systems	(7,787)	(26)	(32)	(264)	(304)	(8,413)
Aerosystems activities	**(9,687)**	**301**	**507**	**374**	**(724)**	**(9,229)**
Aircraft Interiors activities	**(650)**	**1,333**	**(12,247)**	**(2,753)**	**(862)**	**(15,179)**
Zodiac Aerospace	**(19,465)**		**2,130**	**–**	**–**	**(17,335)**
TOTAL	**(29,802)**	**1,634**	**(9,610)**	**(2,379)**	**(1,586)**	**(41,743)**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.7 - Income tax by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	(13,531)	(1,140)	(23,432)	(85)	(463)	(38,651)
Aircraft Systems	(33,166)	(2,951)	(23,851)	–	(541)	(60,509)
Aerosystems activities	**(46,697)**	**(4,091)**	**(47,283)**	**(85)**	**(1,004)**	**(99,160)**
Aircraft Interiors activities	**(23,852)**	**(22,154)**	**72,319**	**(6,226)**	**(1,650)**	**18,437**
Zodiac Aerospace	**8,424**	**–**	**(3,435)**	**–**	**–**	**4,989**
TOTAL	**(62,125)**	**(26,245)**	**21,601**	**(6,311)**	**(2,654)**	**(75,734)**
At Aug. 31, 2016						
AeroSafety	(11,154)	(1,006)	(24,838)	(814)	(728)	(38,540)
Aircraft Systems	(45,581)	(2,707)	(28,447)	(309)	(998)	(78,042)
Aerosystems activities	**(56,735)**	**(3,713)**	**(53,285)**	**(1,123)**	**(1,726)**	**(116,582)**
Aircraft Interiors activities	**(13,370)**	**(12,311)**	**95,021**	**(805)**	**(1,028)**	**67,507**
Zodiac Aerospace	**6,469**	**–**	**3,004**	**–**	**–**	**9,473**
TOTAL	**(63,636)**	**(16,024)**	**44,740**	**(1,928)**	**(2,754)**	**(39,602)**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

B - STATEMENT OF FINANCIAL POSITION ITEMS

Note 3.8 - Intangible assets and goodwill by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	5,045	12,347	73,078	29,774	2,947	123,191
Aircraft Systems	613,717	4,436	354,195	–	4,743	977,091
Aerosystems activities	**618,762**	**16,783**	**427,273**	**29,774**	**7,690**	**1,100,282**
Aircraft Interiors activities	**34,334**	**668,339**	**895,752**	**3,894**	**1,417**	**1,603,736**
Zodiac Aerospace	**17,503**	**–**	**(18)**	**–**	**–**	**17,485**
TOTAL	**670,599**	**685,122**	**1,323,007**	**33,668**	**9,107**	**2,721,503**
At Aug. 31, 2016						
AeroSafety	4,061	10,656	76,258	29,966	3,023	123,964
Aircraft Systems	620,677	4,714	351,650	–	4,350	981,391
Aerosystems activities	**624,738**	**15,370**	**427,908**	**29,966**	**7,373**	**1,105,355**
Aircraft Interiors activities	**36,925**	**562,126**	**920,155**	**3,997**	**1,515**	**1,524,718**
Zodiac Aerospace	**18,186**	**–**	**(18)**	**–**	**–**	**18,168**
TOTAL	**679,849**	**577,496**	**1,348,045**	**33,963**	**8,888**	**2,648,241**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.9 - Inventories by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	53,473	3,281	66,463	7,251	17,437	147,905
Aircraft Systems	211,869	19,572	91,942	–	16,640	340,023
Aerosystems activities	**265,342**	**22,853**	**158,405**	**7,251**	**34,077**	**487,928**
Aircraft Interiors activities	**128,010**	**114,072**	**554,626**	**13,484**	**42,580**	**852,772**
Zodiac Aerospace	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**393,352**	**136,925**	**713,031**	**20,735**	**76,657**	**1,340,700**
At Aug. 31, 2016						
AeroSafety	56,279	3,314	70,705	6,947	20,918	158,163
Aircraft Systems	206,685	22,224	97,658	–	18,781	345,348
Aerosystems activities	**262,964**	**25,538**	**168,363**	**6,947**	**39,699**	**503,511**
Aircraft Interiors activities	**134,193**	**108,695**	**542,068**	**25,249**	**46,408**	**856,613**
Zodiac Aerospace	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**397,157**	**134,233**	**710,431**	**32,196**	**86,107**	**1,360,124**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.10 - Trade receivables by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	46,811	6,340	58,808	5,278	9,933	127,170
Aircraft Systems	167,689	15,384	97,174	–	15,821	296,068
Aerosystems activities	**214,500**	**21,724**	**155,982**	**5,278**	**25,754**	**423,238**
Aircraft Interiors activities	**92,794**	**89,966**	**386,766**	**13,275**	**3,234**	**586,035**
Zodiac Aerospace	**1,717**	**–**	**–**	**–**	**–**	**1,717**
TOTAL	**309,011**	**111,690**	**542,748**	**18,553**	**28,988**	**1,010,990**
At Aug. 31, 2016						
AeroSafety	41,213	7,099	67,094	4,021	9,236	128,663
Aircraft Systems	168,246	13,622	83,654	–	13,961	279,483
Aerosystems activities	**209,459**	**20,721**	**150,748**	**4,021**	**23,197**	**408,146**
Aircraft Interiors activities	**102,608**	**115,168**	**405,197**	**9,011**	**3,732**	**635,716**
Zodiac Aerospace	**2,607**	**–**	**–**	**–**	**–**	**2,607**
TOTAL	**314,674**	**135,889**	**555,945**	**13,032**	**26,929**	**1,046,469**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.11 - Current and non-current provisions by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	19,734	136	11,497	303	611	32,281
Aircraft Systems	49,032	5,355	10,062	–	365	64,814
Aerosystems activities	**68,766**	**5,491**	**21,559**	**303**	**976**	**97,095**
Aircraft Interiors activities	**24,768**	**56,509**	**105,490**	**3,904**	**1,489**	**192,160**
Zodiac Aerospace	**3,865**	**–**	**–**	**–**	**–**	**3,865**
TOTAL	**97,399**	**62,000**	**127,049**	**4,207**	**2,465**	**293,120**
At Aug. 31, 2016						
AeroSafety	22,421	168	13,723	379	680	37,371
Aircraft Systems	52,783	5,359	12,601	–	182	70,925
Aerosystems activities	**75,204**	**5,527**	**26,324**	**379**	**862**	**108,296**
Aircraft Interiors activities	**35,600**	**64,199**	**98,662**	**1,220**	**1,915**	**201,596**
Zodiac Aerospace	**4,169**	**–**	**–**	**–**	**–**	**4,169**
TOTAL	**114,973**	**69,726**	**124,986**	**1,599**	**2,777**	**314,061**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.12 - Trade payables by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	11,716	1,052	16,174	2,562	3,080	34,584
Aircraft Systems	78,104	10,407	31,263	–	3,036	122,810
Aerosystems activities	**89,820**	**11,459**	**47,437**	**2,562**	**6,116**	**157,394**
Aircraft Interiors activities	**38,353**	**50,743**	**161,007**	**4,456**	**8,515**	**263,074**
Zodiac Aerospace	**12,348**	**–**	**–**	**–**	**–**	**12,348**
TOTAL (2)	**140,521**	**62,202**	**208,444**	**7,018**	**14,631**	**432,816**
At Aug. 31, 2016						
AeroSafety	14,157	1,523	13,935	2,286	4,803	36,704
Aircraft Systems	106,680	9,589	31,475	27	3,091	150,862
Aerosystems activities	**120,837**	**11,112**	**45,410**	**2,313**	**7,894**	**187,566**
Aircraft Interiors activities	**56,022**	**60,449**	**195,213**	**12,977**	**14,203**	**338,864**
Zodiac Aerospace	**15,621**	**–**	**–**	**–**	**–**	**15,621**
TOTAL (3)	**192,480**	**71,561**	**240,623**	**15,290**	**22,097**	**542,051**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

(2) Payments made from September 1 to September 10, 2015: €126.9 million.

(3) Payments made from September 1 to September 10, 2016: €184.7 million

Note 3.13 - Liabilities to employees and payroll liabilities by branch and by region

(in thousands of euros)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 (1)						
AeroSafety	20,118	582	5,238	271	2,268	28,477
Aircraft Systems	61,744	3,206	11,435	–	1,956	78,341
Aerosystems activities	**81,862**	**3,788**	**16,673**	**271**	**4,224**	**106,818**
Aircraft Interiors activities	**22,243**	**17,629**	**53,340**	**7,282**	**2,920**	**103,414**
Zodiac Aerospace	**8,370**	**–**	**–**	**–**	**–**	**8,370**
TOTAL	**112,475**	**21,417**	**70,013**	**7,553**	**7,144**	**218,602**
At Aug. 31, 2016						
AeroSafety	18,429	549	4,991	356	3,037	27,362
Aircraft Systems	68,215	3,567	11,702	–	2,780	86,264
Aerosystems activities	**86,644**	**4,116**	**16,693**	**356**	**5,817**	**113,626**
Aircraft Interiors activities	**17,280**	**18,716**	**57,977**	**9,406**	**3,902**	**107,281**
Zodiac Aerospace	**7,767**	**–**	**–**	**–**	**–**	**7,767**
TOTAL	**111,691**	**22,832**	**74,670**	**9,762**	**9,719**	**228,674**

(1) The Connected Cabin (formerly Entertainment) division which was, until August 31, 2015, included in the Aerosystems activities, was incorporated into the Aircraft Interiors activities at September 1, 2015, after the operational reorganization. The figures above reflect this reclassification.

Note 3.14 - The ratio of operational WCR to revenue [1]

(in %)	France	Other countries in Europe	USA	Other countries in the Americas	Rest of the world	Total
At Aug. 31, 2015 [2]						
AeroSafety	38.6%	20.4%	32.7%	41.2%	31.5%	34.2%
Aircraft Systems	38.8%	27.2%	33.1%	–	22.4%	35.3%
Aerosystems activities	**38.8%**	**25.3%**	**32.9%**	**41.2%**	**25.8%**	**35.0%**
Aircraft Interiors activities	**31.8%**	**18.4%**	**40.8%**	**27.7%**	**199.4%**	**34.7%**
Zodiac Aerospace	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**35.7%**	**19.5%**	**38.4%**	**30.8%**	**48.3%**	**34.6%**
At Aug. 31, 2016						
AeroSafety	35.5%	24.5%	40.3%	35.1%	33.4%	37.0%
Aircraft Systems	32.8%	31.7%	33.0%	–	21.1%	32.1%
Aerosystems activities	**33.3%**	**29.6%**	**36.0%**	**35.1%**	**26.0%**	**33.6%**
Aircraft Interiors activities	**27.5%**	**19.5%**	**40.0%**	**34.8%**	**152.8%**	**33.7%**
Zodiac Aerospace	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL	**30.4%**	**20.9%**	**38.9%**	**34.8%**	**44.1%**	**33.4%**

(1) Operational WCR = inventories + trade receivables - accounts payable.

(2) The Connected Cabin (formerly Entertainment) division which was. until August 31. 2015. included in the Aerosystems activities. was incorporated into the Aircraft Interiors activities at September 1. 2015. after the operational reorganization. The figures above reflect this reclassification.

The Working Capital Requirement to revenue ratio decreased from 34.6% in August 2015 to 33.4% of revenue (converted at the year-end rate) in August 2016.

NOTE 4 - REVENUE

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Sales of goods	4,834,383	4,533,186
Sales of services	373,793	398,567
Interest	1,935	1,853
Royalties	5,158	3,430
TOTAL	**5,215,269**	**4,937,036**

NOTE 5 - PERSONNEL COSTS

Note 5.1 - Breakdown of costs

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Payroll and fringe benefits [1]	1,553,928	1,469,985
Profit-sharing	10,912	13,760
Fair value of stock options and free shares	5,611	6,633
TOTAL [2]	**1,570,451**	**1,490,378**

(1) Including €696k in social security charges related to stock options at August 31, 2016 and €250k at August 31, 2015.

(2) Payroll increased by 5.4%, while the average workforce increased by 5.9%, from 31,171 to 33,015.

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:

Year of plan inception	Subscription price in euros	Exercisable until	Number of options not exercised at Aug. 31, 2016
Dec. 4, 2008	5.87	Dec. 4, 2016	101,675
Dec. 10, 2009	4.72	Dec. 10, 2017	256,290
Dec. 10, 2010	10.15	Dec. 10, 2018	408,790
Dec. 29, 2011	12.47	Dec. 29, 2019	246,150
Dec. 29, 2011	12.47	Dec. 29, 2019	269,950
May 13, 2013	18.91	May 13, 2021	446,337
Dec. 4, 2013	24.34	Dec. 4, 2021	432,006
Feb. 12, 2015	29.50	Feb. 12, 2023	664,215
TOTAL			**2,825,413**

Please note that following the approval of the resolutions by the General Meeting of January 14, 2016, stock options are no longer awarded.

The number of options granted during the fiscal year and their weighted average exercise price are shown below:

Number of options	2015/2016	2014/2015
At September 1	**3,685,468**	**4,133,720**
Issued	–	1,277,900
Canceled	(115,699)	(691,685)
Expired	(76,180)	(64,535)
Exercised	(668,176)	(969,932)
At Aug. 31	**2,825,413**	**3,685,468**

The exercise of stock options in fiscal year 2015/2016 resulted in the creation of the equivalent of 668,176 shares.

The 668,176 options exercised during fiscal year 2015/2016 resulted in the issue of 668,176 new shares between September 1, 2015 and August 31, 2016, at an average allocation price of €8.693.

The expense recorded for the fiscal year in respect of stock options and free shares amounted to €5,611k, compared with €6,633k in fiscal year 2014/2015.

To these amounts, social security charges of €696k were added in fiscal year 2015/2016, and €250k in fiscal year 2014/2015.

2) Free share awards

Under this annual plan, 694,821 free shares were awarded. For each beneficiary, apart from members of the Executive Committee (in which regard, see under "Compensation and Benefits," up to 100% of the total portion may be vested subject to continuing employment at the end of three years, i.e. on April 25, 2019 (except in the event of death), plus a performance condition for 50% of the total portion.

Subject to the performance condition, the shares are vested if the two targets defined in the Group's Business Plan are achieved over a period of three fiscal years: the average EBITA calculated over these three fiscal years and the organic growth rate of revenue, calculated over the same period. These targets will be compared to the achievement, at the end of the reference period, and the total of the two achievement rates, factorized according to their respective weight, will give the overall achievement rate of the performance target.

These shares will be vested as follows:

- 100%, if the performance target has an achievement rate of 100%;
- 50%, if the performance target has an achievement rate of 70%;
- from 50.01% to 100% by applying a straight-line progression percentage if the overall achievement rate of the performance target is comprised between 70% and 100%;
- no share if the overall achievement rate of the performance target is less than 70%.

	Shares 3 +2 awarded in April 2016 (1)	Shares 3 +0 awarded in April 2016 (2)
Fair value	€17.39	€19.42
Factors of the Black & Scholes evaluation model used:		
- share price on date of grant	€20.95	€20.95
- estimated volatility	40.00%	40.00%
- risk-free interest rate	-0.05%	-0.05%
- estimated dividend yield	1.50%	1.50%

(1) Three-year vesting period, two-year retention period.

(2) Three-year vesting period, no retention period.

3) Stock options and/or free shares for corporate officers:

1. Stock options

a. Until August 31, 2014:

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 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 2014/2015.

Two stock option exercises were carried out during the 2014/2015 fiscal year by a member of the Executive Board, one for 47,328 options and the other for 21,892 options. These exercises resulted in the creation of 69,220 shares.

b. Effective September 1, 2014

Executive corporate officers are no longer offered a choice between stock options and performance shares; they are only awarded performance shares, all of which are subject to a 100% 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 three years following the award date (additional to this condition is a retention period of two years after the vesting date).

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

The formula used to calculate the performance target is based on a period of three consecutive fiscal years fixed in the Group's Business Plan: the average EBITA calculated over those three fiscal years and the organic growth rate of revenue, calculated over the same period. These targets will be compared to the achievement, at the end of the reference period, and the total of the achievement rates, factorized according to their respective weight, will give the overall achievement rate of the performance target.

These shares will be vested as follows:

- 100%, if the performance target has an achievement rate of 100%;
- 50%, if the performance target has an achievement rate of 70%;
- from 50.01% to 100% by applying a straight-line progression percentage if the overall achievement rate of the performance target is comprised between 70% and 100%;
- no share if the overall achievement rate of the performance target is less than 70%.

4) Stock options and free shares for eligible Group employees

During the fiscal year, 230 employees who are not members of the Executive Committee were granted a total of 428,155 free shares (annual plan).

These free shares are subject to presence and performance conditions (for 50% of the total portion).

The 10 largest free share awards totaled 281,166 shares.

The 10 largest amounts of options exercised during the 2015/2016 fiscal year totaled 579,995 options.

Excluding members of the Executive Committee, the 10 largest amounts of options exercised during the fiscal year totaled 236,595 options.

NOTE 6 - CHANGE IN INVENTORIES [1]

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Change in inventories recognized during the fiscal year [2]	71,607	261,062
Inventory impairment charge recognized during the fiscal year	(64,206)	(28,401)
Reversals of inventory impairment during the fiscal year	12,027	5,026
TOTAL	**19,428**	**237,687**

(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 (converted at the fiscal year-end rate) was 26.1% at the end of August 2016, compared with 26.8% the previous fiscal year, on a like-for-like basis.

NOTE 7 - OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Gain/(loss) on sale of fixed assets	(2,174)	(496)
Restructuring costs	–	–
Other	1,375	381
TOTAL	**(799)**	**(115)**

NOTE 8 - NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Restructuring costs [1]	(2,200)	(4,484)
Impairment [2]	(57,540)	–
Amortization of intangible assets [3]	(17,482)	(20,322)
Acquisition costs	–	(1,995)
Other [4]	1,557	4,887
TOTAL	**(75,665)**	**(21,914)**

(1) At August 31, 2016, comprised essentially of restructuring on the two US production sites.

(2) Depreciation of the Contour trademark (see Note 13.2).

(3) Amortization of order books and customer portfolio measured as part of acquisitions.

(4) At August 31, 2016, this amount primarily included repayments in escrow linked to the acquisitions of Enviro Systems and Pacific Precision Products.

NOTE 9 - COST OF NET DEBT

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Financial income	1,935	1,854
Foreign exchange gains/(losses)	(467)	4,234
Difference between spot and forward currency rates	(5,011)	(3,273)
INCOME/(EXPENSES) RELATED TO CASH AND CASH EQUIVALENTS	**(3,543)**	**2,815**
COST OF GROSS DEBT	**(35,799)**	**(29,786)**
TOTAL	**(39,342)**	**(26,971)**

The cost of gross debt rose by €6.0 million, mainly due to our average outstanding debt which increased by around €100 million following the €60.6 million increase in our working capital requirement; an increase primarily in the US dollar as its financing cost exceeds that of the euro. In addition, there was the increase in our Club Deal credit margin due to the increase in net debt ratio/EBITDA recognized at August 31, 2015.

The average cost of our loans stood at 2.03% for the period, compared with 1.79% in the previous fiscal year; the full cost of our financial resources (including various bank charges) was 2.26%, compared with 2.04% in the previous fiscal year.

NOTE 10 - OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Net charges to and reversals of provisions	626	237
Net accretion expense on pension obligations (net of returns)	(3,027)	(2,191)
TOTAL	**(2,401)**	**(1,954)**

NOTE 11 - TAXES

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
1) Statement of financial position		
Deferred taxes:		
- Deferred tax assets	6,102	1,225
- Deferred tax liabilities	(148,323)	(163,433)
NET DEFERRED TAXES	**(142,221)**	**(162,208)**
Breakdown of net amount by category:		
- Employee benefits	64,061	58,543
- Depreciation of inventories, stocks and associated general expenditure	53,453	37,487
- Intercompany inventory profit	36,944	37,776
- Development costs	(165,278)	(156,438)
- Goodwill (1)	(187,406)	(187,463)
- Regulated provisions adjustments	(6,031)	(6,480)
- Other (2)	62,036	54,367
NET DEFERRED TAXES	**(142,221)**	**(162,208)**
2) Statement of profit and loss		
Deferred taxes and taxes payable:		
- deferred taxes	4,044	13,450
- taxes payable	(43,646)	(89,184)
TAXES	**(39,602)**	**(75,734)**
3) Unrecognized tax credits or tax losses (3)	**10,942**	**11,580**

(1) Including deferred tax liabilities on fiscally amortizable goodwill. At August 31, 2016, the amount of these deferred tax liabilities dropped by €11.5 million linked to the removal of the deferred tax on the Contour trademark.

(2) The change in this item is mainly due to the increase in provisions for contractual risks, for which a tax deduction is effective for the payment period in respect of these provisions.

(3) This amount at August 31, 2016 includes €608k to be used by August 31, 2017.

Effective tax rate

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Net income	**107,878**	**184,531**
Results of companies accounted for by the equity method	**(4,707)**	**(2,673)**
Income tax	**(39,602)**	**(75,734)**
Pre-tax income	**152,187**	**262,938**
Tax rate	**38.00%**	**38.00%**
Theoretical tax	(57,831)	(99,916)
Incidence of reduced-rate risk	–	–
Impact of tax rates in countries other than France	16,429	18,637
Tax credit on training	139	104
US manufacturing credit	–	–
Other [1]	1,661	5,441
CONSOLIDATED INCOME TAX	**(39,602)**	**(75,734)**
EFFECTIVE TAX RATE	**26.02%**	**28.80%**

(1) At August 31, 2016, this amount included for -€3,130k, the effect of the revaluation of France deferred taxes at the tax level of 34.43% in force starting from fiscal year 2016/2017.

Current tax assets are reported in the statement of financial position for a net amount of €144 million at August 31, 2016 and are primarily comprised of net tax receivables linked to fiscal deficits which will be recovered by the allocation to the tax paid for prior years, the down payments for corporate tax in France and in the USA, receivables for research, competitiveness and employment tax credit and VAT.

NOTE 12 - EARNINGS PER SHARE

		Aug. 31, 2016	Aug. 31, 2015
Numerator (in thousands of euros):			
Net income attributable to equity holders of the parent company [1]	(a)	105,894	184,762
Denominator:			
Weighted average number of shares for the fiscal year	(b)	276,858,756	275,737,932
Stock options and allocation of free shares		1,890,446	2,241,069
Diluted weighted average number of shares for the fiscal year	(c)	278,749,202	277,979,001
NET EARNINGS PER SHARE (in euros)	**(A) / (B)**	**0.382**	**0.670**
DILUTED NET EARNINGS PER SHARE (in euros)	**(A) / (C)**	**0.380**	**0.665**
NET EARNINGS PER SHARE RESTATED FOR IFRS 3 IMPACT (in euros) [2]		**0.591**	**0.724**
DILUTED NET EARNINGS PER SHARE RESTATED FOR IFRS 3 IMPACT (in euros) [2]		**0.587**	**0.718**

(1) Pursuant to IAS 33, net income attributable to equity holders of the parent company used as a basis to calculate net earnings per share, was restated for the net interest on the hybrid loan.

(2) At August 31, 2016, net income is restated for the depreciation of the Contour trademark.

NOTE 13 - INTANGIBLE ASSETS AND GOODWILL

Note 13.1 - Goodwill

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Change [1]	Impairment	Balance at Aug. 31, 2016
Gross	2,134,845	(25,573)	–	(2,826)	–	2,106,446
Impairment	111,491	268	–	–	–	111,759
Net goodwill	**2,023,354**	**(25,841)**	**–**	**(2,826)**	**–**	**1,994,687**

(1) Change in the goodwill amount on Enviro Systems, in the one year period after its acquisition.

The cash-generating units and groups of cash-generating units (CGU) identified by the Group within the meaning of IAS 36, "Impairment of Assets," mirror the functional organizational structure of the Group, by business branch, or for the Aircraft Systems branch, by product line. They are nine in total.

Net goodwill is broken down as follows:

(in millions of euros)	Aug. 31, 2016 Gross	Aug. 31, 2016 Impairment	Aug. 31, 2016 Net	Aug. 31, 2015 Net
CGU [1]:				
AeroSafety	106.0	4.9	101.1	95.9
Aircraft	496.4	40.1	456.3	468.7
Telemetry	48.6	12.6	36.0	36.0
Water and waste	168.8	27.9	140.9	138.5
Connected Cabin	57.9	–	57.9	57.2
Seats	348.2	26.3	321.9	352.3
Commercial Interiors	443.8	–	443.8	450.8
Premium Interiors	237.3	–	237.3	217.7
Equipment	199.4	–	199.4	206.3
TOTAL	**2,106.4**	**111.8**	**1,994.6**	**2,023.4**

(1) See definition in Note 1-W.

The impairment tests described in paragraph W 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 equivalent to the Group's weighted average cost of capital. This rate is 8.0% for all CGUs;
- 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. 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 1.15 over the entire period and crossed exchange rates against the dollar for the other transaction currencies (GBP, CAD, MXN, THB, CZK), based on the same 1.15 relation.

The Group is sensitive, for the most part, to four factors:

- the euro/dollar exchange rate;
- the discount rate;
- the trend of the long-term growth rate;
- trend of the margin rate.

Sensitivity tests conducted in this regard changed these assumptions as follows:

- change in the euro/dollar exchange rate between the closing rate of 1.11 and 1.15;
- 0.5% change in the discount rate applied;
- less than 0.5% change in the long-term growth rate;
- negative trend of the margin rate on Seats and Commercial Interiors activities;

with the exception of the Commercial Interiors, Premium Interiors and Connected Cabin CGUs, for which the assets and cash flow are in dollars and have not been tested on the euro/dollar exchange rate.

Taken separately or cumulatively, these changes in assumptions do not result in the recording of impairment losses.

A change of +€0.04 in the euro/dollar exchange rate would not lead to recognizing any loss of value. A loss of value would be recognized if the euro/dollar exchange rate was 1.39 with a discount rate of 8.00%.

A change of +0.5% in the discount rate would not result in the Group recognizing an impairment of assets.

Note 13.2 - Intangible assets: gross

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2016
Set-up costs	101	–	–	–	–	–	101
Development costs (1)	561,003	1,548	–	65,231	(1,729)	–	626,053
Patents and registered trademarks	153,270	(9,372)	–	8	(58,041)	–	85,865
Software	93,245	(523)	–	8,166	(1,871)	2,235	101,252
Certifications and other	188,941	(8,555)	–	11,420	(9)	3,776	195,573
TOTAL	**996,560**	**(16,902)**	**–**	**84,825**	**(61,650)**	**6,011**	**1,008,844**

(1) Costs incurred essentially in respect of the A350, G8000, Embraer E-Jet, A330 and B777X programs. The development costs maintained in operating income after capitalization and invoicing to customers, and not including amortization of capitalized development costs, amounted to €298.6 million in 2015/2016, contrasted with €268.9 million in 2014/2015, representing a change of 11%, and 8.3% at like-for-like exchange rates, as the result of an increased effort in our self-financed work, particularly in the Aircraft Systems and Seats branches.

The decrease in the “Patents and registered trademarks” item includes €57,540k linked to the removal from the financial statements of the Contour trademark which was fully depreciated in fiscal year 2015/2016. This brand which had been acquired by Zodiac Seats UK Limited in 2012, is no longer used after all the Seats branch companies changed their commercial name (no other Seats branch company had a brand value recognized on the statement of financial position). The cost of this impairment is presented on the “Non-current operational items” line of the statement of profit and loss and generates a reduction of the consolidated tax expense of €11,508k.

Note 13.3 - Intangible assets: amortization

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2016
Set-up costs	101	–	–	–	–	–	101
Development costs (1)	124,004	410	–	37,865	(1,729)	–	160,550
Patents and registered trademarks (2)	10,559	44	–	58,061	(58,025)	(8)	10,631
Software	73,918	(243)	–	9,630	(1,829)	18	81,494
Certifications and other	89,829	(5,072)	–	17,763	(6)	–	102,514
TOTAL	**298,411**	**(4,861)**	**–**	**123,319**	**(61,589)**	**10**	**355,290**
NET AMOUNT OF INTANGIBLE ASSETS	**698,149**	**(12,041)**	**–**	**(38,494)**	**(61)**	**6,001**	**653,554**

(1) Amortizations applied primarily to the A380, B787 and A350 programs.
(2) Increase and decrease flows are impacted by the Contour trademark which was depreciated and removed from the financial statements for €57,540k (see Note 13.2).

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

At August 31, 2016, the building classified as held for sale, for a value of €686k was an AeroSafety branch production building, closed in 2009/2010 located in Liberty (USA), for which the sales process has been maintained.

Note 14.1 - Property, plant and equipment: gross

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2016
Land and land development	20,860	125	–	17	(82)	–	20,920
Buildings and improvements	337,106	(890)	–	13,373	(3,254)	9,335	355,670
Equipment, furnishings, fixtures and other	813,400	(77)	–	75,382	(28,439)	21,645	881,911
Assets under construction	45,281	14	–	36,583	(274)	(32,261)	49,343
TOTAL	**1,216,647**	**(828)**	**–**	**125,355**	**(32,049)**	**(1,281)**	**1,307,844**

Note 14.2 - Property, plant and equipment: depreciation

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Increases	Decreases	Reclassifi-cations	Balance at Aug. 31, 2016
Land and land development	1,978	6	–	147	(30)	–	2,101
Buildings and improvements	169,212	(503)	–	17,317	(2,982)	1,890	184,934
Equipment, furnishings, fixtures and other	581,449	(366)	–	73,093	(25,074)	(1,281)	627,821
TOTAL	**752,639**	**(863)**	**–**	**90,557**	**(28,086)**	**609**	**814,856**
NET AMOUNT OF PROPERTY, PLANT AND EQUIPMENT	**464,008**	**35**	**–**	**34,798**	**(3,963)**	**(1,890)**	**492,988**

Finance leases

Property, plant and equipment include the following leased assets:

(in thousands of euros)	Aug. 31, 2016
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 - TRADE RECEIVABLES

In accordance with IAS 39, the Group derecognizes trade receivables once contractual rights to cash flows and most of the risks and benefits attached to those receivables have been transferred. The amount of receivables transferred stood at €97 million at August 31, 2016 compared to €71 million at August 31, 2015.

Transfers of receivables where there may be recourse against the transferor in the event of financial default of the debtor are not derecognized. The costs of transferring the receivables are included in financial income.

NOTE 16 - OTHER NON-CURRENT FINANCIAL ASSETS

The other non-current financial assets, recognized on the statement of financial position in the amount of €12,257k, are comprised primarily of the following:

- an account remunerated at the EONIA rate totaling €4,851k [(1)];
- financial instruments totaling €165k;
- the remaining balance is composed essentially of deposits and guarantees.

(1) Cash amounts representing the unused balance at August 31, 2016 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, 2016	Aug. 31, 2015
Components and sub-assemblies	928,734	864,365
Work in progress	321,850	351,900
Finished products	333,984	297,642
GROSS TOTAL	**1,584,568**	**1,513,907**
PROVISIONS FOR IMPAIRMENT	**224,444**	**173,207**
TOTAL	**1,360,124**	**1,340,700**

No inventory items have been offered as collateral for liabilities.

NOTE 18 - OTHER CURRENT ASSETS

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Other payables	18,915	8,129
Prepaid expenses	**29,252**	**30,526**
TOTAL	**48,167**	**38,655**

NOTE 19 - CASH

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
CASH AND CASH EQUIVALENTS (1)	**268,780**	**163,616**
Current financial liabilities	(340,968)	(598,661)
Commercial paper and other lines of short-term credit	319,500	586,500
Current portion of long-term loans and reimbursable advances	1,846	1,329
BANK BORROWINGS	**(19,622)**	**(10,832)**
NET CASH	**249,158**	**152,784**

(1) The "Cash and cash equivalents" item is composed solely of our 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 - EQUITY

Note 20.1 - Capital

	Number of shares (in thousands)	Capital (in thousands of euros)	Share premium (in thousands of euros)	Total (in thousands of euros)
AT AUG. 31, 2014	**288,434**	**11,537**	**133,182**	**144,719**
Premium-related costs	–	–	–	–
Options exercised	970	39	8,798	8,837
Dividends	–	–	–	–
AT AUG. 31, 2015	**289,404**	**11,576**	**141,980**	**153,556**
Premium-related costs	–	–	–	–
Options exercised	668	27	5,781	5,808
Dividends	–	–	–	–
AT AUG. 31, 2016 (1)	**290,072**	**11,603**	**147,761**	**159,364**

(1) Including, at August 31, 2016, 12,919,000 treasury shares representing 4.5% of the capital.

Note 20.2 – Hybrid loan

Zodiac Aerospace set up a hybrid instrument on March 22, 2016 for an amount of €250 million. This instrument has an unlimited life span. This instrument can be redeemed at the Company's hand in the second year anniversary date of its arrangement, i.e., on March 22, 2018 and subsequently at each payment date for quarterly coupons. The coupon amount is equal to the rate of the 3-month Euribor for the period, increased by a fixed margin until March 22, 2018; on that date, this margin will be adjusted upward by a fixed supplement until March 22, 2020, which will be the last date for making the upward fixed adjustment applicable to the life of the instrument. In case the Company does not pay dividends to its shareholders, it could, in a discretionary manner, report the payment of the instrument's coupon, which would then be capitalized. This instrument does not give entitlement to capital in any form whatsoever.

NOTE 21 - FINANCIAL LIABILITIES

Note 21.1 - Breakdown of financial liabilities

(in thousands of euros)	Interest rate [1]	Maturity	Aug. 31, 2016	Aug. 31, 2015
A. Non-current financial liabilities				
Confirmed Club Deal (EUR)	–	(3)	–	–
Confirmed Club Deal (USD)	1.397	(3)	335,826	287,291
Confirmed Club Deal (GBP)	–	(3)	–	–
Euro PP (EUR)	3.536	(4)	230,000	125,000
Schuldschein (EUR)	2.680	(4)	402,000	402,000
Loan costs	–		(5,348)	(5,848)
Other borrowings and unconfirmed credit, non-current portion	NS	(5)	22,228	23,205
TOTAL [2]			**984,706**	**831,648**
B. Current financial liabilities				
Commercial paper (EUR)	0.127		319,500	453,500
Schuldschein (EUR)	–	(4)	–	133,000
Bank overdrafts, spot lines, other borrowings and unconfirmed loans, current portion	NS	(6)	21,468	12,161
TOTAL			**340,968**	**598,661**
CURRENT AND NON-CURRENT FINANCIAL LIABILITIES			**1,325,674**	**1,430,309**

(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, 2016):

Breakdown by maturity		Breakdown by currency	
2017/2018	244,815	Euro	647,721
2018/2019	745	US dollar	336,985
2019/2020	159,700	Canadian dollar	–
After 2020	579,446	Pound sterling	–

(3) On March 14, 2014, the Group set up a Club Deal in the amount of €1,030 billion for a period of five years, renewable for an additional year at the request of Zodiac Aerospace for each of the subsequent two years. The Group therefore used its contractual option to extend the maturity for an additional year and this extension was accepted by all banks participating in the Club Deal. The initial maturity date was therefore extended to March 11, 2021.

(4) In March 2016, Zodiac Aerospace arranged for a Euro PP funding of €230 million for a period of seven years, maturing in March 2023, which it used to refinance the existing Euro PP of €125 million, maturing in July 2018, and anticipating the reimbursement of the first payment of €133 million of the Schuldschein in July 2016. After meeting this first payment, the Group has an amount of €402 million under the Schuldschein arranged in July 2013:

- €243 million maturing in 2018;
- €159 million maturing in 2020.

(5) Mainly after 2017.

(6) One to three months, renewable.

Note 21.2 - Covenants

The Group is only bound by one bank covenant, with respect to the Club Deal, the Euro PP and the Schuldschein, which is the ratio of "adjusted net debt to adjusted EBITDA," as defined in the loan agreements. This ratio must be 3.00 or less on August 31, 2016 and at the close of the subsequent fiscal years.

In July 2016, the Group renegotiated the definition of Net Financial Debts, which no longer includes the impact of the fair value of its currency exchange hedges, for a total amount of 95% of its funding. Negotiations are ongoing to obtain this change on the remaining 5%.

At August 31, 2016, the Group's net debt, defined as the sum of current and non-current liabilities minus cash and cash equivalents, stood at €1,056.9 million versus €1,266.7 million at August 31, 2015. Net financial debt adjusted for the mark-to-market impact of currency hedges stood at €1,078.4 million.

The covenant based on the ratio between Net debt, i.e., €1,056.9 million and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) adjusted for miscellaneous items stipulated by contract, i.e. €414.7 million, had been met at August 31, 2016 with a ratio of 2.55. It is also respected in its definition including the fair value of currency hedges by amounting to 2.60.

NOTE 22 - PROVISIONS

Note 22.1 - Current provisions

(in thousands of euros)	Amount at Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Changes during the fiscal year: Charges	Reversals (provisions used)	Reversals (provisions unused)	Reclassifi-cations	Balance at Aug. 31, 2016
Guarantees	77,622	56	–	35,752	(18,345)	(6,272)	(1,325)	87,488
Litigation and insurance deductibles	2,784	4	–	3,659	(1,026)	(510)	837	5,748
Restructuring and diversification	654	3	–	129	(496)	–	–	290
Taxes other than income tax	1,110	1	–	113	(225)	(863)	(17)	119
Miscellaneous (1)	88,877	14	–	56,186	(62,036)	(11,698)	379	71,722
TOTAL CURRENT	**171,047**	**78**	**–**	**95,839**	**(82,128)**	**(19,343)**	**(126)**	**165,367**

(1) "Miscellaneous" current provisions relate mainly to provisions for losses to completion and penalties on various commercial agreements.

Warranty provisions

Warranty provisions include general statistical provisions and provisions for specific warranties and for post-delivery finishing work.

Provisions for miscellaneous current risks

The theoretical maximum exposure for all possible compensation payments to customers in connection with commercial relations with them is €82.3 million, a portion of which is being contested by the Group. Corresponding current provisions are €58.2 million. These provisions correspond to the best estimates by the managements concerned.

Our Group has also issued claims totaling €45.9 million against a number of customers for miscellaneous additions that the Group considers contractually due and which were the subject of counter-claims from those same customers for an amount of €25.9 million, i.e., a new balance of €20 million of which €13.5 million have been recognized in the Group's financial statements.

Note 22.2 - Non-current provisions

(in thousands of euros)	Amount at au Aug. 31, 2015	Currency translation adjustments	Change in consolidation scope	Changes during the fiscal year: Charges	Reversals (provisions used)	Reversals (provisions unused)	Reclassifi-cations	Balance at Aug. 31, 2016
Pension plans and lump-sum retirement benefits	111,528	126	–	9,426	(3,720)	(671)	19,386	136,075
Other	10,545	9	–	2,246	(169)	(28)	16	12,619
TOTAL NON-CURRENT	**122,073**	**135**	**–**	**11,672**	**(3,889)**	**(699)**	**19,402**	**148,694**

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 €77.2 million in fiscal year 2015/2016, compared with €73.5 million for fiscal year 2014/2015.

2. Defined-benefit pension and medical insurance plans

The best estimate of the contributions to be paid into the plan for fiscal year 2016/2017 is €6.0 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 Paragraph T of Note 1, "Accounting principles").

The Group has adopted the following main actuarial assumptions:

Assumptions	2015/2016	2014/2015
Discount rate	0.78%	1.85%
Estimated future increase in salaries	2.50%	3.0%
Employee turnover rate	< 30 years = 4.37% p.a. 30-53 years = 1.54% p.a. > 53 years = 0.23% 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 11-13.

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 Paragraph T 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. 13, 2016	John Hancock Plan Services
Avox Systems	Sept. 19, 2016	Burke Group

The plan uses the following main actuarial assumptions:

Assumptions	2015/2016	2014/2015
Discount rate	3.19%	4.15%

These assets were invested as follows:

- for Air Cruisers, 39% in equities, 41% in bonds, and 20% in real estate income and other investments;
- for Avox Systems, 72% in equities, 21% 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: €12,341k in equities, €8,250k in bonds and €3,740k in real estate income and other investments.

Two US companies of the Group (Mag Aerospace Industries Inc. and Pioneer Aerospace Corp.) belong, for those of their employees who are union members, to a multi-employer defined-benefits retirement plan, sponsored by the said unions and organized on the principle of pooling of risks among all participants (several hundreds of employers). The employers therefore finance the plan through a contribution rate determined by the Board of Trustees and applicable in the same manner to all participants.

Pursuant to the amendment to IAS 19 (revised), these plans are recognized as defined-contribution schemes. The "employer" contributions paid for fiscal year 2015/2016 for the two plans amounted to US$374k and US$114k.

2.3 Germany

The Group maintains an ongoing defined-benefit plan for Sell GmbH valued at €43,476k. Plan membership includes 1,587 active employees, 150 employees taking early retirement, 318 retired employees and 91 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 74% of those covered by pension provision.

The actuarial method applied is the Projected Unit Credit Method (cf. Paragraph T of Note 1 "Accounting principles"). The discount rate applied for fiscal year 2015/2016 is 0.78% with an assumed salary increase of 3%.

The plan uses the following main actuarial assumptions:

Assumptions	2015/2016	2014/2015
Discount rate	0.78%	1.85%

3. Change in the financial position of defined-benefit plans

3.1 Net pension charge recognized in the statement of profit and loss

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Cost of services provided	6,251	6,293
Interest expense on the obligation	3,335	3,047
Interest income on plan assets	(1,078)	(1,109)
Cost of services provided	1,258	2
Plan settlements	–	–
Plan curtailments	–	–
TOTAL CHARGE FOR THE FISCAL YEAR	**9,766**	**8,233**

3.2 Reconciliation of the amount recognized in the statement of financial position

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Actuarial liability arising on funded plans	40,186	36,857
Fair value of funded plans (1)	(24,327)	(24,202)
DEFICIT (SURPLUS) ON FUNDED PLANS	**15,859**	**12,655**
Actuarial liability arising on non-funded plans	120,216	98,873
Cap on contingent assets	–	–
PROVISIONED IN THE STATEMENT OF FINANCIAL POSITION	**136,075**	**111,528**

(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, 2016	Aug. 31, 2015
ACTUARIAL LIABILITY AT THE START OF THE FISCAL YEAR	**135,730**	**126,551**
Cost of services provided during the period	6,251	6,293
Interest expense	3,335	3,047
Actuarial gains and losses based on experience	(1,192)	(2,809)
Actuarial gains and losses based on changes in demographic assumptions	3,523	1,698
Actuarial gains and losses based on changes in financial assumptions	16,444	578
Currency translation adjustments	307	5,363
Benefits paid	(5,255)	(4,994)
Past service cost	1,258	3
Plan settlement	–	–
Change in consolidation scope and other influences	–	–
ACTUARIAL LIABILITY AT THE END OF THE FISCAL YEAR (1)	**160,401**	**135,730**

(1) Includes €40,186k for funded plans and €120,216k for unfunded plans.

3.4 Change in the fair value of the funds underlying funded plans

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
FAIR VALUE AT THE START OF THE FISCAL YEAR	**(24,202)**	**(21,574)**
Interest income on plan assets	(1,078)	(1,109)
Actuarial gains and losses based on experience	234	709
Actuarial gains and losses based on changes in demographic assumptions	–	–
Actuarial gains and losses based on changes in financial assumptions	(603)	282
Employer contributions and benefits paid	1,501	1,244
Currency translation adjustments	(179)	(3,754)
FAIR VALUE AT THE END OF THE FISCAL YEAR	**(24,327)**	**(24,202)**

NOTE 23 - OTHER CURRENT LIABILITIES

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Other payables	56,287	54,329
Amounts owed to customers	146,908	203,420
Deferred income	39,434	34,360
TOTAL	**242,629**	**292,109**

NOTE 24 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Note 24.1 - Off-balance sheet commitments

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Commitments given		
Long-term rentals (1) (2)	268,063	220,840
Other guarantees given (3)	13,394	11,899
Collateral	–	–
Commitments received under contracts	–	–

(1) This amount includes commitments on revocable and irrevocable leases.

(2) The variance between fiscal years includes -€2.7 million relating to exchange rate fluctuations.

(3) Including a €1,527k 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:

- posted a guarantee bond at 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 may not exceed €10 million;
- provided the following guarantees in the course of securing major sales contracts gained by subsidiary companies:
  - in December 2010, in favor of American Airlines, on behalf of Zodiac Seats US LLC and C&D Zodiac Inc., maturing on December 31, 2016;
  - in May 2015 (as amended in November 2015), in favor of Airbus, on behalf of Zodiac Inflight Innovations, for the duration of its contractual obligations.

Operating lease commitments

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
- Within 1 year	48,363	42,633
- 1 to 5 years	147,250	130,827
- Over 5 years	72,450	47,380
Minimum payments	268,063	220,840

Note 24.2 - Contingent liabilities

Only one identified contingent liability which 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

The Group's related parties are as follows: Zodiac Aerospace S.A. shareholders (including FFP Invest and Fonds Stratégique de Participations), companies controlled by the aforementioned shareholders, companies subject to joint control or significant influence, corporate officers and members of the Supervisory Board.

1.1 Relations with affiliates

Transaction amounts for fiscal year 2015/2016 are as follows:

(in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Revenue and other revenues from operations	35,334	29,231
Purchases used in the business and other external costs	2,240	2,182
Financial income	706	561
Loans and other receivables	50,924	35,434
Borrowings and other payables	2,251	1,758

1.2 Transactions with the main corporate officers

a) Salaries and benefits of members of the Executive Board [(1)]

(in euros)	Fixed	Variable	Benefits in kind	Total
TOTAL [(2)]	1,266,274	25,343	28,082	1,319,699

(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) A breakdown of this total is provided in the "Compensation and benefits" chapter.

b) Stock options and free shares

	Total	
	Plan 2011 b[(1)]	Plan of April 25, 2016
1. Stock options:		
Unexercised options at Aug. 31, 2015	160,000	
Awards for the fiscal year	–	
Options exercised in 2015/2016	40,000	
Unexercised options at Aug. 31, 2016	120,000	
Exercise price (in euros)	12.47	
Expiration date	Dec. 29, 2019	
2. Free shares:		
Shares in vesting period at Aug. 31, 2015		–
Awards for the fiscal year		135,000
Date of right to purchase		April 25, 2019
Shares vested at Aug. 31, 2016		–
Shares pending vesting at Aug. 31, 2016		135,000

(1) Concerns Maurice Pinault only (plan of Dec. 29, 2011).

1.3 Compensation of Restricted Executive Committee members

a) Compensation

Their total compensation paid for fiscal year 2015/2016 amounted to €3,536k fixed and €494k variable, plus €74k benefits in kind, for a total of €4,104k, 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 €4,135k fixed and €1,565k variable, plus €85k benefits in kind, for a total of €5,785k.

In addition to their fixed salary, Members of the Restricted 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:

- either using an identical formula to that applicable to corporate officers who are members of the Executive Committee,
- or, according to a formula constituted of components with a "different weighting", including the elements below:
  - for 30% of the amount at stake, an identical formula to that applicable to corporate officers who are members of the Executive Committee,
  - for 70% of the amount at stake (on their own area of responsibility):

    (A) Average of the current operating income for fiscal year "n -1" and budget for "n," calculated by keeping the currency impact of the transaction currencies at their actual exchange rate and using a constant exchange rate (Group rate) to convert the net income and targets of companies whose conversion currency is other than the euro;

    (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 may go up to 100% of the maximum bonus rate 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 0% if under 75% of the target is achieved.

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

b) Stock options and free shares

For this fiscal year, the Executive Committee members (Corporate Officers included) were awarded a total quantity of 266,666 free shares, fully subject to performance conditions, with a vesting date of April 25, 2019, and transferability date of April 25, 2021.

Stock options are no longer awarded.

NOTE 26 - POST YEAR-END EVENTS

There were no material post year-end events.

NOTE 27 - LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2016

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
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	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 Bahrain	United Arab Emirates	51.00
E Dyer Engineering Ltd	UK	100.00
Engineered Arresting Systems Corp.	USA	100.00
Enviro Systems	USA	100.00
Esco Airport Safety Technologies (Beijing) Co., Ltd	China	55.00
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 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
IN Services Asia	Hong Kong	100.00
Innovative Power Solutions LLC	USA	100.00
Mag Aerospace Industries Inc.	USA	100.00
Monogram Train LLC	USA	100.00
MTA Plateforme d'Essais	France	100.00

Fully consolidated companies	Country	Group's % interest
Northwest Aerospace Technologies	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	France	100.00
Zodiac Aero Duct Systems	France	100.00
Zodiac Aero Electric	France	100.00
Zodiac Aerosafety Systems	France	100.00
Zodiac Aerospace Equipo de Mexico	Mexico	100.00
Zodiac Aerospace Germany Investment GmbH	Germany	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	Singapore	100.00
Zodiac Aerospace Services Europe	France	100.00
Zodiac Aerospace Services Middle East DWC LLC	United Arab Emirates	100.00
Zodiac Aerospace Services UK Ltd	UK	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Investment Ltd	UK	100.00
Zodiac Aerotechnics	France	100.00
Zodiac Aircargo Equipment BV	Netherlands	100.00
Zodiac Aircargo Equipment Ltd	Thailand	100.00
Zodiac Aircatering Equipment Europe BV	Netherlands	100.00
Zodiac Aircatering Equipment (Thailand) Ltd	Thailand	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Cabin & Structure Support	USA	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Cabin Interiors Europe	France	100.00

Fully consolidated companies	Country	Group's % interest
Zodiac Coating	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	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	France	100.00
Zodiac Fluid Equipment	France	100.00
Zodiac Galleys Europe SRO	Czech Republic	100.00
Zodiac Hydraulics	France	100.00
Zodiac Inflight Innovations	USA	100.00
Zodiac Seats California	USA	100.00
Zodiac Seats France	France	100.00
Zodiac Seats Shell US LLC	USA	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Seats UK Ltd	UK	100.00
Zodiac Seats US LLC	USA	100.00
Zodiac Services Americas LLC	USA	100.00
Zodiac US Corporation	USA	100.00

Consolidated company by the equity method	Country	Group's % interest
EZ Air Interior Ltd	Ireland	50.00

Report of the Statutory Auditors
on the Consolidated 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, 2016:

- the audit of the consolidated financial statements of the Zodiac Aerospace Company, as appended to this report;
- the justification of 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 financial statements based on our audit.

I. Opinion on the consolidated 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 that the consolidated 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 that we have obtained is sufficient and appropriate to provide a basis for our audit 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 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:

- 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 verified that Note 1-J of the Notes to the Consolidated Financial Statements is appropriately disclosed.
- Notes 1-D, 1-I and 1-W 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.
- With regard to provisions for risks and litigation, we verified that there are procedures in force in your Group to identify, assess and recognize such provisions under satisfactory conditions. We also ensured that the items identified during the implementation of these procedures were described in appropriate terms in the Notes to the Consolidated Financial Statements, specifically Note 1-D, "Use of estimates and assumptions," and Note 22, "Provisions."

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 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 carried out the specific verifications required by law on the information presented in the Group's management report.

We have no comments to make on the fair presentation and consistency with the consolidated financial statements.

Paris-La Défense, December 13, 2016

The Statutory Auditors

Fidaudit (a member of the Fiducial network)	Ernst & Young Audit
Bruno Agez	Valérie Quint

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)	2016	2015	2016	2015	2016	2015	2016	2015	2016		2015	
Audit												
Auditing, certification, review of individual and consolidated financial statements:												
- Issuer	225	184	5.5%	4.8%	165	162	51.2%	46.3%	57.7%	42.3%	53.2%	46.8%
- Fully consolidated subsidiaries	3,580	3,405	88.0%	88.1%	157	178	48.8%	50.8%				
Portion for coordination of the international network	*141*	*140*	*3.5%*	*3.6%*	*48*	*48*	*14.9%*	*13.7%*				
Other reviews and services directly linked to the auditing engagement of the statutory auditor:												
- Issuer	60	56	1.5%	1.4%	–	–	–	–				
- Fully consolidated subsidiaries	69	112	1.7%	2.9%	–	–	–	–				
SUBTOTAL	**3,934**	**3,757**	**96.7%**	**97.2%**	**322**	**340**	**100%**	**97.1%**	**92.4%**	**7.6%**	**91.7%**	**8.3%**
Other services provided by the networks to the fully consolidated subsidiaries												
Legal, tax, social	135	108	3.3%	2.8%	–	10	0.0%	2.9%				
Other	–	–	0.0%	0.0%	–	–	0.0%	0.0%				
SUBTOTAL	**135**	**108**	**3.3%**	**2.8%**	**-**	**10**	**0.0%**	**2.9%**	**100%**	**0.0%**	**91.5%**	**8.5%**
TOTAL	**4,069**	**3,865**	**100%**	**100%**	**322**	**350**	**100%**	**100%**	**92.7 %**	**7.3%**	**91.7%**	**8.3%**

ZODIAC AEROSPACE PARENT COMPANY FINANCIAL STATEMENTS

Report of the Supervisory Board

to the Combined General Meeting on January 19, 2017

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, 2016 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 eight times (including twice on January 14, 2016).

At the height of the Board's concerns were the industrial restructuring problems. Consequently, the Board created a temporary Strategy Committee composed of four Board members that would assist the Executive Board during this period of operational difficulties and provide Supervisory Board members with regular updates on the Group's operations until such time as the problems with some of the Aircraft Interiors activities were resolved.

The Executive Board introduced a new structure for the Group in response to an existing structure that was decentralized, divided and compartmentalized and to an Executive Committee that had too many members. The new structure involved establishing a Restricted Executive Committee, appointing a Group Chief Operating Officer, and strengthening the Human Resources and Legal functions. The Executive Board comprised three members during the fiscal year, thanks to arrival on the Board of Yannick Assouad,(1) Chief Executive Officer of the Cabin branch, on November 23, 2015. Mrs. Assouad announced she would be leaving the Group at the end of October 2016 and stepped down as member of the Executive Board with effect from September 9, 2016.

The Supervisory Board reappointed the Executive Board Chairman on November 17, 2015 for a four-year term.

The Supervisory Board renewed the Supervisory Board Chairman's term of office, which will expire at the end of the General Meeting held to approve the financial statements for the fiscal year ended August 31, 2017.

On the recommendation of the Appointments Committee, the Supervisory Board unanimously approved the granting to Gilberte Lombard of a special assignment consisting in handling relations between the Supervisory Board and Company shareholders on a temporary basis.

The Supervisory Board authorized Zodiac Aerospace to provide Boeing with a performance guarantee for current contracts involving the C&D Zodiac Inc. and Zodiac Seats US subsidiaries.

During the fiscal year, due to the exercise of stock options and the award of free shares, the Company's capital at August 31, 2016 amounted to €11,602,897.32, made up of 290,072,433 shares.

The Supervisory Board also authorized the requalification of 400,000 treasury shares and their allocation to an account entitled "Allocation to employees under stock option plans and/or free share awards."

(1) Yannick Assouad resigned from her term of office as member of the Executive Board with effect from September 9, 2016.

From January 1 to October 31, 2016, the share's average comparable price stood at €19.89 against €29.03 over the same period the previous fiscal year. The market close high/low for that same period was €24.14/€15.40 compared with €35.73/€19.40 in 2015. Daily stock transactions remained highly active with some 1,200,000 trades.

The Executive Board will ask you to renew the authorization granted by the Combined General Meeting of January 14, 2016 under the resolutions related to ordinary business, 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, the French Financial Markets Authority (AMF) General Regulations, and European Regulation 536/2014 of April 14, 2014.

The Company used the authorization in force under a liquidity contract set up on January 18, 2007. As a result, at August 31, 2016, it held 107,648 of its own shares purchased at an average price of €20.40 per share. The Company also withdrew 142,800 and 16,640 treasury shares to be awarded to employees under the vesting of the free shares granted by the Executive Board on December 4 and December 29, 2015 respectively. The remaining 12,811,222 treasury shares account for 4.42% of shares outstanding at August 31, 2016.

We submit for your approval the renewal of the terms of office of Laure Hauseux and Vincent Gerondeau for a period of four years, and of Gilberte Lombard for a period of two years. Laure Hauseux and Vincent Gerondeau meet the requirements set out in the French AFEF-MEDEF Code regarding the independence of Supervisory Board members.

We also submit for your approval the election of a new member of the Supervisory Board, Fidoma, a legal entity, for a four-year term. Fidoma accounts for 80% of the Zodiac Aerospace shares held by Élisabeth and Didier Domange and their descendants (approximately 8% of the Company's capital). The terms of office of Élisabeth Domange and Didier Domange expire at the end of the General Meeting held to approve the financial statements for the fiscal year ending August 31, 2017 and may not be renewed.

You will also note that in the eleventh, twelfth and thirteenth resolutions your advisory opinion is requested on the compensation components of executive corporate officers Yannick Assouad, 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. During the fiscal year, the Board applied the independence criterion within the strict meaning of the AFEP-MEDEF Code. As a result, Gilberte Lombard no longer qualifies as "independent" within the strict meaning of the AFEP-MEDEF Code, having served on the Board for more than 12 consecutive years.

The Board noted that despite this requalification as "non-independent," Gilberte Lombard has nevertheless always demonstrated an ability to question senior management and been completely independent in her thinking.

The Supervisory Board pays particular tribute to Jean-Jacques Jégou, who began his well-deserved retirement on December 31, 2016 after 37 years with the Group and whose efforts as head of the Administration and Finance Department were chiefly responsible for 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, even though this fiscal year was heavily impacted by some very significant exceptional factors.

The annual and consolidated financial statements and the report of the Executive Board were submitted to the Supervisory Board at its meeting on November 21 for verification and control. The Supervisory Board also reviewed the ordinary and extraordinary resolutions that will be submitted for your vote, particularly regarding the distribution of earnings. The Supervisory Board approved the wording of the draft resolutions. At that meeting, the Board appointed Benoît Ribadeau-Dumas, Chief Executive Officer of the Aerosystems branch, to the Executive Board.

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 Supervisory Board's work and on 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, 2016;
- the internal control procedures at Zodiac Aerospace.

The Group complies with the rules contained in the French AFEP-MEDEF code of corporate governance of December 2008, last revised in November 2015. 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. Furthermore, representatives of the shareholder groups have all demonstrated their commitment to the Group's core values that they themselves helped create or perpetuate.

The other measures taken by the Supervisory Board for the fiscal year beginning September 1, 2016 are presented under "Governance."

The Group applies the recommendations regarding executive corporate officers of listed companies (see under "Compensation and Benefits," page 17), particularly the obligation to retain a portion of shares resulting from stock options or free shares (see Section B, "Compensation policy for executive corporate officers (members of the Executive Board)," paragraph e. "Obligation to retain shares," (pages 22, 23 and 24).

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 all their 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 "Internal Rules of the Supervisory Board and its Committees". These internal rules 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 Internal Rules are available on the Company's website.

The Supervisory Board now has 11 members: Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Patrick Daher, Élisabeth Domange, Laure Hauseux, Vincent Gerondeau, Gilberte Lombard, Estelle Brachlianoff, FFP Invest, represented by Frédéric Banzet, Fonds Stratégique de Participations (FSP), represented by Florence Parly, and Anne Aubert, representing employees. During the fiscal year ended August 31, 2016, six members were defined as "independent" (Patrick Daher, Vincent Gerondeau, Laure Hauseux, FFP Invest, represented by Frédéric Banzet, and Fonds Stratégique de Participations (FSP), represented by Florence Parly), within the meaning of the criteria set out in the AFEP-MEDEF Code.

The Supervisory Board discussed the independence criteria and also noted the absence of any business relationships between Supervisory Board members and the Group (see under "Governance," "Composition of the Supervisory Board," page 9).

Six members of the Board are women, including the employee representative who was not counted when establishing the percentage of women on the Board. This 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 level. (See under "Governance," pages 15 and 16, 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 eight scheduled occasions: September 29, October 13, and November 23, 2015, and January 14 (twice), February 16, April 19, and July 13, 2016. Board members were diligent in their attendance at meetings, resulting in an average attendance rate of over 90%.

C) Supervisory Board operation and activity in 2015/2016

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. It also holds an "Outlook" seminar annually, primarily to examine development opportunities for the Group in terms of governance, organization and internal and external growth. A portion of each Board meeting is dedicated to discussions that are not attended by Executive Board members ("executive sessions").

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.

In terms of governance, the Board reviewed the following:

- the reappointment of Olivier Zarrouati as member and Chairman of the Executive Board effective November 17, 2015 for a four-year term expiring on November 16, 2019;
- the change in the Executive Board's structure with the appointment to the Board of Yannick Assouad effective November 23, 2015, and the Executive Board's interaction with the Supervisory Board;
- senior management's compensation policy at the request of the Compensation Committee;
- the total compensation package and number of performance shares granted to executive corporate officers, to members of the Restricted Executive Committee who are not corporate officers, and to Group employees;
- the compliance of the Group's governance with the recommendations of the AFEP-MEDEF Code;
- the independence of Board members;
- the succession plan for the Supervisory Board Chairman and Board members;
- the annual appraisal of the Supervisory Board and Committees;
- the composition of the Board and its committees, including:
  - the proposed reappointment of Élisabeth Domange and Didier Domange for a two-year term expiring at the end of the General Meeting held to approve the financial statements for the fiscal year ending August 31, 2017;
  - the proposed appointment of two new members, Fonds Stratégique de Participations, represented by Florence Parly, and Estelle Brachlianoff, for a four-year term expiring at the end of the General Meeting held to approve the financial statements for the fiscal year ending August 31, 2019;
  - the reappointment of the Chairman of the Supervisory Board for the duration of his term as member of the Board;
  - the changes in the composition of the Committees (see above), with effect from the General Meeting of January 14, 2016, to incorporate the two newly elected Board members who qualify as independent under the AFEP-MEDEF Code;
  - the appointment to the Compensation Committee of the member representing employees effective November 23, 2015;
  - the establishment of a Strategy Committee effective November 23, 2015, whose purpose is to provide Board members with regular updates on the Group's operations until such time as the Aircraft Interiors operational problems are resolved.

On March 14, 2016, on the recommendation of the Board's Chairman and on the advice of the Appointments Committee, the Board granted Gilberte Lombard a special mandate under Article R. 225-56 of the French Commercial Code to handle relations between the Supervisory Board and Company shareholders until the end of the 2015/2016 fiscal year. This mandate is renewable.

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 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 seven times during the fiscal year. It met five times specifically to review the Group's half-year and consolidated full-year financial statements and the main account closing options eight days before the Supervisory Board meeting convened for that purpose, and twice to meet with the Audit and Internal Control Director to consider the following:

- Risk management:
  - general guidelines of the Focus plan;
  - improvement in the structure of Zodiac Aerospace: individual roles and responsibilities;
  - monitoring of measures implemented since the last risk-related Audit Committee meeting;
  - presentation of the updated top group risks and risk mapping;
  - report on progress made on the main risks identified (see chapter on Risk management) and related risk control plans.

- Internal control:
  - special report on the Focus transformation plan and particularly the internal control action plan (Back to Basics);
  - presentation and update of planned improvements to the system of ongoing internal control (data mining tools).
- Internal audit:
  - report on the latest assignments and newly identified areas of risk;
  - report on the recommendations of the late audit and action plans for the fiscal year.

In addition, the Audit Committee had a face-to-face meeting with the Statutory Auditors, reviewed the report of the Chairman of the Supervisory Board and the content of the financial press releases, and considered the fees paid to the Statutory Auditors.

During the fiscal year ended August 31, 2016, the Committee comprised five Board members: Laure Hauseux (Chairman), Louis Desanges, Gilberte Lombard, FFP Invest, represented by Frédéric Banzet, and FSP, represented by Florence Parly. Meetings are also attended by the Statutory Auditors and the Group Executive Vice-President, Administration and Finance. Three members are independent within the meaning of the AFEP-MEDEF Code.

The chairmanship of the Audit Committee is assigned to an independent member within the strict meaning of the AFEP-MEDEF Code. A new independent member within the meaning of the AFEP-MEDEF Code joined the Committee during the fiscal year.

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

The Compensation Committee usually meets six times during the fiscal year, and did so this year. The Committee comprised four, or sometimes five, members during the fiscal year ended August 31, 2016: Patrick Daher (Chairman), Gilberte Lombard, Vincent Gerondeau, Marc Assa until January 14, 2016, and Anne Aubert from November 23, 2015. The members are tasked by the Supervisory Board with setting the compensation paid to the Executive Board and Restricted Executive Committee members, allocating performance-based free shares to these executives within the terms authorized by the General Meetings, setting the compensation paid to the Chairman of the Supervisory Board, and allocating the fees paid to Supervisory Board members.

The Compensation Committee's work for the year primarily related to the impact of the Macron law on free share awards and on the compensation of the new Executive Board member.

The Appointments Committee met four times during the fiscal year ended August 31, 2016. It has four members: Louis Desanges (Chairman), Vincent Gerondeau, Marc Assa until January 14, 2016 and Estelle Brachlianoff thereafter, and FFP Invest, represented by Frédéric Banzet.

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's members and approved the "independent" qualification of members Laure Hauseux, Patrick Daher, Vincent Gerondeau, FFP Invest, represented by Frédéric Banzet, FSP, represented by Florence Parly, and Estelle Brachlianoff for the fiscal year ended August 31, 2016.

The annual work of the Appointments Committee focused specifically on:

- nominating a new Executive Board member, leading to the appointment of Yannick Assouad;
- recommending a Supervisory Board member to handle relations between the Board and Company shareholders;
- reviewing the succession plan for executive corporate officers;
- hiring the new Executive Vice-President, Group Administration and Finance;
- conducting the standard review of the independence criteria for Board members.

For the fiscal year ended August 31, 2016, 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 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.

The Strategy Committee was established on November 23, 2015. Its purpose is to provide Board members with regular updates on the Group's operations until such time as the Aircraft Interiors operational problems are resolved. It is intended to be temporary. It meets every two weeks, except where unavoidable, and its meetings are attended by the Chairman of the Executive Board and the Executive Vice-President, Group Administration and Finance.

It is composed of four members: Didier Domange, Louis Desanges, Patrick Daher and FFP Invest, represented by Frédéric Banzet.

The Strategy Committee reports on its meeting during Board sessions not attended by executives ("executive sessions").

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 offered, organized and paid for by the Group.

ASSESSMENT OF THE SUPERVISORY BOARD OPERATION

In accordance with the recommendations of the AFEP-MEDEF Code, the Supervisory Board conducts an external assessment of the terms of its operations every three years and an internal assessment annually.

The external assessment was carried out for the 2014/2015 fiscal year by a specialist consulting firm. The internal assessment for the 2015/2016 was conducted on the basis of a questionnaire sent to each Board member.

The assessment revealed that the Board's operations had improved since the previous assessment, noting that:

- "executive sessions" (meetings not attended by executive company officers) are held systematically at every Board meeting;
- the percentage of independent members has increased;
- more discussions take place within the Board;
- there is more interaction with Executive Board members.

In the future, progress is likely in the following areas as regards the AFEP-MEDEF Code:

- more international Board members;
- documents sent more quickly;
- more familiarity with the executive management team working with the Executive Board Chairman;
- greater visibility of indicators measuring operating performance at the division level.

The Supervisory Board has noted these suggestions and the proposals for improvement that have been made to it.

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, 2016.

The operational difficulties that affected our Aircraft Interiors activities in 2014/2015, particularly its Seats branch (multiple late deliveries) and Cabin & Structures branch, continued into the 2015/2016 fiscal year, despite corrective action begun in 2014/2015. This highlighted the fact that the causes were deeper than originally thought.

The operational problems generated cost overruns and contractual compensation claims from customers, resulting in additional provisions for contractual compensation, warranty costs, and inventory impairment losses, which in turn had repercussions on WCR (working capital requirement).

The compensatory measures introduced by the Group in 2014/2015 (increased frequency of rolling inventory, building of full inventory at sites affected by major operational problems, better organization, and a more centralized process) were stepped up during the year.

The Group's Finance Department and Executive Management performed an in-depth review of the risks relating to customer claims for late deliveries and related undertakings.

As a result of the problems noted in 2014/2015, the Group took steps to modify its organization, in particular by creating a Group Operations function and launching a transformation plan, called Focus, headed by the Group Chief Operating Officer.

The plan has four main thrusts: increased operational reporting, the roll-out of internal "Back to Basics" procedures, a focus on the supply chain and inventory management, and a focus on integrated planning for sales and operations. After a diagnostics phase, action plans related to each of the above four thrusts were rolled out during the fiscal year on a concerted basis with the goal of re-establishing normal operating performance within the Seats and Cabin branches by the end of 2017.

A) Risk Management and Internal Control Environment of the Zodiac Aerospace Group

Historically, Zodiac Aerospace was an international industrial Group with a decentralized structure: each subsidiary directly managed the operational aspects of its business and was responsible for implementing internal control procedures in accordance with the Group's standard as defined and coordinated by the Group's executive management.

For the past year or so, the Group has gradually been introducing a more centralized structure, specifically to manage internal control procedures more effectively and ensure they comply with the Group's standard.

In fiscal year 2015/2016, the Group deployed the Focus transformation plan. Overseen by the Chief Operating Officer, the plan was initially composed of four main elements: increased operational reporting, the roll-out of "Back to Basics" operational procedures, a more effective supply chain and inventory management, and better integrated sales and operations planning. Once those four elements were completed, three new ones were introduced and harmonized: program management processes, the "QRQC" (Quick Response Quality Control) method, and the key principles of Master Data management. These are now being deployed across all Business Units.

B) Internal Control Procedures

1) Definition and purpose of the procedures

The Zodiac Aerospace Group defines internal control as a process implemented by its Executive Board, the Restricted Executive Committee, senior managers and personnel. It is designed to:

- help monitor its business activities, the effectiveness of its operations and the efficient use of its resources;
- provide reasonable assurance about the company's risks, whether these are operating, financial or compliance risks.

In particular, the internal control process aims to ensure:

- legal and regulatory compliance and ethical conduct;
- application of instructions and guidelines issued by the Group;
- proper functioning of the Group's internal processes;
- reliability of financial information.

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) Organization of the procedures

As part of the Focus transformation plan, the Group decided to strengthen the culture of operational excellence that applies throughout the Group. It is also crucial that the Group's Business Units comply with Zodiac Aerospace standards (ZA-Standards). To ensure such compliance, the Group decided to upgrade its internal control procedures and organize them into three management lines.

- The first management line is operational management at each site to ensure that Group procedures are applied on a daily basis.
- The second management line involves a number of different players:
  - the Group's support-related departments (for example, Finance, Purchasing, Human Resources, Information Systems, Operational Excellence, and Communication) and the Risk Management Department. These departments identify risks and develop action plans to improve risk management within our processes;
  - the Internal Control Department, which coordinates the entire self-assessment program of the second management line and implements ongoing control (based on questionnaires and automatic indicators) applicable to all Group processes;
  - the Quality and Operations (Q&O) audit division, which conducts ad hoc, on-site checks for compliance with aerospace regulations and the "ZA-standards" relating to operating processes.
- The third and last management line is Group Internal Audit. The Internal Audit provides an independent, objective opinion on the effectiveness of the first two management lines through:
  - on-site audits;
  - Group audits (a process that is audited Group-wide);
  - project audits (review of risks to the Group of a key program or project).

It also identifies potential major risks not covered by the Business Units' operational management or the Group support-function departments.

In the same vein, the Group is continuing its efforts to improve its ZIPS (Zodiac Aerospace Integrated Process System) tool, which allows harmonized processes to be shared with all Group Business Units as part of the Focus transformation plan.

This comprehensive tool gives the Group's Business Units direct access to the following information:

- the standard procedures for harmonized processes;
- the Group's main risks;
- key internal control information related to those risks;
- ERP procedures.

C) Key players in the Group's Risk Management and Internal Control

1) Players involved in the three management lines

a) The Executive Board and branch management (Restricted Executive Committee)

The Chairman of the Executive Board and CEO delegates authority to branch management for the support and monitoring of companies within their respective branches concerning:

- setting targets in accordance with those defined by the Chairman of the Executive Board and CEO 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.

b) The 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.

2) First management line

The first management line is operational management at each Group branch (site, Business Unit and division). Operational management ensures that Group processes are applied and that the main risks to the Business Units are managed effectively.

3) Second management line

The second management line involves a number of different players:

a) Group support-function departments

The first player comprises all the departments that provide support functions at Group level, such as Industrial Safety, the Environment, Human Resources, Operational Excellence, Finance, Communication and Information Systems.

These departments are responsible for defining Group procedures with the support of the branches' business process owners, and for ensuring that the Group's operating teams receive training.

Finance and Administration Department

The Group Executive Vice-President, Administration and Finance manages accounting and financial operations under the authority of the Chairman of the Executive Board and CEO. The Finance and Administration Department has one Finance Department per branch, a Reporting and Statutory Consolidation Department, a tax function, and a treasury and finance function, organized as follows:

- A branch finance director, whose internal control task is to implement financial and accounting internal control. The branch finance director has local, decentralized teams within the various Group companies to help prepare financial information in compliance with internal rules.
- A department dedicated to reporting and 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.
- A tax function which provides support to entities on legislation and during tax audits. It also monitors tax consolidations within the Group and checks that they are all consistent. These efforts are carried out with the support 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 risk management 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 Chairman of the Executive Board and CEO 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 Chairman of the Executive Board and CEO in consultation with the Restricted Executive Committee and Supervisory Board.)

For the annual financial statements, branch managers and financial officers issue a letter of representation to the Chairman of the Executive Board and CEO and Group Executive Vice-President, Administration and Finance, attesting to the accuracy and completeness of the financial information submitted for consolidation.

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 security, 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 at least three times a year. It comprises the Chairman of the Executive Board and CEO, the Executive Vice-President, Administration and Finance, the Group's Chief Information Systems Officer, the Group Chief Operating Officer and managers of branches and activities.

The Committee is responsible for establishing and maintaining an information system road map 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.

Legal, Safety and Industrial Risks Departments

The Legal Director and the Director of Safety and 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 Safety and 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 risk report is distributed to Group managers.

b) Quality and Operations Departments

The directors of these departments report to the Group's Chief Operating 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 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.

Since mid-2016, the Quality and Operations (Q&O) audit division has been conducting ad hoc, on-site checks for compliance with aerospace regulations and the ZA-Standards relating to operating processes.

c) Internal Control and Risk Management Departments

According to the AMF reference framework, “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 represents the possibility of an event occurring that could affect the company’s personnel, assets, environment, objectives or reputation.”

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.

The Group has an ongoing risk identification process. The Group’s Business Units identify and assess the major risks to Group objectives on a regular basis.

These self-assessments are reviewed and supplemented by risk managers (cross-functional Group operational executives) so that an action plan can be drawn up and implemented to improve control over these risks. An interview process has also been introduced for Group managers in order to identify the main areas of risk for the Group.

The Group’s main risks are detailed under "Risk Management," page 33.

The Internal Control Department, which reports to the Internal Audit and Control Department, coordinates the entire self-assessment program of the second management line and sets up a system of permanent control over all Group processes.

The annual scheduling of these control tasks is approved by the Chairman of the Executive Board and CEO and branch Directors. The results are reported periodically to:

- provide the Chairman of the Executive Board and CEO and branch Directors with the assurance that the procedures are being applied and are both understood and effective (including an annual assessment of the application of the procedures for each company);
- identify any obstructions to applying the procedures;
- identify and share best practices to improve performance;
- alert the Chairman of the Executive Board and CEO and branch Directors about major malfunctions;
- make recommendations for improvement.

4) Third management line

The Internal Audit Department is attached to the Control and Internal Audit Director who reports to the Group Executive Vice-President, Administration and Finance and the Chairman of the Executive Board and CEO.

The internal audit procedure is the subject of a charter which was first deployed in 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 branches. It also takes into account the specifics of the Business Units (size, income contribution, and results of previous audits).

About 25 audits are carried out each year. 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 an independent and objective activity which gives the Group reasonable assurance about the degree of control over its operations. It offers advice for their improvement and helps create added value.

Internal Audit’s main tasks are to:

- evaluate the adequacy of the local 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 therefore gets involved in all Group companies on both operational and financial matters.

Internal Audit provides a detailed report of its work to the audited entity’s management and to the branch’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 branch 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.

Report of the Executive Board

to the Combined General Meeting on January 19, 2017

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 2015/2016.

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

2015/2016 SALES REVENUE

Zodiac Aerospace's sales revenue was €135,109k, up from €108,353k the previous fiscal year.
It can be broken down as follows:

	2015/2016	2014/2015
Rents and rental charges	€1,903k	€1,769k
Group services	€108,750k	€88,467k
Account fee	€24,456k	€18,117k
TOTAL	**€135,109k**	**€108,353k**

The Group services line represents the management fees invoiced by the holding company to its subsidiaries for the various services received by those subsidiaries from Zodiac Aerospace. The increase in centralized functions, largely in relation to the Focus plan, generated an increase in these services and in turn the management fees invoiced.

The Account fee line represents the amount of specific expenses (insurance, tax, etc.) assumed by the holding company on behalf of its subsidiaries and charged back to them.

Sales of Zodiac Aerospace services at like-for-like consolidation scope therefore saw a slight increase and accounted for 2.59% of the Group's consolidated sales revenue, versus 2.20% the previous fiscal year.

OPERATING INCOME

As a result of the increase in sales revenue, operating loss was reduced by €8,590k, dropping from -€17,686k to -€9,096k.

NET FINANCIAL INCOME/EXPENSE

Dividends from subsidiaries amounted to €166,202k, compared to €226,514k the previous fiscal year.

Other interest income, generated by lending to subsidiaries, stood at €23,085k versus €17,709k for the previous fiscal year.

Interest expense was 32.84% higher, from €31,982k to €42,486k, based on increased financing requirements and a higher interest rate on our external sources of funding which came to an average of 2.05% compared with 1.66% in the previous fiscal year.

No impairment provisions were booked for treasury shares due to their below-market book cost.

CORPORATE TAX

Tax assets of €7,337k recorded in the financial statements comprised:

- a credit from Zodiac Aerospace's own income €8,568k
- a credit from the impact of tax consolidation €1,287k
- sponsorship €135k
- a 3% contribution on dividends paid (€2,653k)

2015/2016 INCOME

Pre-tax income stood at €135,999k, down from €189,446k the previous fiscal year. This drop was largely due to the change in dividends received from our subsidiaries in the amount of €60,312k.

2015/2016 WORKFORCE

The permanent workforce at the fiscal year-end totaled 264 employees versus 205 at August 31, 2015.

II – STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

This item recognizes:

- the acquisition of licenses in the amount of €1,549k as part of the continued deployment of our IS tools in Group subsidiaries;
- arrangement fees for the new "Euro PP" signed in March 2016, net of the balance of the arrangement fees for the previous "Euro PP", giving a net amount of €689k.

Depreciation and amortization charges net of reversals on these items amounted to €3,434k.

PROPERTY, PLANT AND EQUIPMENT

The carrying amount rose by €2,681k for the fiscal year.

EQUITY INVESTMENT ACTIVITY

a) Equity investments

There was no change during the fiscal year.

b) Other long-term investments

Inventory of negotiable securities held in the portfolio at August 31, 2016:

- **Liquidity agreement**

The amounts represent a liquidity agreement set up with Kepler Cheuvreux (formerly Crédit Agricole Cheuvreux) to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 107,648 shares in the Company, in the amount of €2,160k. The cash balance made available to Kepler Cheuvreux under this agreement is invested in an interest-paying current account and the amount of €4,851k is recorded in the statement of financial position under "Other financial assets."

- **Treasury shares**

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 4 and 29, 2015, a total of 142,800 and 16,640 shares respectively were withdrawn to be awarded to employees under the definitive vesting of free shares granted by the Executive Board in December 2013. The balance of shares held in respect of the share buyback program numbered 12,811,222, representing 4.42% of the shares outstanding and valued at €82,313k.

OPERATING RECEIVABLES

The increase in operating receivables of €21 million was largely due to the Government line item in the amount of €16.3 million which included a €16-million interim tax payment surplus in respect of fiscal year 2015/2016. This was expected to be cashed in the last quarter of the 2016 calendar year.

LOANS TO GROUP COMPANIES

At August 31, 2016, subsidiaries had an outstanding balance of €1,086,045k, versus €861,554k at August 31, 2015. This did not include the temporary addition of amounts to be collected in respect of consolidation for tax purposes, namely €9,240k versus €8,035k for the previous fiscal year.

Net lending by subsidiaries to Zodiac Aerospace increased by €81,037k, from €238,118k to €319,155k.

BREAKDOWN OF THE BALANCE OF TRADE PAYABLES BY DUE DATE

Below is a breakdown at August 31, 2016 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, 2016								
Trade payables (401+403)	6,612	1,741	354	97	–	–	–	8,804
Trade payables invoices to be received	–	–	–	–	–	–	5,114	5,114
Trade payables fixed assets (404+405)	1,758	99	–	360	–	–	2,265	4,482
TOTAL PAYABLE	**8,370** (1)	**1,830**	**354**	**457**	**–**	**–**	**7,379**	**18 400**
At August 31, 2015								
Trade payables (401+403)	4,122	1,474	1,526	121	–	–	–	7,274
Trade payables invoices to be received	–	–	–	–	–	–	6,688	6,688
Trade payables fixed assets (404+405)	1,597	249	22	61	–	–	2,266	4,194
TOTAL PAYABLE	**5,749** (2)	**1,723**	**1,548**	**182**	**–**	**–**	**8,954**	**18,156**

(1) O/w €5,122k paid between September 1 and 10, 2016.
(2) O/w €1,957k paid between September 1 and 10, 2015

EQUITY

Before dividend distribution, equity was up €60,760k at €868,273k from €807,513k.

This change can be broken down as follows:

- Net income for fiscal year 2015/2016 — €143,336k
- Increase in revenue from the issue of 668,176 shares in respect of stock options — €5,808k
- Change in regulated provisions — €66k
- Dividends distributed — (€88,449k)

EQUITY EQUIVALENTS

In March 2016, Zodiac Aerospace set up an open-ended hybrid instrument for a total of €250 million, classified on the statement of financial position under "Equity equivalents". This instrument does not include any covenant nor does it give access to any potential creation of new shares or share-based derivatives.

FINANCIAL LIABILITIES

A "Euro PP" was set up in the amount of €230 million with a seven-year maturity, maturing on March 10, 2023.

This "Euro PP" was introduced to refinance the existing €125-million "Euro PP" maturing in July 2018, and the first €133-million tranche of the "Schuldschein" maturing in July 2016.

After repaying this first installment of the "Schuldschein," Zodiac Aerospace has a residual facility of €402 million, in two tranches:

- a five-year initial maturity, maturing on July 25, 2018, in the amount of €243 million;
- a seven-year maturity, maturing on July 27, 2020, in the amount of €159 million.

The "Club Deal" of March 14, 2014 in the amount of €1,030 million was signed for a period of five years. It could be extended for an additional year at the request of Zodiac Aerospace during each of the subsequent two years, on the anniversary of its set-up.

Zodiac Aerospace used its contractual option on two occasions to extend the maturity for an additional year and this extension was accepted by all banks participating in the "Club Deal". The initial maturity date was therefore extended to March 11, 2021.

At August 31, 2016, €335.8 million of this credit had been used.

The covenant (ratio of net debt to consolidated EBITDA), including the negative mark-to-market of our currency hedging instruments, was complied with at August 31, 2016. It must not exceed 3.00 at the end of this fiscal year and subsequent fiscal years.

In addition, our commercial paper program amounted to €319.5 million at the balance-sheet date, added to which were foreign currency advances of €15.2 million.

RISK HEDGING

a) Interest rate risk:

Zodiac Aerospace has set up interest rate swaps to hedge against changes in the 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%.

b) Currency risk:

At August 31, 2016, Zodiac Aerospace had active currency hedges to cover:

- a portion of 2015/2016 sales revenue: $152.6 million and €1.4 million on behalf of its subsidiaries, and $8.5 million on its own behalf;
- a portion of 2015/2016 purchases: €0.7 million on behalf of its subsidiaries;
- a portion of 2016/2017 sales revenue: $875.5 million on behalf of its subsidiaries and $25.6 million on its own behalf.

STOCK OWNERSHIP

A total of 290,072,433 shares were outstanding at August 31, 2016.

The exercise of stock options in fiscal year 2015/2016 resulted in the creation of 668,176 shares.

At August 31, 2016, holders of registered shares accounted for 41.6% of the shares and 53.3% of the voting rights restated for treasury shares. 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 4,347,733, representing 1.5% of the capital, and 6,655,148 voting rights representing 1.8% of the total.

Also, as far as the Company is aware, none of the "other shareholders" in the table below (with the exception of Artisan Partnership) 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, 2016, 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 September 16, 2015, Artisan Partners Limited Partnership, a U.S. company organized under the laws of the State of Delaware, acting on behalf of funds, announced that it had crossed the threshold of 5% of the capital and held 14,725,401 shares on behalf of the fund, representing 5.10% of the capital and 4.07% of the voting rights on the date of that transaction;
- On September 24, 2015, simplified joint stock company FFP Invest announced that its holding of Zodiac Aerospace capital had crossed the 5% threshold with a total of 14,993,635 shares, representing 5.18% of the capital and 4.13% of the voting rights;
- On December 13, 2015, simplified joint stock company FFP Invest announced that its holding of Zodiac Aerospace voting rights had crossed the 5% threshold with a total of 14,993,635 shares representing 26,635,270 voting rights, or 5.18% of the capital and 7.11% of the voting rights.

It should be noted that some shareholders are bound by a collective agreement to retain their shares, concluded pursuant to Articles 787 B and 885 I *bis* of the French General Tax Code. That agreement was registered on June 20, 2016 with the tax authorities and runs for a period of two years. It may be tacitly renewed for 12-month periods (unless terminated by one of the parties).

As at June 20, 2016, 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 as at that date, shareholders who were corporate officers and/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, the Olivier Zarrouati family and the Yannick Assouad family.

It should be noted that some shareholders are bound by a collective agreement to retain their shares, concluded pursuant to Article 885 I *bis* of the French General Tax Code. That agreement was registered on December 21, 2005 with the tax authorities and runs for a period of six years as from that date and may be tacitly renewed for 12-month periods (unless terminated by one of the parties). This agreement is still in effect. It also grants the signatories a mutual right of first refusal on the locked-up shares.

Some shareholders also entered into a non-transferability agreement on June 18, 2012 to further consolidate their collective lock-up agreements under specific tax regimes.

This agreement was for an initial period of one year and may be tacitly renewed for 12-month periods. The agreement is still in effect. 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.

Breakdown of capital stock	Capital		Voting rights	
	Number of shares	%	Number of votes	%
Registered				
Families	68,941,266	23.8%	132,590,426	36.6%
Employees	4,347,733	1.5%	6,655,148	1.8%
FFP Invest	14,993,635	5.2%	26,635,270	7.3%
Other shareholders	19,601,454	6.8%	27,396,112	7.6%
Treasury stock	12,811,222	4.4%	–	0.0%
TOTAL REGISTERED SHARES	**120,695,310**	**41.6%**	**193,276,956**	**53.3%**
Bearer				
OTHER SHAREHOLDERS	**169,377,123**	**58.4%**	**169,377,123**	**46.7%**
TOTAL	**290,072,433**	**100%**	**362,654,079**	**100%**

Stock options

The Combined General Meeting of January 14, 2016 approved the early termination of the authorization granted to the Executive Board by the Combined General Meeting of January 8, 2014 to grant options to subscribe for or purchase Company shares to eligible Company or Group employees and corporate officers. Consequently, no stock options were awarded in fiscal year 2015/2016.

Free share awards

A total of 765,501 free shares (0.15% of the capital) was awarded by the Executive Board between September 1, 2015 and August 31, 2016, after consultation with the Supervisory Board.

The conditions under which these may be awarded are governed by the law and the rules laid down by the Combined General Meeting of January 14, 2016

Share buyback program

The Company did not make use of the authorization granted by the General Meeting of Shareholders on January 14, 2016. On December 4 and 29, 2015, a total of 142,800 and 16,640 shares respectively were withdrawn in respect of the delivery of shares issued under annual and multi-year plans. At August 31, 2016, the Company held 12,811,222 shares, representing 4.42% 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").

Movements on this contract during the fiscal year were as follows:

- 1,988,801 shares were purchased at an average price of €20.44;
- 1,994,248 shares were sold at an average price of €20.99.

There was no trading fee, but an annual lump-sum commission of €36k and annual discretionary compensation of €24k.

There was no reallocation of these shares. They represent 0.0371% of the number of shares outstanding at August 31, 2016.

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 15, 2015 and January 14, 2016

Authorization to buy back and cancel treasury shares

Type	Authorization date	Maturity/ term	Maximum amount authorized at August 31, 2016	Use at August 31, 2016
Authorization for the Company to buy and sell its own shares.	January 14, 2016 (5th resolution)	July 14, 2017 (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 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 14, 2016 (16th resolution)	July 14, 2017 (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 19, 2017 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 issue price	Use at August 31, 2016
Delegation to increase the capital by a rights issue of ordinary shares and/or other negotiable securities giving access to equity.	January 15, 2015 (10th resolution)	March 15, 2017 (26 months) (1)	€2,500,000 (2)(3)	Unrestricted	None
Delegation to increase the capital by the incorporation of profits, reserves or premiums.	January 15, 2015 (11th resolution)	March 15, 2017 (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 15, 2015 (12th resolution)	March 15, 2017 (26 months) (1)	€1,200,000 (2)(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 15, 2015 (13th resolution)	March 15, 2017 (26 months) (1)	€1,200,000 (2)(3) (limit for all delegations granted by the Combined General Meeting under the terms of the 12th resolution).	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 10th, 12th and/or 13th resolutions referred to above.	January 15, 2015 (14th resolution)	March 15, 2017 (26 months) (1)	Up to the limit specified in the resolution pursuant to which the initial issue was decided. (2)(3)(4)	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 15, 2015 (15th resolution)	March 15, 2017 (26 months) (1)	€2,500,000 (2)(3)	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 15, 2015 (16th resolution)	March 15, 2017 (26 months) (1)	Up to a limit of 10% of the capital (2)(3)	Unrestricted	None
Delegation to increase the capital by issuing shares reserved for members of a company savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code, canceling the members' preemptive subscription rights.	January 14, 2016 (19th resolution)	March 14, 2018 (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 on January 19, 2017 to renew this authorization in accordance with the draft wording of the resolutions that will be put to the vote.

(2) The total nominal amount of negotiable securities representing debt instruments that give access to capital thus issued may not exceed €300,000,000, which is the limit for all negotiable securities whose issue is delegated pursuant to the 10th, 12th, 13th, 14th, 15th and 16th resolutions.

(3) The total nominal amount of capital increases made under the 10th, 12th, 13th, 14th, 15th and 16th resolutions may not exceed the overall nominal limit of €2,500,000 set in the 10th resolution.

(4) The nominal amount of the capital increases made under the 14th resolution will be deducted from the amount stipulated in the 12th resolution, based on the assumption of a capital increase without preemptive subscription rights.

Status of authorizations and delegations in progress and awarded to the Executive Board by the Combined General Meeting of Shareholders on January 14, 2016

Authorization for the purpose of awarding free Company shares to eligible employees and/or corporate officers of the Company or its parent Group

Type	Authorization date	Maturity/term	Maximum amount authorized	Means of determining the option exercise price and/or issue price	Use at August 31, 2016
Authorization to grant free shares	January 14, 2016 (17th resolution)	March 14, 2018 (26 months)	The total number of free shares granted may not represent more than 0.6% of the capital, or 0.3% per annual plan (1)	–	765,501

(1) It should be noted that within these ceilings and sub-ceilings, the total number of free shares granted to corporate officers may not represent more than 0.17% of the Company's capital, or 0.085% per annual plan.

DRAFT DELEGATIONS AND AUTHORIZATIONS TO BE PUT TO THE VOTE AT THE NEXT COMBINED GENERAL MEETING OF SHAREHOLDERS ON JANUARY 19, 2017

Since the following authorizations, granted by the Combined General Meeting on January 14, 2016 (under the terms of its 6th and 14th resolutions) authorizing the Executive Board to buy the Company's own shares and cancel them, are due to expire, the Executive Board proposes that the Combined General Meeting of Shareholders convened on January 19, 2017 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 for the Company to buy and sell its own shares (6th 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 share buyback program (14th resolution).

Since the following authorizations, granted by the Combined General Meeting on January 15, 2015, are due to expire in 2017, the Executive Board proposes that the Combined General Meeting of Shareholders convened on January 19, 2017 should grant the Executive Board new delegations, of the same nature:

- Delegation of authority to increase the capital by a rights issue of ordinary shares and/or other negotiable securities giving access to equity (15th resolution);
- Delegation of authority to proceed with a capital increase by incorporation of profits, reserves or premiums (16th resolution);
- Delegation of authority to increase the capital stock by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a public offering (17th resolution);
- Delegation of authority to increase the capital stock by a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity through a private placement covered by the provisions of Article L. 411-2 of Section II of the French Monetary and Financial Code (18th resolution);
- Delegation of authority 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 15th, 17th and/or 18th resolutions referred to above (19th resolution);
- Delegation of authority 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 (20th resolution);
- Delegation of authority to increase capital stock by issuing ordinary shares and/or other negotiable securities giving access to equity in payment for contributions in kind, subject to a maximum limit equivalent to 10% of capital stock (21st resolution);
- Delegation of authority to the Executive Board to increase the capital by issuing shares reserved for members of a company savings plan established in accordance with Articles L. 3332-1 *et seq.* of the French Labor Code, canceling the members' preemptive subscription rights (22nd resolution).

ALLOCATION OF NET INCOME

We propose to allocate the net income for fiscal year 2015/2016 as follows:

After-tax profit	€143,335,670.74
Retained earnings	€494,403,461.70
Allocation to the legal reserve	(€2,672.70)
Amount to be allocated	€637,736,459.74
Dividend (1)	(€92,822,538.56)*
Retained earnings after allocation	€544,913,921.18

(*) €0.32 x 290,070,433 shares.

(1) This amount relates to all 290,070,433 shares issued by the Company at August 31, 2016; 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.

In accordance with Article 243 *bis* of the French General Tax Code, the dividends paid out for the previous three fiscal years are as follows:

Fiscal year ended:	August 31, 2015	August 31, 2014	August 31, 2013 (3)
Total number of shares (1)	276,405,154	275,329,159	274,345,875
Dividend per share	€0.32	€0.32	€0.32
Total amount paid (2)	€88,449,649.28	€88,105,330.88	€87,790,680

(1) Number of shares giving entitlement to a dividend payment (reduced by the number of treasury shares held on the dividend payment date).

(2) Amount eligible for 40% tax relief as per Article 158-3-2 of the French Tax Code for individuals domiciled in France for tax purposes.

(3) 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 five-to-one stock split took effect. The total number of shares that gave entitlement to dividends and the amount of the dividend per share for the fiscal year ended August 31, 2013 have been adjusted here accordingly.

FORECASTS FOR THE 2016/2017 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, 2016	Net at Aug. 31, 2015
Intangible assets	(Note 1.A and Appendices 1 and 2)	26,797	15,850	10,947	9,915
Property, plant and equipment	(Appendices 1 and 2)	26,156	18,162	7,994	9,264
Long-term investments	(Note 1.B and Appendix 3)	1,952,549	6,416	1,946,133	1,946,885
TOTAL NON-CURRENT ASSETS		**2,005,502**	**40,428**	**1,965,074**	**1,966,064**
Operating receivables		29,055		29,055	8,847
Other receivables and loans to subsidiaries	(Note 1.C)	1,095,474	3,416	1,092,058	867,428
Cash and cash equivalents		159,398		159,398	49,183
Prepaid expenses		3,617		3,617	3,074
TOTAL CURRENT ASSETS		**1,287,544**	**3,416**	**1,284,128**	**928,532**
TOTAL ASSETS		**3,293,046**	**43,844**	**3,249,202**	**2,894,597**

Equity and Liabilities

(in thousands of euros)	Notes	Net at Aug. 31, 2016	Net at Aug. 31, 2015
Capital		11,603	11,576
Share premiums		193,119	187,338
Revaluation adjustments		252	252
Legal reserve		1,158	1,154
Reserve for long-term capital gains		–	–
Other reserves		23,827	23,827
Retained earnings		494,403	385,806
Net income for the fiscal year		143,336	197,051
Regulated provisions	(Note 2)	575	510
TOTAL EQUITY	(Note 6)	**868,273**	**807,513**
EQUITY EQUIVALENTS	(Note 6B)	**250,000**	**–**
PROVISIONS FOR CONTINGENCIES AND LOSSES	(Note 2)	**2,459**	**2,340**
Financial liabilities		2,099,934	2,044,972
Operating liabilities		27,536	36,361
Other liabilities		1,000	3,412
TOTAL LIABILITIES	(Note 4)	**2,128,470**	**2,084,745**
TOTAL EQUITY AND LIABILITIES		**3,249,202**	**2,894,597**

Statement of Profit and Loss

(in thousands of euros)	Notes	Amount at Aug. 31, 2016	Amount at Aug. 31, 2015
Revenue from operations			
Sales revenue	(Note 7)	135,109	108,354
Other revenue		185	–
		135,294	**108,354**
Operating expenses			
Raw materials, external costs and other supplies		97,986	85,571
Taxes other than income tax		1,460	1,264
Personnel costs	(Note 8)	38,866	33,533
Depreciation and amortization		6,078	5,672
		144,390	**126,040**
OPERATING INCOME		**(9,096)**	**(17,686)**
Financial income			
Income from equity investments		166,202	226,514
Other interest and similar income		23,085	17,709
Currency gains		–	–
Reversals of provisions		–	–
		189,287	**244,223**
Interest and similar expenses			
Interest expense		42,486	31,982
Currency losses		1,212	(489)
Allocations and other financial charges		267	5,546
		43,965	**37,039**
NET FINANCIAL INCOME	(Note 9)	**145,322**	**207,185**
INCOME BEFORE TAX AND EXCEPTIONAL ITEMS		**136,226**	**189,498**
Exceptional revenue			
Operating activities		1	1,054
Capital transactions		858	21
Reversals of provisions		235	866
		1,094	**1,941**
Exceptional charges			
Operating activities		–	1,346
Capital transactions		1,120	14
Depreciation charge and provisions		201	634
		1,321	**1,993**
NET EXCEPTIONAL PROFIT/(LOSS)		**(227)**	**(52)**
INCOME TAX	(Notes 10 and 11)	**(7,337)**	**(7,605)**
TOTAL REVENUE		**325,675**	**354,518**
TOTAL EXPENSES		**182,339**	**157,468**
NET INCOME FOR THE FISCAL YEAR		**143,336**	**197,051**

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 2014-03 of the French Accounting Standards Authority.

Amounts are expressed in thousands of euros unless otherwise stated.

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 recognized at acquisition cost or, for items invoiced to ourselves, at cost.

Depreciation is 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 depreciation is used for tax purposes, the difference between straight-line and total 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 realizable value is lower than the booked net carrying amount.

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 foreign currency are recorded at their equivalent value in euros at the rate of exchange:

- 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 risks.

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). For fiscal year 2015/2016, this election concerns the following subsidiaries: Zodiac Aerosafety Systems, Zodiac Seats France, Immobilière Galli, Zodiac Coating, Zodiac Aerotechnics, Zodiac Aero Electric, Zodiac Data Systems Investment, Zodiac Fluid Equipment, Zodiac Hydraulics, Zodiac Actuation Systems, Zodiac Data Systems, Zodiac Aerospace Services Europe, Zodiac Cabin Interiors Europe, Zodiac Fal Support France SARL, 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.

III. NOTES TO THE STATEMENT OF FINANCIAL POSITION

NOTE 1 - ASSET ITEMS

Note 1.A - Intangible assets and property, plant and equipment

1. Intangible assets

Intangible assets include:

- a gross amount of €9,319k (net amount of €5,064k after amortization) for current lines of credit;
- operating licenses, the most significant being those for ERP Movex/M3 and the personnel management tool, for a gross value of €16,441k and a net value of €4,847k.

2. Property, plant and equipment

See Appendices 1 and 2.

Note 1.B - Long-term investments

A. EQUITY INVESTMENTS

There was no change during the fiscal year.

B. OTHER LONG-TERM INVESTMENTS

Inventory of negotiable securities held in the portfolio on August 31, 2016:

1. Liquidity agreement

- The amounts represent a liquidity agreement arranged with Kepler Cheuvreux (formerly Crédit Agricole Cheuvreux) to boost the liquidity of transactions and to keep the share price in euros stable, used in the form of 107,648 shares in the Company, in the amount of €2,160k. The cash balance made available to Kepler Cheuvreux under this agreement is invested in an interest-paying current account and totals €4,851k.

2. Treasury shares

- 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, 4 and 29 2015, 142,800 and 16,640 actions were respectively taken out of circulation in order to be awarded to employees, under the definitive vesting of free shares granted by the Executive Board in December 2013. A total of 12,811,222 shares were held for the share buyback program, representing 4.42% of outstanding shares, at a value of €82,313k.

3. 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
Fixed assets			
Loans to affiliates	–	–	–
Other long-term investments	89,336	7,024	82,312
TOTAL NON-CURRENT ASSETS	**89,336**	**7,024**	**82,312**
Current assets			
Trade receivables and operating receivables	29,055	29,055	–
Other receivables(1)	1,092,058	1,092,058	–
Liquid assets	159,398	159,398	–
Prepaid expenses	3,617	3,617	–
TOTAL CURRENT ASSETS	**1,284,128**	**1,284,128**	**–**

(1) Including €1,086,045k representing the counterpart to drawdowns on credit lines available to subsidiaries as needed and €9,240k of income tax prepayments to be recovered from our tax-consolidated subsidiaries, after deducting a provision for the loan to the Australian subsidiary of €3,415k.

NOTE 2 - PROVISIONS

(in thousands of euros)	Amount at Aug. 31, 2015	Charges for the period	Reversals for the period	Balance at Aug. 31, 2016
Provisions for contingencies and losses (1)	2,340	404	285	2,459
Tax-based amortization and depreciation	510	201	136	575

(1) Essentially provisions for retirement payments, in the amount of €2,094k.

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	Statement of profit and loss
Participating interests	1,856,797	–	–
Trade receivables and related accounts	9,706	–	–
Short-term loans(1)	1,091,870	–	–
Trade payables and related accounts	–	1,595	–
Short-term borrowing(2)	–	791,152	–
Income from equity investments	–	–	166,202
Other income	–	–	135,109
Interest income	–	–	21,988
Interest and similar expenses	–	–	8,124
Other expenses	–	–	44,625

(1) Including €9,240k in tax consolidation.

(2) Including €24,262k 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)	2,099,934	1,132,108	967,826
Trade payables and related accounts	14,421	14,421	–
Tax and employee-related debt	8,633	8,633	–
Liabilities related to fixed assets	4,482	4,482	–
Other liabilities	1,000	1,000	-
TOTAL	**2,128,470**	**1,160,644**	**967,826**

(1) Including €335.8 million or euro equivalent drawdowns set up on March 14, 2014, for a total amount of €1,030 million comprising a single 5-year tranche maturing March 14, 2019, renewable for one additional year at the request of Zodiac Aerospace during each of the following two years. The option to extend the maturity for one additional year was used twice, in accordance with the contractual provisions. This extension was accepted by all the banks participating in the "Club Deal". The maturity was therefore extended to March 11, 2021.

The covenant related to this loan was complied with as at August 31, 2016; failure to comply with its conditions could result in the obligation to repay the loan early and in full.

In March 2016, Zodiac Aerospace set up a "Euro PP" in the amount of €230 million with a 7-year maturity, maturing on March 10, 2023.

This Euro PP was introduced to refinance the existing €125 million Euro PP maturing in July 2018, and the first €133 million tranche of the "Schuldschein" maturing in July 2016.

After repaying this first installment of the "Schuldschein", Zodiac Aerospace has a residual facility of €402 million, in two tranches:

- a 5-year initial maturity, maturing on July 25, 2018, totaling €243 million;
- a 7-year initial maturity, maturing on July 27, 2020, totaling €159 million.

NOTE 5 - FINANCIAL COMMITMENTS AND SURETIES GRANTED

a. Commitments given

1) Sureties:

- surety of $300k translated at the year-end rate, i.e. €269k, to guarantee a letter of credit issued by a US bank on behalf of American Fuel;
- surety of $300k translated at the year-end rate, i.e. €269k, to guarantee a letter of credit in favor of Singapore Airlines on behalf of Zodiac Seats US;
- surety of $121k translated at the year-end rate, i.e. €108k, on behalf of Esco;
- surety of $11k translated at the year-end rate, i.e. €10k, on behalf of MAG Aerospace Industries;
- surety of $500k translated at the year-end rate, i.e. €449k and a surety of BHD5k translated at the year-end rate, i.e. €2.1k on behalf of Zodiac Inflight Innovations;
- surety of BHD5k translated at the year-end rate, i.e. €2.1 k on behalf of Zodiac Seats UK;
- surety of €3,410k in favor of customs for our subsidiaries Zodiac Aerotechnics, Zodiac Aerosafety Systems, Zodiac Seats France, and Zodiac Aerospace Services Europe.

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 December 2010, in favor of American Airlines, on behalf of Zodiac Seats US LLC and C&D Zodiac Inc., expiring December 31, 2015;

- in May 2015 (and as amended in November 2015), in favor of Airbus, on behalf of Zodiac Inflight Innovations, for the duration of its contractual obligations.

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, 2016:

- Discount rate: 0.78%.
- Expected rates of salary increases: 2.5% non-managerial personnel and 2.5% managerial personnel.
- Retirement age: legal schedule in force at period-end.
- Mortality: INSEE TD-TV 11-13 table.

The changes in the provision are detailed below:

- Retirement liabilities at August 31, 2015: €1,878k
- 2015/2016 allocation: €333k
- Discount expense: € 60k
- Reversals for the period – €177k
- Amortization of actuarial gains and losses: –
- Provisions for retirement liabilities at August 31, 2016: €2,094k

Actuarial variances calculated: €1,709k.

c. Personal training entitlement

Since January 1, 2015, the personal training entitlement has been replaced by the personal training account. The number of available training hours is now managed by a public body that each employee must contact independently of their employer.

NOTE 6 - CHANGE IN EQUITY DURING THE FISCAL YEAR (before allocation of 2015/2016 net income)

(in thousands of euros)	At Aug. 31, 2015	Allocation of income 2014/2015 decided by the Combined General Meeting	Movements in capital	Dividends	Other	At Aug. 31, 2016
Capital (1)	11,576	–	27	–	–	11,603
Share premium (2)	187,338	–	5,782	–	–	193,120
Revaluation differences	252	–	–	–	–	252
Reserves and retained earnings	410,786	–	–	108,601	–	519,387
Net income	197,051	–	–	(197,051)	143,336	143,336
Regulated provisions	509	–	–	–	66	575
EQUITY	**807,513**	**–**	**5,809**	**(88,449)**	**143,402**	**868,273**

(1) Movements in capital were generated by increases of €27k resulting from the exercise of 668,176 options. At August 31, 2016, the share capital stood at €11,603k divided into 290,072,433 shares.
(2) Movements in share premiums were generated by increases of €5,782k resulting from the exercise of 668,176 options.

NOTE 6B – EQUITY EQUIVALENTS

In March 2016, Zodiac Aerospace set up an open-ended hybrid instrument for a total of €250 million, classified on the statement of financial position under "Equity equivalents". This instrument does not include any covenant nor does it give access to any potential creation of new shares or share-based derivatives.

IV. NOTES TO THE STATEMENT OF PROFIT AND LOSS

NOTE 7 - SALES REVENUE

It can be broken down as follows:

in thousands of euros)	Aug. 31, 2016	Aug. 31, 2015
Rents and rental charges	1,903	1,769
Group services	108,750	88,467
Account fee	24,456	18,117
TOTAL	**135,109**	**108,353**

2015/2016 sales revenue, up 25%, amounted to €135,109k, compared to €108,353k in 2014/2015, due to continuing improvements in the Group's centralized functions (information systems, communication and marketing, Lean, quality control, human resources, etc.).

NOTE 8 - PERSONNEL COSTS

Compensation allocated to the members of the Supervisory Board and the Executive Board amounted to €2,081k, including €390k in Directors' fees.

The average workforce for the fiscal year was 241 persons (managers, supervisory and clerical staff) compared to 205 the previous fiscal year.

NOTE 9 - FINANCIAL INCOME

Dividends from the subsidiaries amounted to €166,202k compared to €226,514k in 2014/2015. Other interest and similar income, generated by our subsidiaries' financing activities totaled €23,084k compared to €17,709k in 2014/2015.

Interest expense was 32.84% higher, from €31,982k to €42,486k, based on increased financing requirements and a higher interest rate on our external sources of funding which came to an average of 2.05% compared with 1.66% in the previous fiscal year.

NOTE 10 - ALLOCATION OF TAX TO CURRENT AND NON-RECURRING INCOME

(in thousands of euros)	Current	Non-recurring	Total
Pre-tax income	136,226	(227)	135,999
Tax at ordinary rate	7,213	124	7,337
NET INCOME	**143,439**	**(103)**	**143,336**

NOTE 11 - UNREALIZED TAX GAINS AND LOSSES

(in thousands of euros)	Aug. 31, 2016
a) Unrealized tax liabilities	
Tax-based amortization and depreciation	(575)
b) Unrealized tax receivables	
Provisions for paid leave	3,110
Lump-sum retirement benefits	2,094
Acquisition costs	–
BALANCE	**4,629**
UNREALIZED TAX RECEIVABLES (38%) (1)	**1,759**

(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, 2015	Acquisitions during the period	Transfer between line items	Disposals and exits	Purchase value at Aug. 31, 2016
Software	13,701	1,549	1,200	(9)	16,441
Syndicated loan arrangement fees	8,630	1,416	–	(727)	9,319
Assets under construction	1,200	1,037	(1,200)	–	1,037
SUBTOTAL	**23,531**	**4,002**	**–**	**(736)**	**26,797**
Land	1,255	–	–	–	1,255
Buildings	9,733	18	351	–	10,102
Rolling stock	1,670	193	–	(463)	1,400
urniture, office and IT equipment	11,432	2,362	159	(1,045)	12,908
Fittings, facilities, other	383	–	–	–	383
Assets under construction	575	108	(510)	(65)	108
SUBTOTAL	**25,048**	**2,681**	**–**	**(1,573)**	**26,156**
TOTAL	**48,579**	**6,683**	**–**	**(2,309)**	**52,953**

APPENDIX 2 - AMORTIZATION AND DEPRECIATION OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Amortization and depreciation at Aug. 31, 2015	Charges for the period to amortization and depreciation	Reversals on disposals	Transfer between line items and exits	Amortization and depreciation at Aug. 31, 2016
Software	9,536	2,059	(1)	–	11,594
Other intangible assets	2,880	1,760	(384)	–	4,256
SUBTOTAL	**12,416**	**3,819**	**(385)**	**–**	**15,850**
Land	–	–	–	–	–
Buildings	7,004	357	–	–	7,361
Rolling stock	895	308	(402)	–	801
Furniture, office and IT equipment	8,845	1,198	(338)	–	9,705
Fittings, facilities, other	240	55	–	–	295
SUBTOTAL	**16,984**	**1,918**	**(740)**	**–**	**18,162**
TOTAL	**29,400**	**5,737**	**(1,125)**	**–**	**34,012**

APPENDIX 3 - LONG-TERM INVESTMENTS

(in thousands of euros)	Gross amounts at Aug. 31, 2015	Increase	Decrease	Gross amounts at Aug. 31, 2016
Equity investments	1,863,213	–	–	1,863,213
Loans	–	–	–	–
Security deposits and bonds	11	1	–	12
Interest-paying current account	3,641	1,208	–	4,849
Liquidity agreements	3,092	–	(931)	2,160
Treasury shares	83,343	–	(1,030)	82,313
TOTAL	**1,953,301**	**1,209**	**(1,961)**	**1,952,549**

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 income	Last published profit
Detailed information by subsidiary					
Cantwell Cullen & Company Inc.	100.00	CAD	1,000	46,066	822
Evac GmbH	100.00	€	7,109	25,070	4,949
Evac Train Vacuum System Trading	100.00	CNY	1,104	6,552	(1,428)
EZ Air Interior Ltd	50.00	€	200	(11,093)	(10,456)
Immobilière Galli	100.00	€	21,000	8,047	(50)
IN Services Asia	100.00	USD	1,000	1,833	18
OEM Defense Services	20.00	€	100	2,080	–
OEM Services	25.00	€	1,545	1,495	–
TriaGnoSys GmbH	100.00	€	25	3,822	654
Zodiac Aero Duct Systems	100.00	€	4,000	10,034	2,012
Zodiac Aerosafety Systems	100.00	€	213,595	350,339	19,465
Zodiac Aerospace Equipo de Mexico	99.90	MXN	3,000	(2,071)	77,070
Zodiac Aerospace Germany Investment GmbH	100.00	€	2,597	120,520	16
Zodiac Aerospace Holding Australia PTY Ltd	100.00	AUD	3,050	(120)	–
Zodiac Aerospace (Jiangsu) Co., Ltd	51.00	CNY	12,715	(4,787)	(23)
Zodiac Aerospace Maroc	99.99	MAD	74,659	(6,356)	4,990
Zodiac Aerospace Netherlands Investment NV	100.00	€	15,000	39,385	14,380
Zodiac Aerospace Services Europe	100.00	€	17,548	8,455	3,041
Zodiac Seats Services Middle East	100.00	USD	1,000	117	21
Zodiac Aerospace Services UK Ltd	100.00	€	461	4,191	313
Zodiac Aerospace UK Investment Ltd	100.00	£	195,000	40,444	20,669
Zodiac Aerotechnics	100.00	€	20,399	166,519	42,129
Zodiac Coating	100.00	€	7,367	598	181
Zodiac Automotive Tunisie	100.00	€	4,477	2,108	(15)
Zodiac Cabin Interiors Europe	100.00	€	165	9,776	2,409
Zodiac Composite Monuments Tunisie	0.01	€	3,128	187	(114)
Zodiac Engineering	100.00	€	50	(3)	(41)
Zodiac Equipments Tunisie	99.86	€	2,018	12,814	3,532
Zodiac Fal Support France SARL	100.00	€	9	383	37
Zodiac Interconnect UK Ltd	100.00	£	1	6,688	2,888
Zodiac Parachutes Industries of Southern Africa (PISA)	100.00	ZAR	15,000	11,336	12,291
Zodiac Seats France	100.00	€	20,000	106,027	18,131
Zodiac Seats Tunisie SARL	100.00	€	3,700	1,374	(241)

(in thousands of euros)	French subsidiaries	Foreign subsidiaries
Aggregate information		
Gross book value of shares held	1,267,843	595,370
Net book value of shares held	1,267,843	588,954
Dividends received	110,653	55,549

Earnings and other characteristics
of the Company during the last five fiscal years

	Fiscal year 2011/2012(1)	Fiscal year 2012/2013(1)	Fiscal year 2013/2014	Fiscal year 2014/2015	Fiscal year 2015/2016(2)
I – CAPITAL AT THE FISCAL YEAR-END					
Share capital (in thousands of euros)	11,425	11,486	11,537	11,576	11,603
Number of ordinary shares outstanding	57,125,728	57,431,022	288,434,325	289,404,257	290,072,433
II – FISCAL YEAR OPERATIONS AND RESULTS (in thousands of euros)					
Sales revenue excluding tax and ancillary income	50,972	78,871	85,290	108,353	135,108
Earnings before taxes, employee profit-sharing and depreciation, amortization and provisions	40,939	31,021	45,072	200,432	142,121
Income tax	(12,665)	(9,228)	(17,308)	(7,605)	(7,337)
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	50,692	33,810	54,544	197,051	143,336
Distributed earnings	79,976	87,790	88,105	88,449	92,823 (2)
III – EARNINGS PER SHARE (in euros)					
Earnings after taxes, employee profit-sharing, before depreciation, amortization and provisions	0.94	0.70	0.22	0.71	0.49
Earnings after taxes, employee profit-sharing and depreciation, amortization and provisions	0.89	0.59	0.19	0.68	0.49
Net dividend allocated to each share	1.40	1.60	0.32	0.32	0.32 (3)
IV – EMPLOYEES					
Average number of employees during the fiscal year	105	151	170	205	241
Payroll costs for the fiscal year (in thousands of euros)	12,724	17,958	25,453	22,187	27,307
Amount paid in employee benefits for the fiscal year (social security, social initiatives) (in thousands of euros)	6,516	8,550	9,847	11,346	11,559

(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 5-for-1 stock split took effect. For fiscal years 2011/2012 and 2012/2013, the number of shares and the net dividend allocated to each share are expressed before the 5-for-1 stock split.

(2) This amount relates to all 290,070,433 shares issued by the Company at August 31, 2016; 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, 2016:

- 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 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 that 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 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:

The investments in unconsolidated subsidiaries listed under your Company's assets are valued in accordance with the methods presented in note I.c of the Notes to the financial statements. We verified the appropriateness of the accounting methods described in this Note 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 or voting rights have been provided to you in the Management Report.

Paris-La Défense, December 13, 2016

The Statutory Auditors

Fidaudit (a member of the Fiducial network)	Ernst & Young Audit
Bruno Agez	Valérie Quint

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, the characteristics, and main terms of the agreements and commitments that have been disclosed to us or of which we have become aware during our assignment, including the reasons justifying their interest to the Company, 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

We have not been advised of any agreements or commitments that have been approved in the year ended and would require the approval of the General Meeting of Shareholders pursuant to Article L. 225-86 of the French Commercial Code.

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

Pursuant to Article R. 225-57 of the French Commercial Code, we have been informed that the following agreements and commitments, already approved by the General Meeting in previous years, continued to be implemented during the past fiscal year.

With Olivier Zarrouati, Chairman of the Executive Board

Technological Innovation and Entrepreneurship academic chair, supported by ISAE

The General Meeting of Shareholders of January 15, 2015 approved the signing of a related-party agreement to create a "Technological Innovation and Entrepreneurship" academic chair, supported in particular by French aerospace engineering school ISAE and France's *École Polytechnique*.

The agreement was signed on January 19, 2015 and aims 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 Chairman, your Company has become a partner in this chair. The Zodiac Aerospace Group hopes the chair will attract new aeronautical engineering talent to the Company.

Your Company's contribution is set at a maximum sum of €290k per year for three years, starting in fiscal year 2014-2015. In fiscal year 2015-2016, your Company's contribution was €160k.

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 during prior fiscal years, have not been implemented during the fiscal year ended and are still in effect.

With Olivier Zarrouati, Chairman of the Executive Board

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 Chairman of the Executive Board in the event of his leaving the Company.

Paris-La Défense, on December 13, 2016

The Statutory Auditors

Fidaudit (a member of the Fiducial network) Bruno Agez	Ernst & Young Audit Valérie Quint

REPORT OF THE STATUTORY AUDITORS, 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 fiscal year ended August 31, 2016, 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 on any matters relating to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of accounting and financial 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 production 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 treatment of the accounting and financial information on which the information presented in the Chairman's report is based and of the 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, on December 13, 2016

The Statutory Auditors

Fidaudit (a member of the Fiducial network)	Ernst & Young Audit
Bruno Agez	Valérie Quint

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 on January 19, 2017 convened to vote on the financial statements for the 2015/2016 fiscal year

ORDINARY RESOLUTIONS

FIRST RESOLUTION

Approval of the statutory financial statements of the company Zodiac Aerospace for the financial year ended August 31, 2016

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, 2016, 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, 2016, 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 EUR143,335,670.74. 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 EUR181,709.36 for the past financial year, and also that the tax payable with regard to these same costs and expenses which amounts to EUR69,049,55.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the financial year ended August 31, 2016

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, 2016, 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, 2016, approves the consolidated financial statements of this financial year as these consolidated financial statements have been presented.

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, 2016 shows a net profit of EUR143,335,670.74, decides, upon the proposal of the Management Board, to allocate this profit as follows:

Net profit for the financial year	EUR143,335,670.74
Allocation to the legal reserve	(EUR2,672.70)
Retained earnings brought forward from previous year	EUR494,403,461.70
Distribuable profit	**EUR637,736,459.74**
Distribution of a dividend of EUR0.32 for each of the 290,070,433 shares	(EUR92,822,538.56)(*)
Balance allocated to the retained earnings account	EUR544,913,921.18

(*) This amount relates to all of the 290,070,433 shares issued by the Company as of August 31, 2016; 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 EUR0.32 for each of the 290,070,433 shares composing the entire share capital as of August 31, 2016, that is, a global dividend of EUR92,822,538.56, 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.

It is specified that this dividend is eligible, for the individuals who are tax residents in France, to the 40% reduction mentioned in article 158-3-2° of the French Tax Code.

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:

Financial year ended:	August 31, 2015	August 31, 2014	August 31, 2013(3)
Total number of shares (1)	276,405,154	275,329,159	274,345,875
Dividend distributed per share	EUR0.32	EUR0.32	EUR0.32
Total amount distributed (2)	EUR88,449,649.28	EUR88,105,330.88	EUR87,790,680

(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.

(3) It is 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. The total number of shares having given right to the payment of a dividend as well as the amount of the dividend per share, for the financial year ended August 31, 2013 are therein adjusted accordingly.

FOURTH RESOLUTION

Option for the payment of the dividend in shares

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 acknowledged that the share capital is fully paid up, in accordance with articles L. 232-18 *et seq.* of the French Commercial Code and article 45 of the articles of association of the Company, and subject to the approval of resolution 3 submitted to this General Meeting:

1. decides to grant to each shareholder an option, at the discretion of the shareholder, for the payment of the dividend in new shares;
2. decides that the option for the payment of the dividend in shares will relate to half of the dividend being distributed;
3. decides that this option for the payment of the dividend in shares shall be exercised from January 25, 2017 to February 7, 2017, to ensure a delivery of the shares on February 14, 2017. Consequently, any shareholder who has not exercised his option on February 7, 2017 at the latest, will receive the full amount of the dividends which will be due to it on the date put up for the payment of dividend in cash only. The new shares issued in payment of the dividends will be fully assimilated to the existing shares of the Company and will bear rights as from September 1st, 2016;
4. decides, for the part of dividend paid in cash, that this dividend will be detached from the share on February 13, 2017 and will be put up for payment on February 14, 2017;
5. decides that the issue price of the new shares which shall be issued in payment of the dividend will correspond to an amount equal to 90% of the average of the first quoted prices on the twenty stock market trading days preceding the present General Meeting, less the net amount of the dividend being the object of resolution 3 submitted to the present General Meeting, and rounded up to the nearest euro cent;
6. decides that if the amount of the dividends for which the option is exercised does not correspond to a whole number of shares, the shareholder will receive the number of shares immediately below plus a balancing cash adjustment;
7. grants to the Management Board, with a right to subdelegate under the conditions set out by the law and the articles of association, all powers to take all the necessary measures for the implementation of this distribution of dividend in shares, and in particular, to carry out any task related to or subsequent to the exercise of the options, to set the issue price of the shares issued under the conditions provided above, to formally acknowledge the number of shares issued and the share capital increase completed, to amend, consequently, the articles of association, to take all measures to ensure the final completion of the operation and, more generally, to do all that shall be useful and necessary within the framework of the laws and regulations in effect.

FIFTH RESOLUTION

Approval of the agreements and undertakings referred to in article L. 225-86 of the French Commercial Code and described in the special report of the Statutory Auditors

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 articles L. 225-86 *et seq.* of the French Commercial Code, acknowledges that no agreement or undertaking referred to by the above-mentioned articles has been entered into or subscribed to during the past financial year.

SIXTH 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 the General Regulation of the *Autorité des Marchés Financiers* and the European regulation n° 596/2014 of April 16, 2014, to have the Company purchase its own shares for the following purposes:

(i) to allocate or sell shares (a) 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 (b) 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 (c) pursuant to the provisions of articles L. 225-197-1 *et seq.* of the French Commercial Code, or (d) more generally, their allocation to the employees or to the members of administrative, management or supervisory bodies of the Company and/or of the company which are linked to it or which shall be linked to it under the conditions set out by the applicable law or regulations; or

(ii) to stimulate the market or to ensure the liquidity of the stock, via an investment services provider pursuant to a liquidity agreement in 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, as 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 access to the capital of the Company, by way of redemption, conversion, exchange, exercise of a warrant or in any other manner; or

(v) to cancel shares, as the case may be, totally or partially, by way of a reduction of the share capital, subject to resolution 14 hereby submitted to this General Meeting being approved; or

(vi) to implement any market practice which may come to be approved by the *Autorité des Marchés Financiers*, or any other purpose authorized or which could be authorized by the applicable law and regulations. In case of operations achieved outside the objectives above mentioned, the Company will inform its shareholders by way of a press release.

The number of shares that the Company shall purchase pursuant to the present authorization shall not exceed 10% of the total number of shares composing the share capital of the Company, on the date of the use of this authorization. In accordance with the provisions of article L. 225-209 of the French Commercial Code, the number of shares taken into account for the calculation of the limit of 10% corresponds to the number of purchased shares, net of the number of shares sold during the time of the authorization, in particular when the shares are purchased to ensure the liquidity of the stock under the conditions set out by the applicable regulation.

The purchases made by the Company may not lead it, at no time, to own more than 10% of the share capital.

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, by any means, on regulated markets, multilaterals trading facilities, with systematic internalisers or over-the-counter, including by acquisition or block sales (with no limit on the portion of the share repurchase program that could be carried out by this mean), by a public takeover bid 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 acquisition price per share is 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 maximum amount dedicated to the carrying out of this buyback program is EUR300,000,000, (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 value of the share, 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 of a purchase of shares at a price higher than 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 14, 2016 in its resolution 5.

SEVENTH 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, 2018.

EIGHTH RESOLUTION

Renewal of the term of office of Mrs. Laure Hauseux, 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. Laure Hauseux which is due to expire, for a term of four 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, 2020.

NINTH RESOLUTION

Renewal of the term of office of Mr. Vincent Gerondeau, 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 Mr. Vincent Gerondeau which is due to expire, for a term of four 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, 2020.

TENTH RESOLUTION

Appointment of the Company Fidoma, as new member of the Supervisory Board

The General Meeting, deciding in accordance with the quorum and majority conditions required for ordinary general meetings, decides to appoint the Company Fidoma as new member of the Supervisory Board of the Company for a term of four 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, 2020.

ELEVENTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2016 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 favorable opinion on the compensation elements due or granted for the financial year ended August 31, 2016 to Mr. Olivier Zarrouati, Chairman of the Management Board, as described in the 2015/2016 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 2015/2016 to Mr. Olivier Zarrouati, Chairman of the Management Board*" submitted to the advisory opinion of the shareholders.

TWELFTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2016 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 favorable opinion on the compensation elements due or granted for the financial year ended August 31, 2016 to Mr. Maurice Pinault, member of the Management Board, as described in the 2015/2016 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 2015/2016 to Mr. Maurice Pinault, Member of the Management Board*" submitted to the advisory opinion of the shareholders.

THIRTHEENTH RESOLUTION

Advisory vote on the compensation elements due or granted for the financial year ended August 31, 2016 to Mrs. Yannick Assouad, 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 favorable opinion on the compensation elements due or granted for the financial year ended August 31, 2016 to Mrs. Yannick Assouad, member of the Management Board, as described in the 2015/2016 annual report of the Company which includes the financial information and the financial statements, Part "*Compensation and Benefits, chapter B.I.c. Compensation due or granted for the financial year 2015/2016 to Mrs. Yannick Assouad, Member of the Management Board*" submitted to the advisory opinion of the shareholders.

EXTRAORDINARY RESOLUTIONS

FOURTEENTH RESOLUTION

Authorization to be granted to the Management Board to reduce the share capital by the cancellation of shares held 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 of the Supervisory Board and the special report of the Statutory Auditors authorizes the Management Board, in accordance with the articles L. 225-209 *et seq.* and L. 225-213 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 or to be acquired by the Company pursuant to the authorization submitted to the approval of the present General Meeting under resolution 6, or pursuant to authorizations prior or subsequent to the present General Meeting, and to carry out a reduction of the share capital in the same proportion.

The difference between the book value of the shares cancelled and their par value may be allocated to any reserve or premium account.

To this end, the General Meeting delegates all powers to the Management Board, with a right to subdelegate under the conditions set out by the law and the articles of association, to implement the hereby authorization, in particular to set the final amount of the share capital reduction, to determine the terms and record the completion thereof, to allocate the difference between the book value of the shares cancelled and their par value to any reserve or premium account, 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 shall be valid for eighteen (18) months as from this day.

This authorization cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 16 by the General Meeting of January 14, 2016.

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, 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 with the provisions of articles L. 225-129 *et seq.* of the French Commercial Code, in particular articles 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, in one or several times, the issue, 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, and/or (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, and/or (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 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 (or the counter-value of this amount on the same date in any other currency or currency unit established by reference to several currencies), it being specified (a) that the total nominal amount of the share capital increases carried out under these resolutions, as well as under the resolutions 16 to 21, 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 which issue may be carried out pursuant to the present delegation 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 issues of securities representing debt instruments which may be carried out pursuant to the present delegation and under resolution 15 and resolutions 17 to 21.

   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 irreductible 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; furthermore, to decide, in case of issuance of securities representing debt instruments, if they are subordinated or not (and, to the extent necessary, of their rank of subordination); to amend, during the period of validity of the said securities, the terms above mentioned, in compliance with the formalities applicable;
   - 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 (to the extent necessary, in particular, rights to conversion, exchange, reimbursement, including by delivery of assets of the Company such as treasury shares) 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 in compliance with the provisions of the applicable law and regulations;
   - 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 10 by the General Meeting of January 15, 2015.

SIXTEENTH 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 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 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 two million five hundred thousand (2,500,000) euros, it 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 15, (b) 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 (c) that the sums recorded onto the legal reserve account may not be capitalized;
3. decides, in case of allocations of free shares, that:
   - 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;
   - the shares which shall be allocated pursuant to this delegation because of prior shares benefiting from the double voting right will benefit of this right as from their issue;
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 11 by the General Meeting of January 15, 2015.

SEVENTEENTH 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 public offerings

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, in one or several times, the issue, 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, and/or (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, and/

or (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 (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 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 15 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 which issue may be carried out pursuant to the present delegation 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 15 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, in France or abroad. 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, during a period and pursuant to conditions that it will set out in compliance with the provisions of the applicable law and regulations, a priority subscription period which shall be exercised proportionally to the number of shares owned by each shareholder and which shall be completed, to the extend necessary, by an irreductible subscription, it being specified that the shares not subscribed during the said priority subscription period shall be offered via a public offering, in France or abroad;
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 mentioned hereafter and provided for by article L. 225-134 of the French Commercial Code:
   - to limit the amount of the issuance to the amount of the subscriptions received, provided that the latter reaches at least the three quarters of the amount of the issuance decided;
   - to freely allocate all or part of the shares and/or of the securities not subscribed;
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 18;
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; furthermore, to decide, in case of issuance of securities representing debt instruments, if they are subordinated or not (and, to the extent necessary, of their rank of subordination); to amend, during the period of validity of the said securities, the terms above mentioned, in compliance with the formalities applicable;
   - 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 (to the extent necessary, in particular, rights to conversion, exchange, reimbursement, including by delivery of assets of the Company such as treasury shares) 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 in compliance with the provisions of the applicable law and regulations;
- 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 12 by the General Meeting of January 15, 2015.

EIGHTEENTH 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 offerings 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, the issuance, 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, in one or several times, via private placement offerings referred to in II of article L. 411-2 of the French Monetary and Financial Code, (i) of ordinary shares of the Company, and/or (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, and/or (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 (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 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 15 and from the cap set out in resolution 17 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 which issue may be carried out pursuant to the present delegation 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 set out in resolution 15 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 mentioned hereafter and provided for by article L. 225-134 of the French Commercial Code:
   - to limit the amount of the issuance to the amount of the subscriptions received, provided that the latter reaches at least the three quarter of the amount of the issuance decided;
   - to freely allocate all or part of the shares and/or of the securities not subscribed;
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 17;
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; furthermore, to decide, in case of issuance of securities representing debt instruments, if they are subordinated or not (and, to the extent necessary, of their rank of subordination); to amend, during the period of validity of the said securities, the terms above mentioned, in compliance with the formalities applicable;
   - 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 (to the extent necessary, in particular, rights to conversion, exchange, reimbursement, including by delivery of assets of the Company such as treasury shares) 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 in compliance with the provisions of the applicable law and regulations;
   - 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 15, 2015.

NINETEENTH 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 15, to resolution 17 and/or to resolution 18

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 and L. 225-135-1 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 15, to resolution 17 and/or to the resolution 18 hereby submitted to this General Meeting, for the same price as the price retained in connection with the initial issue and within the deadlines and limits set out by the applicable law and regulations and by the market practices approved on the date of the issue, i.e. on the date hereof during a 30 calendar day period as from the closing of the subscription and within the limit of 15% of the initial issue, in particular with a view to granting an oversubscription option;
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 15 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 17, 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 14 by the Ordinary and Extraordinary General Meeting of January 15, 2015.

TWENTIETH 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 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, in one or several times, (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 meeting the conditions set out in article L. 225-148 of the French Commercial Code;
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 may not exceed one million two hundred thousand (1,200,000) euros, it 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 15 and from the cap sets out in resolution 17 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 which issuance may be achieved pursuant to the present delegation 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 15;

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 in compliance with the provisions of the applicable law and regulations;
   - 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 15 by the General Meeting of January 15, 2015.

TWENTY-FIRST 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 *et seq.* and L. 225-147 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, in one or several times, 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, and/or (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, and/or (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 15 and from the cap sets out in resolution 17, and (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 which issue may be carried out pursuant to the present delegation 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 under this resolution shall be deducted from the overall cap sets out in resolution 15 of this General Meeting;

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 set out the list of the contributed securities, to appraise the contributions, to set the number of securities to be issued in consideration for the contributions, and to determine their characteristics as well as the dividend eligibility date - being specified that such dividend eligibility date may be retroactive - of the securities to be issued;
   - to 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 16 by the General Meeting of January 15, 2015.

TWENTY-TWO RESOLUTION

Delegation of authority to the Management Board to increase the share capital by issuing, with the preferential subscription rights being cancelled, ordinary shares and/or other securities giving access to the share capital reserved for members of savings schemes

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 deliberations of the Management Board, by issuing ordinary shares and/or other securities giving access to the share capital reserved for the members of an employee savings scheme (or any other savings scheme to the members of which articles L. 3332-1 *et seq.* of the French Labour Code or any applicable law or corresponding regulation would allow to reserve a share capital increase under equivalent conditions), set up in a company or group of companies, foreign or French, which are linked to it under the conditions set out in article L. 225-180 of the French Commercial Code and included in the scope of consolidation or combination of the accounts of the Company pursuant to article L. 3344-1 of the French Labour Code, it being specified that this resolution shall be used in order to implement formula with a leverage effect and that the subscription shall be carried out either in cash or through offsetting of receivables. It is also 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 this delegation entails the express waiver, by the shareholders, to their preferential subscription right to the benefit of said beneficiaries mentioned in the above paragraph 1;
3. decides to set to three hundred thousand (300,000) 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 nominal amount of the ordinary shares and/or other securities giving access to the share capital which shall be issued pursuant to this authorization, it being specified that this cap is independent and distinct from the overall cap set out in resolution 15 of this General Meeting;
4. decides that the issue price of the new shares or securities giving access to the share capital shall be determined under the conditions set out in articles L. 3332-18 *et seq.* of the French Labour Code and shall be at least equal to 80% of the Reference Price (as defined hereinafter) or to 70% of the Reference Price when the lock-up period stipulated by the plan in accordance with article L. 3332-25

of the French Labour Code is greater than or equal to ten years; for the purposes of this resolution, the Reference Price means an average of the quoted price of the share of the Company on the Euronext Paris market during the twenty trading days preceding the date of the decision setting the opening date of the subscription for the members of a company or group savings scheme (or equivalent scheme);

5. authorizes the Management Board to allocate to the beneficiaries mentioned in the above paragraph 1, in addition to the shares or securities giving access to the share capital to be subscribed in cash, free shares or other securities giving access to the capital to be issued or previously issued, in substitution for all or part of the discount from the Reference Price and/or contribution (*abondement*), on the understanding that the benefit arising from this allocation may not exceed the applicable legal or regulatory limits pursuant to articles L. 3332-11 *et seq.* of the French Labour Code in case of a substitution of all or part of the company contribution;
6. authorizes the Management Board, in the conditions of this delegation, to sell shares to the benefit of the members of a company or group savings scheme (or equivalent scheme), as provided for by article L. 3332-24 of the French Labour Code, it being specified that the sales of shares carried out with discount to the benefit of members of a saving scheme or several employee saving schemes mentioned in this resolution shall be deducted, up to the nominal amount of the shares thus sold, from the cap set out in paragraph 3 of the present resolution;
7. 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 take all measures for the purpose of this resolution, in particular:
   - to set, under the legal conditions, the list of the companies or group of companies whose beneficiaries, as mentioned in paragraph 1 above, may subscribe to the shares and/or the securities giving access to the share capital of the Company thus issued, and benefit, as the case may be, from the shares and/or the securities giving access to the share capital of the Company freely allocated;
   - to decide that the subscription of the shares and/or securities giving access to the share capital may be carry out directly by the beneficiaries, as member of a company or group savings scheme (or equivalent scheme) or via a company mutual funds or other structures or entities allowed under the applicable law and regulations;
   - to determine the conditions, in particular in terms of seniority, that the beneficiaries shall meet;
   - to set the subscription opening and closing dates to subscribe to shares and/or securities;
   - to set the amounts of the issuances which will be carried-out pursuant to this delegation of competence and to determine, in particular, issue prices, dates, deadlines, terms and conditions, conditions of subscription, paying-up, delivery, and the dividend rights dates of the shares or securities giving access to the share capital, even retroactive, the rules of reduction applicable in cases of over-subscription, as well as the other terms and conditions of the issuances, under the limits provided by the applicable law and regulations;
   - in case of distribution of free shares or securities giving access to the share capital, to set the nature, characteristics and the number of shares or securities to issue, the number to allocate to each beneficiary and to set the dates, deadlines, terms and conditions of allocation of these shares or securities giving access to the share capital under the limits provided by the applicable law and regulations;
   - in case of issuance of new shares, to deduct, as the case may be, from the reserves, profits, or premiums, the sums required for the purpose of paying up the said shares;
   - at its sole discretion, to 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 fund the legal reserve;
   - to record the completion of the capital increase(s) and to amend the articles of association of the Company accordingly; and
   - more generally, to enter into all agreements, in particular to ensure completion of the proposed issuances, take all measures for the completion of the capital increases, amending the articles of association accordingly, as well as, complete all required formalities for the completion and proper performance of these issuances.
8. decides that this delegation shall be valid for twenty-six (26) months as from this day;
9. decides that this delegation cancels, as from this day, to the extent of the unused portion, the authorization granted in its resolution 19 by the General Meeting of January 14, 2016.

TWENTY-THREE RESOLUTION

Powers to carry out the legal formalities subsequent to these resolutions

The General Meeting grants all powers to the bearer of an original, a copy or a certified extract of the minutes of this meeting to carry out all filings, publications, declarations and formalities provided for by the law and necessary for the implementation of the foregoing resolutions.

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