2009

ANNUAL FINANCIAL REPORT

DASSAULT AVIATION

CONTENTS

DECLARATION OF THE PERSON RESPONSIBLE FOR THE REPORT

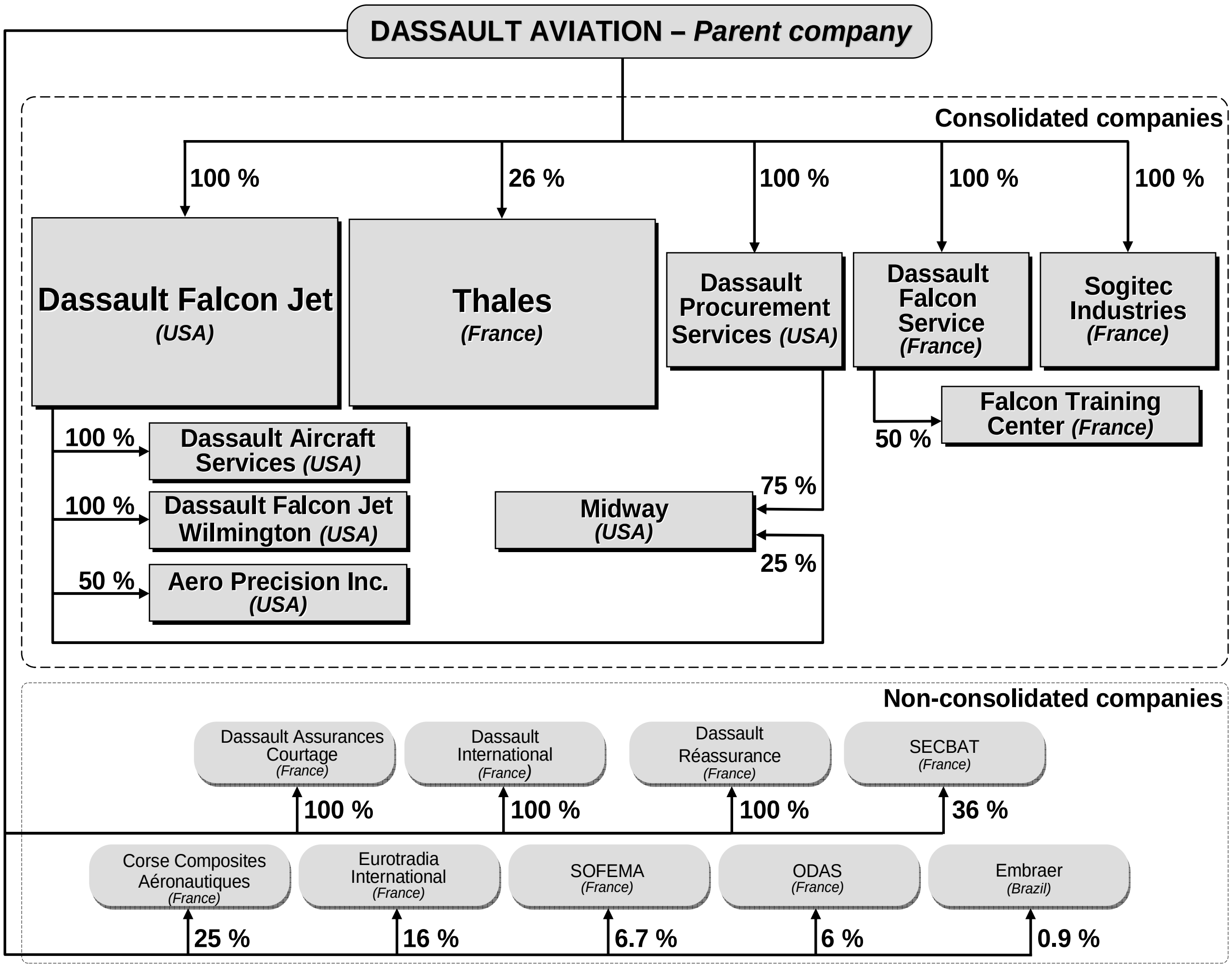
I certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income or loss of the company and all the other companies included in the scope of consolidation, and that the management report includes a fair review of the development of the business, performance and position of the company and all the other companies included in the scope of consolidation, together with a description of the principal risks and uncertainties that they face.

Paris March 17, 2010

Charles EDELSTENNE
Chairman and Chief Executive Officer

GROUP STRUCTURE

The DASSAULT AVIATION group is an international group that encompasses most of the aviation activities of GROUPE INDUSTRIEL MARCEL DASSAULT.



DASSAULT AVIATION SHAREHOLDERS

50.55% GROUPE INDUSTRIEL MARCEL DASSAULT
46.32% EADS France
3.13% PRIVATE INVESTORS

BOARD OF DIRECTORS

Honorary Chairman
Serge DASSAULT

Chairman and Chief Executive Officer
Charles EDELSTENNE

Directors
Olivier DASSAULT
Serge DASSAULT
Charles EDELSTENNE
Alain GARCIA
Philippe HUSTACHE
Denis KESSLER
Henri PROGLIO
Pierre-Henri RICAUD

MANAGEMENT COMMITTEE

Chairman

Charles EDELSTENNE	Chairman and Chief Executive Officer
Alain BONNY	Senior Vice-President, Military Customer Support Division
Claude DEFAWE	Vice-President, National and Cooperative Military Sales
Didier GONDOIN	Executive Vice-President, Research, Design and Engineering
Gérald MARIA	Executive Vice-President, Total Quality
Jacques PELLAS	Corporate Secretary
Guy PIRAS	Executive Vice-President, Industrial Operations, Procurement and Purchasing
Loïk SEGALEN	Executive Vice-President, Economic and Financial Affairs
Eric TRAPPIER	Executive Vice-President, International
Olivier VILLA	Senior Vice-President, Civil Aircraft

GOVERNMENT COMMISSIONER

Mr Marc GATIN, French Armed Forces General Inspector

STATUTORY AUDITORS

Mazars S.A., represented by Mr. Serge CASTILLON, partner
Deloitte & Associés S.A., represented by Mr. Dominique JUMAUCOURT, partner

Ladies and Gentlemen,

Before submitting the annual and consolidated financial statements for the year ended December 31, 2009 for your approval and deciding the proposed appropriation of net income for the year, we would like to take this opportunity to present the consolidated key figures, the activities of DASSAULT AVIATION Group, the activities and financial statements of its parent company, DASSAULT AVIATION, during the last year, their future prospects and other information required by law.

1. DASSAULT AVIATION Group

1.1 Consolidated key figures

1.1.1 Orders

2009 consolidated orders came in negative at EUR 1.32 billion compared to positive EUR 5.82 billion in 2008. Highlights included:

- an order for 60 RAFALE aircraft in France,
- negative orders for 98 FALCON corporate aircraft, due to the economic crisis,
- cancellation, by mutual agreement with NETJETS, of orders for 65 FALCON aircraft deliverable after 2014. These aircraft will be reordered and delivered depending on market evolutions. NETJETS confirms its long-term partnership with DASSAULT AVIATION.

Orders booked by the Group over the last five years are as follows in **EUR millions**:

Year	Defense		FALCON	**Total**	% Export
	France	Export			
2005	315	150	4,061	**4,526**	93%
2006	391	142	4,762	**5,295**	90%
2007	644	239	5,382	**6,265**	89%
2008	956	241	4,625	**5,822**	81%
2009	**2,276**	**253**	**- 3,851**	**- 1,322**	**N/A**

1.1.2 Net sales

2009 consolidated net sales amounted to EUR 3.42 billion, down 9% compared to 2008.

FALCON aircraft accounted for 71% of sales. In particular, **77 FALCON aircraft were delivered in 2009, which represents a record.**

Consolidated sales trends over the last five years are as follows in **EUR millions**:

Year	Defense		FALCON	**Total**	% Export
	France	Export			
2005	1,349	428	1,651	**3,428**	58%
2006	974	275	2,053	**3,302**	67%
2007	883	855	2,347	**4,085**	77%
2008	1,166	269	2,313	**3,748**	66%
2009	**739**	**242**	**2,440**	**3,421**	**74%**

1.1.3 Accounting policy changes

In 2009, the Group adopted the option allowed under IAS 19 to recognize all actuarial differences on pension commitments arising in the period in question within the Statement of Recognized Income and Expense, backdated to January 1, 2008. Previously, the Group posted actuarial differences within net income for the year.

This new accounting policy is considered to provide more relevant information given that it results in:

- the net charge for the period being reflected within net income,
- presenting the effect of adjustments to the total liability within other income and expenses recognized directly through equity.

This change of policy has no impact on opening capital and reserves. 2008 net income, determined using this new policy, amounted to EUR 384 million compared to EUR 373 million as published.

1.1.4 Operating Income

2009 consolidated operating income totaled EUR 393 million.

Operating margin stood at 11.5%.

1.1.5 Net Income

2009 consolidated net income (*) **amounted to EUR 315 million.**

Net margin (*) was 9.2%.

(*) before amortization of THALES purchase price allocation: after amortization net income was EUR 257m and net margin was 7.5%

1.1.6 Financial reporting

IFRS 8, Operating Segments, has replaced IAS 14, Segment Reporting. IFRS 8 now requires data to be presented based on company management criteria rather than based on economic performance criteria or geographical regions.

Applying this standard will not change the Group's segment reporting, since DASSAULT AVIATION's entire business is part of the aviation industry.

1.2 Purchase of THALES shares from ALCATEL-LUCENT and GROUPE INDUSTRIEL MARCEL DASSAULT (GIMD)

Pursuant to an agreement signed December 2008 with ALCATEL-LUCENT, May 19, 2009 DASSAULT AVIATION purchased the block of THALES stock held by ALCATEL-LUCENT.

DASSAULT AVIATION has taken over from ALCATEL-LUCENT as the principle industrial shareholder of THALES alongside the French government. The relations between the French government and DASSAULT AVIATION are governed by a shareholders' agreement that is very similar to the one currently binding the French government and ALCATEL-LUCENT.

Pursuant to March 2009 agreements, May 20, 2009 also purchased the block of THALES shares held by GIMD.

The public sector [(1)] and DASSAULT AVIATION will together hold a 53% stake in THALES and 63% of its voting rights, thus guaranteeing for THALES a stable shareholders' base in the long term. The shareholder breakdown as of December 31, 2009 is as follows:

	Share capital	Voting rights
Public Sector [(1)]	27.0%	42.4%
DASSAULT AVIATION	**25.9%**	**20.4%**
Other	47.1%	37.2%

[(1)] including SOGEPA (0.5% equity stake and 0.8% of voting rights), which was not a party to the shareholders agreement between the French government and DASSAULT AVIATION

The purchase of these shares, which the Board of Directors has approved, will allow DASSAULT AVIATION and THALES to build on their excellence in systems and high technology.

The strengthening of the partnership between THALES and DASSAULT AVIATION will thus create a French division of a global scale in the field of strategic technologies, aviation and aerospace, defense and security, similar to those set up in the United States, the UK, Italy and Sweden with other industrial players.

For DASSAULT AVIATION, this is a long-term industrial investment that should help optimize both companies' activities in order to enhance their respective profitability.

The total purchase price of EUR 1.96 billion (at EUR 38 per share) was paid as follows:

- in cash to ALCATEL-LUCENT amounting to EUR 1.57 billion,
- half in cash and half in credit to GIMD (1/4 payable in one year, 1/4 in two years) amounting to EUR 0.39 billion.

THALES is consolidated under the equity method in the Group financial statements of DASSAULT AVIATION.

1.3 Financial structure

The Group has defined a specific indicator, "Available cash", which reflects the Group's total liquidities minus borrowings. It covers the following balance sheet headings:

- cash and cash equivalents,
- available-for-sale marketable securities (at market value),
- borrowings.

Consolidated Available Cash amounted to EUR 1.98 billion as of December 31, 2009 down EUR 2.45 billion from EUR 4.43 billion as of December 31, 2008, largely due to the purchase of the investment in THALES amounting to EUR 1.96 billion.

1.4 Financial risk management

The Group is exposed to the following main risks and uncertainties:

1.4.1 Cash and liquidity risks

The Group is not exposed to any significant market risk with regard to its borrowings and marketable securities (available for sale or cash equivalents). The Group's marketable securities portfolio mainly comprises short-term money market investments.

The Group's loan agreements include customary clauses concerning default and limits covering collateral and merger or asset sale transactions. The agreements do not contain any early repayment clauses based on credit ratings or financial ratios. One of the borrowing clauses for a euro-denominated loan stipulates that early repayment will be due should GIMD hold less than 50% of the equity of DASSAULT AVIATION.

The Group can meet its commitments without any liquidity risk due to its cash resources and its portfolio of available-for-sale marketable securities.

1.4.2 Credit risks

The Group performs its cash and foreign exchange transactions with recognized financial institutions and places its investments and has bank accounts with these various institutions. The Group had no investments or accounts with financial institutions that went bankrupt in 2009.

The Group limits counterparty risk by performing most of its sales in cash and ensuring that the granted loans are secured by export credit insurance (COFACE) or collateral. Guarantees are also underwritten with export credit insurance firms for the manufacturing risk relating to major military export contracts.

Considering the trade receivables write-down method used to prepare the financial statements, the percentage of outstanding receivables not written-down at the year-end is immaterial and not at risk.

1.4.3 Market risks

- ***Foreign exchange risks:***

  - Hedging portfolio:

  The Group is exposed to a foreign exchange risk with regard to sales of FALCON aircraft that are virtually all denominated in US dollars. The Group is therefore exposed to a foreign exchange risk through the parent company, as a portion of the parent company's expenses are denominated in euros.

  The parent company partially hedges this risk by using forward sales contracts and, where necessary, foreign exchange options.

  DASSAULT AVIATION partially hedges its cash flows that are considered highly probable. The parent company ensures that the initial future cash flows will be sufficient to use the foreign exchange hedges in place. The amount of the hedge may be adjusted according to the variability in the timing of expected net cash flows.

- EMBRAER shares:

The Group's parent company owns EMBRAER shares, which are listed on the Brazilian market. EMBRAER is stated in euros in the Group's financial statements based on market value at the balance sheet date in Brazilian reals converted into euros. The value of the shares may therefore fluctuate according to the exchange rate of these two currencies.

- ***Interest rate risks:***

As of December 31, 2009, the Group's bank borrowings with financial institutions are at fixed rates after taking out swaps for EUR 500 million of borrowings initially at variable rates in May and July 2009. The variable rates on these loans are based on EURIBOR 1 year rates.

- ***Other risks:***

The Group is exposed to a pricing risk relating to price fluctuations of the EMBRAER shares.

1.5 Related-party transactions

Related parties as of December 31, 2009 are identical to those as of December 31, 2008 plus THALES, certain subsidiaries of which are related to DASSAULT AVIATION via development and equipment supply contracts as well as software and related support.

2009 transactions are specified under Note 26 of the notes to the consolidated financial statements.

1.6 Group Activities

1.6.1 Program developments

- ***FALCON programs:***

Fiscal year 2009 was marked by:

- the effects of the global financial crisis on orders,
- delivery of 77 FALCON aircraft compared to 72 in 2008,
- FAA and EASA certification of the FALCON 2000LX in April, followed by the first deliveries
- qualification of the FALCON 7X at London City Airport,
- pursuit of outstanding development projects (i.e. FALCON 900LX, SMS, and phase 2 of the EASy cockpit).

- ***Defense programs:***

2009 highlights included:

- notification of an order for 60 RAFALE aircraft from the French government increasing total RAFALE aircraft orders to 180,
- delivery of 14 RAFALE production aircraft,
- world's first firing of the RAFALE AGL with the Damocles laser designation pod and combined MICA / AASM firing,
- inauguration of the RAFALE F2 Simulation Center at Landivisiau,
- continued negotiations for export sales of RAFALE aircraft,
- manufacturing of the first demonstration parts for the nEUROn unmanned combat aircraft (UCAV); this program, under the project management of DASSAULT AVIATION, includes five other European partners,
- submission to the French Ministry of Defense of a bid for a MALE drone system in association with a foreign partner.

1.6.2 Customer support and services

In 2009, the Group:

- boosted its FALCON aircraft maintenance capacities by opening two new maintenance centers in Reno Nevada USA and Sao Paulo Brazil,
- launched new IT system developments enabling the FALCON Technical Center to use the internet for remote repair of isolated aircraft,
- was awarded an equipment maintenance contract by Taiwan for MIRAGE 2000 aircraft,
- returned to flight the first 12 Libyan MIRAGE F1 aircraft to be serviced,
- was awarded a servicing contract for Peruvian MIRAGE 2000 aircraft.

1.6.3 Subsidiary activities

- ***DASSAULT FALCON JET (United States):*** this company markets FALCON jets and is responsible for their interior fittings.

  The company is headquartered in Teterboro, New Jersey, while industrial activities are located in Little Rock, Arkansas.

  Its subsidiaries are:
  - DASSAULT FALCON JET - WILMINGTON (wholly owned subsidiary), an aviation maintenance and service company, located in Wilmington (Delaware),
  - DASSAULT AIRCRAFT SERVICES (wholly-owned subsidiary), responsible for promoting aviation maintenance and service sales in the United States, also located in Wilmington (Delaware),
  - APRO (50/50 joint venture with Messier-Services Inc.), responsible for the repair and maintenance of FALCON and ATR landing gear and flight controls. The company's facility is located in Deerfield Beach, Florida.

- ***DASSAULT FALCON SERVICE (France),*** based at Le Bourget airport, contributes to FALCON support activities in the following two areas:
  - maintenance and refitting of FALCON aircraft: a maintenance center dedicated to FALCON aircraft,
  - leasing and management of FALCON aircraft as part of civil transport activities.

- ***DASSAULT PROCUREMENT SERVICES (United States)*** is the central purchasing hub in the United States for FALCON aviation equipment.

- ***MIDWAY (United States)*** ensures the overhaul and repair of civil aviation equipment for French OEMs, suppliers of FALCONS or other aircraft.

- ***SOGITEC INDUSTRIES (France)*** operates in the simulation and documentation sectors.

1.6.4 Affiliates

- ***CORSE COMPOSITES AÉRONAUTIQUES (France)*** is specialized in the production of aviation parts from composite materials, in particular for its corporate shareholders (EADS AIRBUS, LATECOERE, SNECMA and DASSAULT AVIATION).

- ***EMBRAER (Brazil)***, a major player in the aviation industry, enables the Group to maintain its presence in South America, and particularly in Brazil. We consider our investment in EMBRAER as strategic.

- ***THALES (France):*** THALES Group operates on aviation and aerospace, defense and security markets. It has sales and production facilities on all five continents. Its "multidomestic" presence is one of the key cornerstones of its strategy.

1.7 Research and Development

In addition to programs, our future preparatory activities focus on research involving aircraft concepts, technological developments and the improvement of our production line processes.

The multi-annual overall Group plans set up to prepare the next generation of FALCON aircraft with cutting-edge technologies have been implemented with the basic objective of significantly reducing the environmental impact of the future business aircraft and propose high-quality services to our customers.

The work carried out for the Clean Sky partnership initiative is gathering pace. This will enable developments in terms of on-board power management, advanced aircraft control, drag reduction and eco-design to be validated using technological demonstrators in the framework of European cooperation.

DASSAULT AVIATION is preparing to participate in around twenty European projects which will be offered as part of the 3rd tender bid in conjunction with the 7th European Research and Development Framework Program.

The 2010 research priorities have been submitted to the Civil Aviation general management in the form of a Research & Technology program for corporate aircraft in line with the technological roadmap prepared by the Orientation Board for French Civil Aircraft Research (“CORAC”) in which DASSAULT AVIATION plays an active part.

In the military field, a key feature of 2009 was a reduction in volume of advance notification of research projects from the French Defense Procurement Agency (“DGA”).

Discussions with the DGA and the French Air Force are taking place to establish the future role for the nEUROn technology demonstrator in order to provide an in-depth definition and functions of an operational UCAV.

1.8 Digital business

DASSAULT AVIATION continues to make the extended digital business and Product Lifecycle Management (PLM) a reality, thus gaining it a significant technological and competitive edgy. The progressive rollout of the sixth version of the product life-cycle management process (PLM V6) and its component systems is providing new teamwork procedures. PLM V6 offers unrivalled opportunities for teamwork by coordinating protagonists (in-house or external), projects, procedures (whatever the location), employees, program and product.

1.9 New production techniques:

The Group develops new production techniques mainly by:

- increasing use of digital techniques,
- taking account of environmental regulations in the Group’s manufacturing processes.

With regard to use of digital techniques:

- using robots was extended to setting up sub-assemblies and is under review for producing composite parts,
- workshop simulation pilot schemes are currently being worked on in collaboration with DASSAULT SYSTÈMES.

To reduce the environmental footprint of our production processes, the Group is conducting several developments as follows:

- new paint ranges containing less solvent pollutants ("water-based"),
- redesign of RAFALE sub assemblies to do without chemical use of titanium and machining trials to replace chemical use of aluminum,
- process study for metal protection doing away with chromium oxides.

Lastly, we have launched a project group covering all our businesses in order to take into account the impact of REACH European regulations.

1.10 Production facilities

Adaptation and operational maintenance of DASSAULT AVIATION's production facilities in 2009 resulted in the operational launch and orders for the following:

- facilities for producing flight controls at Argonay: CNC drilling center, CNC surface grinder, internal / external CNC surface grinder and stabilization / nitruration oven,
- FALCON wing panel forming facilities at Seclin: shot peening cabin and implementation of an automated forming line,
- new robotic facilities: Non destructive test platform at Argenteuil and screw exits at Martignas,
- external paint facilities at Mérignac: to complete FALCON 7X aircraft and sticking / varnishing in the new building.

Furthermore, the extension to the Lindbergh building was opened in Mérignac.

1.11 Ethics

The Group Ethics Charter aims to unite employees around a set of professional and ethical values. It sets a code of conduct covering day-to-day activities with customers, partners and suppliers.

This Charter also includes the principles behind the UN "Global Compact" initiative, adopted by the Company.

1.12 Total Quality

The Total Quality policy was maintained based on four major strategies:

- prioritize customer satisfaction,
- be one step ahead of competitors in terms of cost and quality,
- promote human development,
- respect the environment.

The last two strategies reflect our commitment to support fundamental values, in accordance with the UN Global Compact initiative.

In October 2009, DASSAULT AVIATION successfully passed the update audit under the EN 9100 certification, which is the specific standard for the aviation industry covering ISO 9001, and the ISO 14001 certification audit, which is specific to the environment.

The Company obtained these quality certifications as part of an Integrated Management System (SMI) simultaneously covering product quality and environmental requirements.

The Group's certifications for the design, production and maintenance of civil aircraft are also monitored. The Group is also preparing to set up corresponding certifications for military aircraft.

Finally, the Group continues to implement its program, product, process and environment risk management measures in all its entities, departments and sites.

1.13 Human Resources

The Group employed 11,649 people as of December 31, 2009.

2. DASSAULT AVIATION, parent company

2.1 Activities

The activities of the parent company, DASSAULT AVIATION, in particular as regards program developments, research and development and production, are presented together with the activities of the Group.

2.2 Key figures

2.2.1 Orders

Total orders booked by the parent company in 2009 amounted to EUR – 1.02 billion.

Highlights included:

- an order for 60 RAFALE aircraft in France,
- negative orders for 98 FALCON corporate aircraft, due to the economic crisis,
- cancellation, by mutual agreement with NETJETS, of orders for 65 FALCON aircraft deliverable after 2014. These aircraft will be reordered and delivered depending on market evolutions. NETJETS confirms its long-term partnership with DASSAULT AVIATION.

Orders booked over the last five years are as follows, **in EUR millions**:

Year	Defense		FALCON	**Total**
	France	Export		
2005	313	134	3,485	**3,932**
2006	380	141	3,933	**4,454**
2007	638	233	4,664	**5,535**
2008	939	222	4,033	**5,194**
2009	**2,271**	**230**	**- 3,524**	**- 1,023**

2.2.2 Net sales

Parent company **2009 net sales** came in at **EUR 2.75 billion.**

Sales for the last five years are as follows, **in EUR millions**:

Year	Defense		FALCON	**Total**
	France	Export		
2005	1,347	419	1,204	**2,970**
2006	971	252	1,630	**2,853**
2007	878	844	1,883	**3,605**
2008	1,159	264	2,117	**3,540**
2009	**722**	**219**	**1,807**	**2,748**

2.2.3 Net income

2009 net income amounted to **EUR 266 million.**

Company employees will receive a total of EUR 101 million under the profit-sharing and incentive schemes as follows:

- profit-sharing: EUR 87 million
- incentive: EUR 14 million

This represents 24.8% of salaries paid in 2009, compared to a legal minimum of 3.6%.

2.2.4 Dividends (appropriation of net income)

Subject to your approval of the 2009 financial statements, we propose that the net income for the year of EUR 265,969,400.75 plus retained earnings of EUR 2,181,453,345.11 giving a total of EUR 2,447,422,745.86, be appropriated as follows:

- **distribution of dividends:**
  EUR 89,107,893.60
- with the remaining balance to retained earnings:
  EUR 2,358,314,852.26

If you accept this proposal, **a dividend per share of EUR 8.80** will be distributed in respect of fiscal year 2009.

For individuals taxable in France, this dividend shall be liable for a progressive scale after the 40% allowance or, as an option, a flat-rate withholding. Whatever option is chosen, this dividend shall give rise to social security contributions deducted at source.

Dividends paid in respect of the last three years are as follows:

Fiscal year	Net dividend (EUR)	Allowance
2006	7.40	40% (1)
2007	10.60	40% (2)
2008	5.80	40% (2)

(1) allowance for individuals
(2) allowance or, as an option, a flat-rate withholding for individuals

2.2.5 Five year results summary

The DASSAULT AVIATION five-year summary is shown in Note 33 to the financial statements.

2.2.6 Tax consolidation

The Company elected for tax consolidation with effect from January 1, 1999, forming a tax group with those French subsidiaries in which it holds an interest of over 95%. A tax consolidation agreement, tacitly renewable for 5-year periods, was signed with each of these subsidiaries.

2.3 Risk management

The risks and uncertainties to which the Company is exposed are the same as those outlined in this Group management report, since the parent company plays a predominant role within the Group.

2.4 Purchases and subcontracting

In fiscal year 2009, DASSAULT AVIATION purchases totaled EUR 1.7 billion, representing 62% of sales. Purchases break down into three categories as follows: equipment and support (3/10); semi-finished products, accessories, industrial subcontracting and special process subcontracting (4/10); general purchases (3/10).

Defense market suppliers are primarily located in France while FALCON suppliers are mainly located in Europe and North America.

2.5 Terms of payment

Pursuant to French law, DASSAULT AVIATION has introduced policies required to ensure that its suppliers are paid 45 days from the end of the month when the invoice was issued.
The breakdown of trade payables by due date as of December 31, 2009 is as follows (**in EUR millions**):

Maturity	**Trade payables**
Due as of balance sheet date	14.0
As of 1/15/2010	25.2
As of 1/31/2010	20.2
As of 2/15/2010	0.4
As of 2/28/2010	1.8
Other (non-current)	10.9
Total	**72.5**

2.6 Employee matters

2.6.1 Recruitment

The Company had a total of 8,184 employees as of December 31, 2009:

Total employees as of 12/31/2008	Departures	Recruitments	**Total employees as of 12/31/2009**
8,343	410	251	**8,184**

The 251 recruits in 2009 involved all professional categories and all age groups.

As of December 31, 2009, the number of employees under fixed-term contracts was 59, or 0.72% of total employees.

The orientation days for new executives ("ENVOL Days") have been continued and the second part includes a visit to military airbases so that new employees can meet and discuss directly with our clients.

The Company has introduced and implemented a new policy involving cooperation with schools and colleges adopting a more active presence and attracting young talent to the aviation industry in general and the Company in particular. These early recruitment efforts are backed by a dynamic internship program. In 2009, 513 interns on scholarships were received in all Company departments.

DASSAULT AVIATION is also active in promoting work-study programs which involved hiring 61 students under internships or induction programs during the year.

The Company incurred a charge of EUR 3.1 million in respect of 'taxe d'apprentissage' (apprenticeship tax).

2.6.2 Pay policy

As of December 31, 2009, 4,153 employees received a fixed salary with no reference to working hours or with reference to an annual number of working days.

The average effective working week of employees paid on an hourly basis was 34.50 hours.

The number of part-time employees totaled 273 or 3.34% of total employees as of December 31, 2009.

The minimum annual Company salary was EUR 20,880.

The average annual growth in current salaries was 4.26%.

Current gross annual salaries in euros are as follows:

	1st decile	1st quartile	median	3rd quartile	9th decile
2009	26,496	30,461	39,577	56,752	80,483

In 2009, average profit-sharing and incentive scheme amounts received by entitled employees were EUR 10,222 and EUR 1,651, respectively.
In addition, a total of EUR 30,863,331 was paid to the Works' Councils in respect of employee activities (5% of total payroll) or for various employee-related expenses: transport, housing, catering, etc.

2.6.3 Equal opportunities

Agreements have been signed within the Company regarding equal job opportunities for men and women, the employment of handicapped persons and the employment of seniors.

A statistical dashboard has been set up together with the various stakeholders so as to monitor the equality of job opportunities for men and women. A network of trained delegates is in place with representation at every Company location and general management.

Various actions directed at helping people back into employment or keeping people in jobs continued, in particular, with the work done by local committees under the "CAP AVENIR" (Pointing to the Future) initiative and by local correspondents overseen by a coordinator at company level.

In 2009, the Company hired 5 handicapped employees and received 15 handicapped interns. The Company employed a total of 560 units in relation to an employment obligation of 497 units.

DASSAULT AVIATION made a special commitment to employing seniors, in particular by keeping staff over 55 in their jobs, and these make up 17% of total Company employees and with the development of know-how and skills, the implementation of a systematic annual medical and the possibility of working part time on attractive terms. A "senior" has been appointed to oversee the actions provided for in the agreement.

2.6.4 Employee relations

Employee relations policy at DASSAULT AVIATION is based on the search for collective agreement, ongoing employee dialogue and the maintenance of a satisfactory industrial relations climate. Within this framework, the program of consultations and negotiation with the trade unions continued. Several employee relations agreements and riders were signed in 2009 relating to:

- salaries,
- profit sharing,
- healthcare expenses,
- death and disability risks,
- upkeep and cleaning of working clothes,
- employment of seniors,
- employment of handicapped employees,
- election of employee representatives,
- experimental electronic voting in employee representative elections,
- benefits available in times of reduced work.

DASSAULT AVIATION has been hit by the worldwide economic crisis, in particular on the business aviation market. This situation meant the Company had to resort to short time working at some locations.

As part of this an Agreement on Long Term Part Time Working (APLD) was signed with the French government allowing for improved benefits for staff on short time working. The agreement also provides for assistance measures such as maintaining profit sharing, extra days holiday following reduction of the working week, paid holidays, personal protection insurance, improvement of the bonus for abandoning shift work and training of employees on short time working,…

2.6.5 Development of human resources and training

Actions undertaken in 2009 enabled the maintenance and development of the level of skills among employees taking into account both individual and collective preferences and the social and economic climate of the Company.

Certain long-term projects have begun to bear fruit. As a result:

- as part of the project "Aggregating company skills", the whole workforce has today been listed in the Company’s job/functions reference base,
- professional mobility, an essential tool, satisfies the Company’s resource requirements and meets employee expectations,
- the transfer of operating know-how through the DASSAULT Skills Conservatory (the range of training courses continues to develop) is deployed in all sites,
- a managerial culture based on high quality close communications is transmitted through numerous DASSAULT Institute seminars,
- continued capital expenditure on professional training satisfies employee operating requirements, and represents a financial expense equivalent to 3.41% of total payroll for 177,945 hours of training.

Training budgets were re-oriented toward employees on short time working with the following results in 2009:

- a Personal Interview offered to every employee on short time working so as to examine the training solutions and reviews that could be undertaken during the period of reduced work,
- 22,776 hours of training provided predominantly for skilled workers and supervisory staff,
- more than 180 employees received assistance in retraining for a new job.

Employee communications and information continued, particularly through the Deltanet system, which provides each employee with up-to-date information on the organization of daily activities within the Company.

2.6.6 Health and Safety at Work

In 2008 DASSAULT AVIATION adopted a system of health and safety management at the workplace. At the same time, the company set up functions at headquarters in these areas. The Company continued its efforts for the prevention of workplace accident risks and these were the main achievements in 2009:

- prevention of psychological workplace risk: DASSAULT AVIATION, together with the participation of the cross discipline group, has put in place an initiative for the prevention of psychological workplace risks. As part of this the Company has undertaken a risk evaluation process and introduced medical questionnaires at each location. Training sessions have also been organized for managers to help them better understand these risks and practice preventive actions,
- prevention of chemical risks: the Company has strengthened its actions in terms of chemical risks, including the introduction of new chemical products and control of workers' exposure by introducing a Company chemical products unit involving the relevant working group.

During 2009, 164 accidents resulted in work stoppages, corresponding to a frequency rate(1) of 14.13 and a severity rate(2) of 0.46.

(1) $\frac{\text{No. of work-related accidents with stoppage}}{\text{Number of hours worked}} \times 1{,}000{,}000$

(2) $\frac{\text{No. of days lost due to temporary disability}}{\text{Number of days worked}} \times 1{,}000$

In addition, 6 cases of occupational sickness were recognized by the social security during the year.

2010 priorities for health and safety at work will be as follows:

- pursue actions to prevent psychological risks and formalize the Group's policy to improve employees' quality of life at work,
- increase assessments of chemical risks by developing the Group's assessment resources and taking account of the REACH European regulation,
- strengthen preventive healthcare measures for the Group's expatriate staff,
- launch a campaign to prevent musculoskeletal problems.

2.7 Environment

2.7.1 Context

DASSAULT AVIATION environmental management systems are ISO 14001 certified.

The approach to environmental management has been consolidated by the introduction of a global Company system, also ISO 14001 certified, in 2007.

During 2009, the integration of Quality and Environment Management systems was finalized and was awarded a combined certification.

2.7.2 Foreign subsidiaries

The main industrial site of the US subsidiary, DASSAULT FALCON JET, specializing in the commercial development of FALCON aircraft, is also ISO 14001 certified.

2.7.3 Principal Achievements

Our main achievements in 2009 with respect to environmental protection and/or improvements were as follows:

- receiving an integrated quality (EN9100) and environment (ISO 14001) certificate,
- start of work on the European Clean Sky project,
- incorporation of the European REACH regulations in project mode,
- carrying out audits on environmental awareness among the Company's sub-contractors,
- launch of the planned rollout of a single IT system for waste management,
- distribution of an institutional communications document about the environment,
- additional systems to improve control over environmental risks on the sites,
- installation of a rainwater recovery tank and a fuel storage zone for Seclin,
- organization of the fire zone at Poitiers,
- changing R22 gas (air conditioning units) at Biarritz and Saint-Cloud.

2.7.4 Company environmental organization

- ***The Environmental Management System of the DASSAULT AVIATION sites (Site EMS)***

  The Site EMS mainly focuses on the quality and environmental departments which represent management to the relevant local authorities.

  A network of environmental contacts reinforces site supervision in order to deploy instructions, analyses and action plans in the field.

- ***The DASSAULT AVIATION Environmental Management System (Company EMS)***

  The Total Quality Management Department coordinates the Company EMS. It proposes the environmental policy and coordinates the measures undertaken by the sites and the Company's central departments.

  The TQMD also manages the reference base. It provides shared operational systems and gives site environment managers and corporate managers directives that are based on Company or external best practices.

  Finally, it is responsible for preparing Company progress reports in order to define the Company's growth strategies.

- ***Environmental risk management***

  DASSAULT AVIATION's industrial sites are governed by legislation covering Environmental Protection Classified Installations.

  Their classification is representative of the level of risk:

  - low (declaration): Martignas and Saint-Cloud,
  - medium (authorization): Argenteuil, Argonay, Biarritz, Istres, Mérignac and Seclin,
  - high (authorization/Seveso low threshold): Poitiers, for which a very thorough risk analysis has been set up.

In recent years, DASSAULT AVIATION's industrial sites have made significant progress in environmental risk management:

- comprehensive risk analysis,
- implementation of an emergency response plan,
- accident simulations.

- ***Employee awareness***

Virtually all DASSAULT AVIATION employees and external companies working at DASSAULT AVIATION sites, whose activities affect the environment, have been made aware of environmental concerns.

2.7.5 Environmental performance

- ***Environmental reporting***

A reporting procedure has been set up for impact at the Company level (e.g. consumption of resources, discharges, waste, etc.).

Each site has:

- defined local Company environmental reporting indicators,
- determined specific indicators for its activities.

The indicators of each site are analyzed at periodic environmental management meetings attended by the representatives of the Group's Total Quality Management Department.

- ***Resource consumption/Energy***

Aside from the kerosene used for flight tests, the energy used by DASSAULT AVIATION at its different sites is 53% electricity, 46% gas and 1% liquid fuel (fuel-oil, diesel).

Year	Tera Joules			
	Electricity	Gas	Fuel oils	**Total**
1998	322	321	98	**741**
2008	351	308	6	**665**
2009	**337**	**298**	**6**	**641**

Global energy consumption remains stable thanks to energy-saving programs carried out by the sites.

Electricity is principally used for lighting on the sites and the air conditioning of enclosed premises, as well as for certain processes (thermal treatments, composites manufacturing, etc.).

Gas provides the energy required for certain processes (surface treatment and paint workshops) and for heating enclosed premises.

It should also be noted that since 1998 we have sharply reduced fuel-oil consumption by using energy sources that cause less air pollution. Fuel-oil storage capacities are particularly reserved for operating the emergency electrical generators.

- ***Resource consumption/Water***

The water used at the production sites comes from public networks and/or is pumped from the ground. The Argenteuil site has also set up a rainwater recovery system.

Year	Thousands of m^3		
	Municipal water	Ground water	**Total**
1998	463	271	**734**
2008	171	43	**214**
2009	**165**	**42**	**207**

The sharp decline in water consumption since 1998 is particularly due to the management of water used for cooling, catering, bathroom facilities and watering of green areas (installation of closed circuits, leak detection campaign, reduction in consumption, etc.). This decrease in consumption is also related to the decreased workload as well as to the process improvements carried out in 2009.

- ***Raw materials and other products***

Aircraft materials consist mainly of aluminium, which is recycled. Composite materials, paints and mastics are also used in their construction. Consumables such as acids and bases (surface treatment baths), machining oils and degreasing solvents (mainly non-halogenated) are also used.

- ***Solvents and related discharges***

The table below shows the trends in overall consumption of solvents on DASSAULT AVIATION sites.

Year	Tons		
	Non halogenated	Halogenated	**Total**
2000	144	118	**262**
2008	129	8	**137**
2009	**107**	**7**	**114**

Consumption of solvents involved in degreasing and painting procedures has decreased since 2000, in particular as regards halogenated solvents.

This performance is linked to the replacement of these solvents (for example trichlorethylene) by other substances such as water-based cleaning products.

- ***Other atmospheric discharges***

The atmospheric discharges mainly stem from traditional combustion installations (boilers and emergency generators) and aircraft testing.
These activities generate carbon dioxide (CO_2), sulfur dioxide (SO_2) and nitrogen oxide (NO_X) wastes.

Year	Thousand of tons of CO_2		
	without kerosene	from kerosene	**Total**
1998	26	23	**49**
2008	18	18	**36**
2009	**18**	**11**	**29**

Year	Tons of SO_2		
	without kerosene	from kerosene	**Total**
1998	17	3	**20**
2008	0	3	**3**
2009	**0**	**2**	**2**

Year	Tons of NO_x		
	without kerosene	from kerosene	**Total**
1998	39	50	**89**
2008	22	40	**62**
2009	**21**	**25**	**46**

The increasing use of "clean" energies has resulted in a reduction in nitrogen oxide discharges and, in particular, the virtual elimination of sulfur dioxide discharges, excluding those relating to in-air activity.

- ***Water discharges***

The principal wastewater discharges by DASSAULT AVIATION are the result of surface treatment activities.

To prevent the discharge of toxic metals into the natural environment and ensure compliance with regulations, the relevant production sites are equipped with detoxification facilities.

Specific indicators show that pollutant flows contained in the surface treatment water from wastewater treatment plants are well below the limits set by national and local regulations.

To prevent any pollution arising from an accidental stripping or a fire, DASSAULT sites are equipped with hydrocarbon separators and specific stripping areas. They have set up containment ponds for water used to extinguish fires.

- ***Waste***

The waste generated by the DASSAULT AVIATION plants breaks down into two major categories: the Ordinary Industrial Wastes (paper, cardboard, scrap iron etc.) and Hazardous Industrial Wastes (oils, metallic hydroxide muds, solvents, contaminated packagings, etc.), as follows:

Year	Tons		
	Non-hazardous	Hazardous	**Total**
2005	4,919	2,184	**7,103**
2008	6,518	2,108	**8,626**
2009	**4,178**	**1,625**	**5,803**

The 2009 decrease in tons of waste is closely related to the drop in production.

- ***Noise and vibrations***

Noisy equipment is as far as possible placed inside buildings, and any devices likely to cause vibrations are set on concrete blocks equipped with anti-vibration mountings. Noise level measurements did not reveal any significant noise disturbances.
Flights and ground tests are managed so as to minimize the noise impact on the surrounding area.

- ***Traffic***

Industrial rationalization measures in recent years took into account the economic and environmental optimization of transport between sites.

The transport of chemical products and hazardous industrial waste represents a small proportion of heavy vehicle traffic at the production sites.

- ***Odors***

The DASSAULT AVIATION production sites do not create any significant olfactory disturbances for the neighboring communities.

2.7.6 Environmental costs

- ***Expenses incurred to anticipate the impact of the Company's activity on the environment***

2009 capital expenditure for the environment incurred by DASSAULT AVIATION totaled EUR 2.6 million.

In addition, EUR 0.5 million was invested in studies of risk, impacts and regulatory compliance.

- ***Damage caused to the environment***

No court has ever sanctioned DASSAULT AVIATION for pollution or ordered it to pay compensation to repair damage caused to the environment.

The Anglet site was subject to a prefectoral order in 2006 calling for an impact analysis and a treatment study for past groundwater pollution (chrome and halogenated solvents). The Company therefore assessed the potential sanitary risks relating to the past pollution which leaked outside the site. In accordance with a prefectoral order of June 2007, the pollution was treated at the end of 2007. A municipal order from the town of Anglet reiterated the ban on the use of groundwater.

The water treatment facility proved its efficiency in groundwater depollution and the business plan established by the Company will provide environmental impact control through appropriate surveillance measures.

- ***Provisions and financial guarantees***

  DASSAULT AVIATION has not specified any environmental provisions and is not legally obliged to provide financial guarantees in accordance with current operating authorization decrees.

  It should be added that, in addition to its General Operations Civil Liability insurance policy (EUR 1.5 million for environmental damage risks), the Company has taken out environmental multi-risk coverage for EUR 8 million.

2.7.7 Priorities and orientations for progress

Our main achievements in 2010 with respect to the environment were as follows:

- consolidating our overall Company ISO 14001/ EN 9100 certifications,
- continuing to promote concern for the environment in the design of new products,
- continuing to develop an environmental analysis of the Group's various processes and procedures,
- deployment of the REACH project.

2.8 Shareholder information

2.8.1 Equity structure

The Company's share capital amounts to EUR 81,007,176. This is divided into 10,125,897 shares each with a par value of EUR 8. The shares are listed on the regulated "Euronext Paris" market of NYSE Euronext - Compartment A - International Securities Identification Numbers (ISIN code): FR0000121725. They are not eligible for deferred settlement.

The principal DASSAULT AVIATION shareholders as of December 31, 2009 are as follows:

Shareholders	Number of shares	% interest and voting rights
GIMD	5,118,240	50.55%
EADS France	4,690,307	46.32%
Private investors	317,350	3.13%
TOTAL	**10,125,897**	**100.00%**

2.8.2 Information about Shareholders and voting rights

As of December 31, 2009, 7,100 shares (i.e. 0.07% of the share capital) were held by a corporate investment fund, whose members consist of current and former Company employees.

The Company's bylaws do not include any restrictions on the exercise of voting rights or the transfer of shares.

GIMD and EADS France are not linked by a shareholders' agreement.

The direct or indirect investments in the Company's share capital, of which it is aware pursuant to Articles L 233-7 and L 233-12 of the French Commercial Code, are those mentioned in the table above. The Company does not hold any treasury shares.

No shareholder has special control rights. In particular, there is no shareholding system offering employees specific control.

2.8.3 Board of Directors

Rules governing appointment and replacement of members of the Board of Directors and amendments to the bylaws are based on applicable legislation.

The powers of the Board of Directors are based on applicable legislation. It is not authorized to issue new shares or buy back Company shares.

2.8.4 Agreements entered into by the Company

Aside from short-term borrowing undertaken in 2009 and mentioned under "Cash and Liquidity Risks", the Company has not entered into any major agreement that would be modified or terminated automatically in the event of a change of control of the Company.

However, in such a case, the national defense contracts entered into with the French State would be re-examined by the French Ministry of Defense, which may require that all or some of these contracts be transferred to another French company for reasons of national interest.

There is no agreement offering compensation for:

- members of the Board of Directors or employees, should they resign or be dismissed,
- employees, should they resign or be dismissed unjustifiably and without proper cause or should their employment contract be terminated due to a takeover, over and above the provisions of the collective bargaining agreement.

2.8.5 Miscellaneous information

In 2009 the Company did not carry out any transactions in its own shares under the share buyback program. It has not established any stock option scheme nor any bonus share scheme.

The Shareholders Meeting has not agreed to delegate any authority or powers to the Board of Directors as regards capital increases.

2.9 Operation of the Executive Management

The Special and Ordinary General Meeting of Shareholders dated April 25, 2002 brought the bylaws of the Company into conformity with the Act of May 15, 2001 concerning the New Economic Regulations. The Board of Directors, which met after this meeting, decided that the Chairman of the Board of Directors, Mr. Charles EDELSTENNE, would be responsible for the Company's Executive Management.

2.10 Other offices held and duties performed by DASSAULT AVIATION executive officers during fiscal year 2009

2.10.1 Honorary Chairman and director

Serge DASSAULT
Term of office beginning and end: 2009 annual shareholders' meeting to 2015 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Chairman:
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS
  GROUPE FIGARO SAS
  ROND-POINT IMMOBILIER SAS
  CLEANOVA SYSTEMES SAS
- Chairman and Chief Executive Officer:
  SOCPRESSE SA
- Chairman of the Board of Directors:
  SOCIÉTÉ DU FIGARO SA
- Chief Executive Officer:
  CHATEAU DASSAULT SAS
- Director:
  DASSAULT DEVELOPPEMENT SA
  SOCIETE DE VEHICULES ELECTRIQUES SAS
  DASSAULT FALCON JET CORPORATION (United States)
  DASSAULT INTERNATIONAL INC. (United States)
- General Manager:
  ROND-POINT INVESTISSEMENTS SARL
  SOCIETE CIVILE IMMOBILIERE DE MAISON ROUGE
  SOCIETE CIVILE TVES
  S.C.I. DES HAUTES BRUYERES

2.10.2 Chairman and Chief Executive Officer

Charles EDELSTENNE
Term of office beginning and end: 2009 annual shareholders' meeting to 2015 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Chairman of the Board of Directors:
  DASSAULT SYSTEMES SA
- Member of the Supervisory Board:
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS
- Director:
  THALES SA (since 19/05/2009)
  CARREFOUR SA
  SOGITEC INDUSTRIES SA
  SABCA (Belgium)
- Chairman:
  DASSAULT FALCON JET CORPORATION (United States)
- President:
  DASSAULT INTERNATIONAL INC. (United States)
- General Manager:
  Sociétés Civiles ARIE, ARIE 2
  Sociétés Civiles NILI, NILI 2

2.10.3 Directors

Olivier DASSAULT
Term of office beginning and end: 2009 annual shareholders' meeting to 2015 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Vice-Chairman:
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS
  VALMONDE AND CIE SA
- Director:
  SOCPRESSE SA
  SOCIÉTÉ DU FIGARO SA
  VALMONDE AND CIE SA
- Chairman of the Supervisory Board:
  JOURNAL DES FINANCES SA
- Member of the Supervisory Board:
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS
  RUBIS SA
- General Manager:
  SCI ROD SPONTINI

Alain GARCIA
Term of office beginning and end: March 18, 2009 to date of the 2010 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- General Manager:
  NOVATION AERO CONSULTING SARL

Philippe HUSTACHE
Term of office beginning and end: 2009 annual shareholders' meeting to 2015 annual shareholders' meeting
DASSAULT AVIATION shares held: 50

Other corporate offices and duties:

- Adviser to the Chairman
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS
- Member of the Supervisory Board:
  GROUPE INDUSTRIEL MARCEL DASSAULT SAS

Denis KESSLER
Term of office beginning and end: 2009 annual shareholders' meeting to 2015 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Chairman and Chief Executive Officer:
  SCOR SE
- Director:
  BNP Paribas SA
  BOLLORE SA
  INVESCO Ltd (US)
  DEXIA SA (Belgium) (until 5/18/2009)
  FONDS STRATÉGIQUE D'INVESTISSEMENT

- Board advisor:
  FINANCIERE ACOFI SA
  GIMAR FINANCE AND CIE SCA
- Chairman:
  SCOR GLOBAL LIFE SE
  SCOR GLOBAL P & C SE
- Chairman of the Supervisory Board:
  SCOR GLOBAL INVESTMENTS SE
- Member of the Supervisory Board:
  YAM INVEST N.V. (Netherlands)

Henri PROGLIO
Term of office beginning and end: 2008 annual shareholders' meeting to 2014 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Chairman and Chief Executive Officer:
  EDF SA (since 11/25/2009)
- Chief Executive Officer:
  VEOLIA ENVIRONNEMENT SA (until 11/27/2009)
- Chairman of the Board of Directors:
  VEOLIA ENVIRONNEMENT SA (since 11/27/2009)
  VEOLIA PROPRETE SA
  VEOLIA TRANSPORT SA
  VEOLIA WATER SA (until 11/27/2009)
- Chairman:
  CAMPUS VEOLIA SAS (until 11/27/2009)
- Director:
  CNP Assurances SA
  VEOLIA ENVIRONMENT NORTH AMERICA OPERATIONS
  DALKIA INTERNATIONAL SA (until 11/27/2009)
  SOCIETE DES EAUX DE MARSEILLE SA (until 11/27/2009)
  SIRAM (Italie) (until 11/27/2009)
  VEOLIA ENVIRONMENTAL SERVICES UK (until 11/27/2009)
- General Manager:
  VEOLIA EAU - CIE GENERALE DES EAUX SCA (until 16/11/2009)
- Chairman of the Supervisory Board:
  DALKIA FRANCE SCA (until 11/27/2009)
  EOLFI SA (until 11/27/2009)
- Member of the Supervisory Board:
  NATIXIS SA
  LAGARDERE SCA (until 16/11/2009)
  VEOLIA EAU - CIE GENERALE DES EAUX SCA (since 30/12/2009)
- Member of Supervisory Boards A and B:
  DALKIA SAS

Pierre-Henri RICAUD
Term of office beginning and end: 2004 annual shareholders' meeting to date of 2010 annual shareholders' meeting
DASSAULT AVIATION shares held: 25

Other corporate offices and duties:

- Director:
  MANITOU BF SA (France) (since 12/17/2009)
- General Manager:
  PRAGMA SARL (France)

2.11 Executive officer compensation in 2009

2.11.1 Compensation of the Honorary Chairman

- In respect of GIMD, which controls DASSAULT AVIATION:

  Serge DASSAULT received a gross annual compensation of EUR 400,000 in respect of his duties as Chairman of GIMD and directors' fees of EUR 20,000.

  He had the use of a company car.

- In respect of DASSAULT AVIATION:

  Serge DASSAULT, Director, received EUR 22,000 in directors' fees from the Board of Directors and EUR 9,148 gross annual compensation for advisory services.

He had the use of a chauffeur when performing these advisory services.

Expenses incurred by him when carrying out such activities and in the interests of the Company were also reimbursed.

- In respect of French and foreign companies controlled by DASSAULT AVIATION as defined by Article L 233-16 of the French Commercial Code (i.e. consolidated companies):

  Serge DASSAULT received USD 34,286 (gross) in directors' fees from the Board of Directors of DASSAULT FALCON JET.

2.11.2 Compensation of the Chairman and CEO

- In respect of GIMD, which controls DASSAULT AVIATION:

  Charles EDELSTENNE received directors' fees of EUR 20,000.

- In respect of DASSAULT AVIATION:

  Charles EDELSTENNE received gross annual compensation of EUR 685,525 in respect of his duties as Chairman and Chief Executive Officer.

  He had the use of a chauffeur-driven company car and all expenses incurred in the course of his duties were reimbursed on an actual-cost basis.

  In addition, he received directors' fees of EUR 44,000 (double the standard amount).

  In conjunction with the recommendations of AFEP/MEDEF regarding compensation for company officers:

  - Charles EDELSTENNE was retired in May 2009. The rules of the Company regarding retirement will apply, but in accordance with the ruling of the Caisse Nationale d'Assurance Vieillesse, he will not be entitled to his pension before the end of his last term of office as a Company officer. His pension and retirement benefits will therefore not be paid until that date,
  - on retirement he will not receive any pay other than that referred to above.

However, in the light of:

- the special services performed for the Company by Charles EDELSTENNE and his contribution to its development, its success and safeguarding its French national and international ranking,
- the extremely reasonable level of his gross annual income compared to that of Executive Manager in comparable companies,

the Board of Directors has decided to maintain the additional annual retirement benefit awarded on 15 September 2004 equal to 3% of his gross annual remuneration on the date of his retirement multiplied by the number of years during which he was Chairman and CEO and capped so that his total benefits do not exceed 60% of his last gross annual remuneration.

This compensation will be paid at the same time as his other pension rights (i.e. at the end of his last term of office), under the same conditions as executive pensions (increases based on the AGIRC index and survivor's benefit).

- In respect of other French and foreign companies in the DASSAULT AVIATION Group:

  Charles EDELSTENNE received USD 34,286 (gross) in directors' fees from the Board of Directors of DASSAULT FALCON JET and EUR 6,250 in directors' fees from the THALES Board of Directors.

2.11.3 Compensation paid to other directors

- In respect of GIMD, which controls DASSAULT AVIATION:

  Olivier DASSAULT and Philippe HUSTACHE each received directors' fees of EUR 20,000.

- In respect of DASSAULT AVIATION:

  Olivier DASSAULT, Philippe HUSTACHE, Denis KESSLER, Henri PROGLIO and Pierre-Henri RICAUD each received EUR 22,000 in directors' fees from the Board of Directors.
  Louis GALLOIS and Alain GARCIA received EUR 3,408 and EUR 11,856 respectively in directors' fees from the Board of Directors.

- In respect of French and foreign companies controlled by DASSAULT AVIATION:

  the above directors did not receive any compensation, directors' fees or benefits in kind.

2.11.4 Compensation paid to the Chairman and CEO by the Company

Table 1

Summary of compensation, stock options and shares (in Euros) paid to Charles EDELSTENNE, Chairman and Chief Executive Officer		
	2008	2009
Compensation payable during the fiscal year (breakdown in table 2)	717,173	736,169
Stock options granted during the year	-	-
Performance shares granted during the year	-	-
TOTAL	**717,173**	**736,169**

Table 2

Detail of compensation (in Euros) for Charles EDELSTENNE, Chairman and Chief Executive Officer		
	For 2008	For 2009
- Fixed compensation	667,170	685,525
- Variable compensation	-	-
- Exceptional compensation	-	-
- Directors' fees	44,000	44,000
- Benefits in kind	6,003	6,644
TOTAL	**717,173**	**736,169**

2.11.5 Directors' fees allocated by the Company

Directors' fees (in EUR)		
Board members	Paid in 2008	Paid in 2009
Serge DASSAULT	22,000	22,000
Charles EDELSTENNE	44,000	44,000
Olivier DASSAULT	22,000	22,000
Louis GALLOIS	22,000	3,408
Alain GARCIA	-	11,856
Philippe HUSTACHE	22,000	22,000
Denis KESSLER	22,000	22,000
Henri PROGLIO	9,594	22,000
Pierre-Henri RICAUD	22,000	22,000
TOTAL	**185,594**	**191,264**

2.12 Outlook for the future

2010 parent company sales are expected to be comparable to 2009.

2.13 Proposed resolutions

The ordinary resolutions presented to you for adoption concern:

- approval of the parent company financial statements,
- approval of the consolidated financial statements,
- approval of agreements detailed in the Auditors' Report on related-party transactions, i.e.:
  - the terms and conditions of those agreements entered into prior to 2009 with continuing effect in 2009,
  - the new leases concerning the rental of premises, grounds and production facilities from GIMD that replace those signed in 2008 with effect from January 1, 2009, given that GIMD has agreed to limit rent increases to 4% for 2009, generating savings of EUR 1.9 million ,
  - the purchase of THALES shares previously held by GIMD at a price of EUR 0.39 billion paid to GIMD half in cash and half on credit (1/4 after one year, 1/4 after two years),
- discharge of Directors from any liability arising from their management of the Company,
- appropriation of net income,
- renewal of the term of office of one director, Mr Alain GARCIA,
- appointment of Mrs Nicole DASSAULT and Mr Pierre de BAUSSET as new directors.

3. Conclusion

The economic crisis, which worsened in 2009, had a major impact on the business aviation market leading to a net loss of orders during the year. Fortunately this could be managed in view of the large order backlog. Market analyses published by specialists predict that orders will pick up again over the medium term.

Our principal objectives for 2010 are as follows:

- sign an export contract for RAFALE aircraft ,
- obtain certification for FALCON 900LX,
- consolidate the technical choices for FALCON SMS and establish partnerships,
- continue the nEUROn program,
- position the Company with regard to the MALE projects,
- continue to reorganize the Company.

In preparation for the future, a large budget is allocated to technological capital expenditure from cashflow, emphasising military prospection, the development of PLM, technological innovation and ecodesign.

Finally, by taking a 26% equity stake in THALES, under a shareholder agreement with the French government DASSAULT AVIATION has become the principal industrial partner. This investment turns the Group into a major player in the European defence industry, and should ultimately improve the competitive edge of our aircraft while also facilitating coordination of export promotion activities by the two companies.

The Board would like to take this opportunity to thank all DASSAULT employees for the efficiency and skill they have demonstrated in helping the Company carry through its projects.

The Board of Directors

Ladies and Gentlemen,

The terms and conditions governing the composition of the Board of Directors, the preparation and organization of the Board's work and the internal control and risk management procedures set up by the Company are presented below.

1. Composition of the Board of Directors

1.1 Directors

The Board of Directors has 8 members with the experience and expertise required to hold office.

On March 18, 2009, the Board of Directors appointed Mr. Alain GARCIA as Director, in replacement of Mr. Louis GALLOIS, the latest Director to resign, for his remaining term of office. This appointment was ratified by the Shareholders' General Meeting dated May 13, 2009.

The Board of Directors therefore comprises Messrs Charles EDELSTENNE, Serge DASSAULT, Olivier DASSAULT, Alain GARCIA, Philippe HUSTACHE, Denis KESSLER, Henri PROGLIO and Pierre-Henri RICAUD.

2. Preparation and organization of the board's work

2.1 Director information

To ensure the attendance of Directors at Board meetings, the Board of Directors' meeting held to approve the half-yearly financial statements determines the Board's meeting schedule for the following year.

The notices of Board meetings specifying the agenda are sent to the Directors at least a week in advance.

Prior to each Board meeting, the Chairman verifies that the relevant documents are addressed to each Director in sufficient time.

2.2 Board's work in 2009

In 2009, the Board of Directors met on March 18, May 13 and July 22. The average attendance rate was 84%.

The Board of Directors supervised the implementation of the Company's business strategy and controlled its general operations. In particular, the Board of Directors:

- analyzed order entry, the order book and sales,
- reviewed the internally-financed technology budget and the capital expenditure budget,
- analyzed the current and forecast workload compared to manufacturing capacity, the progress of the civil and military programs and implementation of the staff policy.

In addition, the Board of Directors:

- approved the fiscal year 2008 company and consolidated financial statements,
- called the Shareholders' Meeting of May 13, 2009
- drew up the financial statements for the half-year ended June 30, 2009,
- reviewed forecast management documents in March 2009 and revised the forecast income statement in July 2009,
- renewed the term of office of the Chairman and Chief Executive Officer and set his remuneration,
- renewed the annual authorization conferred on the Chairman and Chief Executive Officer to grant guarantees and deposits,

- acknowledged the resignation of one director and appointed one new director,
- approved related-party transactions,
- established an Audit Committee and approved the Committee's charter,
- discussed the acquisition of THALES,
- and approved the contents of financial press releases.

2.3 Audit Committee

Pursuant to the December 8, 2008 decree, which transposed EEC Directive 2006/43 dated May 17, 2006 on statutory audits of company and consolidated financial statements, on July 22, 2009 the Board of Directors established an Audit Committee.

The Committee members are Messrs Philippe HUSTACHE, Denis KESSLER and Henri PROGLIO, all three being non executive directors.

These members satisfy the requirements of the aforementioned decree. The Board of Directors considered that Messrs KESSLER and PROGLIO meet the recommended independence criteria of the AFEP/MEDEF (French corporate associations) corporate governance code.

The Audit Committee is responsible for monitoring:

- procedures for preparing financial information,
- the quality of the risk management and internal control systems,
- the audit of the company and consolidated financial statements by the statutory auditors,
- the independence of the statutory auditors.

The Committee's first meeting took place on March 12, 2010 and concerned the 2009 financial statements.

2.4 Powers of the Chairman and Chief Executive Officer

In accordance with the provisions of the New Economic Regulations Law, the possibility of separating the duties of the Chairman of the Board of Directors and those of the Chief Executive Officer was introduced into the Company's bylaws during the Shareholders' Meeting of April 25, 2002.

On April 25, 2002, the Board of Directors decided that the Chairman of the Board of Directors would be responsible for the executive management of the Company.

The powers of the Chairman and Chief Executive Officer are not limited by the Company's bylaws or the Board of Directors.

3. Internal control and risk management procedures

3.1 Internal control objectives

The Company's internal control procedures are intended to:

- ensure that operations and management acts as well as staff conduct fall within the framework defined by Senior Management, applicable laws and regulations, and the Company's internal values and rules,
- verify that the information provided and communications addressed to the Board of Directors, and the Shareholders' General Meetings are reliable and give a true and fair view of the Company's activity.

One of the main purposes of the internal control system is to anticipate and control risks resulting from the Company's activity and risks of error or fraud, particularly with respect to finance and accounting. However, as with any control system, it cannot provide absolute assurance that these have been totally removed.

3.2 General internal control organization and environment

- ***Internal control reference documents***

The Company's internal control is based on the following reference documents:

- the Ethics Charter, which defines our values and code of conduct,
- the Quality Manual, which describes the Company processes,
- the Organization Manual, which describes the assignments and organization of each department,
- and for financial or accounting activities, the economic and financial data management procedure defined in the Quality Manual.

- ***Internal control bodies:***

The main internal control bodies in DASSAULT AVIATION are as follows:

- Management Committee:

  The Management Committee comprises the persons in charge of the Company's various departments (see first pages of the directors' report). This Committee covers all subjects concerning the running and the various aspects of the Company's operations. It meets once a week.

  Each Committee member is responsible for the internal control of his department.

  The actions and recommendations decided by the Committee are assigned to one or more of its members, and a manager is designated to ensure coordination. At each meeting, the Committee secretary monitors the progress of these actions until their effective completion.

- Total Quality Management Department:

  - through the Risk Management Department:

    This Department ensures the smooth running of the process to manage risks related to aircraft programs and products. It identifies the critical risks and notifies Senior Management.

  - through the Quality Management System (QMS):

    The QMS is coordinated by the Total Quality Management Department and relies on the plants' Quality Control managers and the Quality Representatives of the functional departments.

    The system uses a structured documentary database, comprising process descriptions, and quality procedures and instructions.

    The QMS is monitored through a program of internal audits, quality assessments and management reviews.

- Program Departments based on Program Management:

  Program Management is coordinated by each Program Director, who reports to the Chairman and Chief Executive Officer. He relies on the Program Managers of the functional departments.

- The Economic and Financial Affairs Department based on Management Control:

  Management control, coordinated by the Economic and Financial Affairs Department, with respect to both "structure" and "programs" is primarily responsible for the budgetary process.

  It is comprised of a network of financial controllers in all Company departments. The Economic and Financial Affairs Department organizes quarterly budgetary reviews, particularly for the purpose of reporting to the Chairman and Chief Executive Officer.

- ***Control of subsidiaries:***

The DASSAULT AVIATION strategy is, but for a few exceptions, to exercise majority control over its subsidiaries or significant influence as in the case of THALES.

The Company maintains an effective presence in the Board of Directors and management bodies of its subsidiaries.

The Company is also represented on the Executive Committee of DASSAULT FALCON JET, the Group's principal subsidiary.

Periodic management reports are prepared by each subsidiary for the parent company, which decides on the appropriate measures to be taken.

- ***External control factors:***

The Company operates in a particular external control environment on account of its French government markets and aviation activity:

- the calculation of cost factors (i.e. hourly rates, procurement and non-production expenses) and the costs of activities relating to French government markets are controlled by the French General Delegation for Armament,

- Product monitoring, in the military aviation activity, is performed by the French General Delegation for Armament,

- The Company holds civil aviation design, production and maintenance licenses, which are subject to ongoing review by the French Civil Aviation Central Institution.

In line with its quality policy, the Company is certified EN 9100 and ISO 14001. Its Quality Management System and its Environmental Management System undergo a joint audit every year by an outside organization (Bureau Veritas Certification).

3.3 Risk management procedures

Risk management at DASSAULT AVIATION is based on the following approach:

- identifying critical risks per product program,
- risk analysis (assessment and prioritization),
- treatment of risks in order to reduce them.

Risks are primarily identified through regular critical risk reviews with program departments, operational departments and sites.

Each major company department has a risk mapping that identifies those risks relating to its activity.

Each critical risk is covered in a file prepared by the Total Quality Management Department program manager.

Risks are monitored at the various stages in a product's life based on various reviews as follows:

- program launch review,
- bid review,
- contract review.

The purpose of these reviews is to identify new critical risks and monitor and reduce existing risks. The Risk Management Department notifies Executive Management by transmitting the list of critical risks identified.

Environmental risk management:

- covers compliance and control of the environmental impact of the sites and products,
- is performed based on the Group's Environmental Management System which is described in the directors report.

Financial risks management is also specified in the directors report.

3.4 Internal control procedures for financial and accounting purposes

- ***Organization of the financial and accounting function:***

This function described in the Quality Manual is managed by the Economic and Financial Affairs Department for both the parent company and Group consolidation. The Economic and Financial Affairs Department is also responsible for:

- approving and controlling the Company's centralized financial and accounting information system, implemented by the Information Systems Management Department,
- updating the consolidation software used by the parent company, its subsidiaries or subsidiary sub-groups.

- ***General references:***

The financial statements are prepared in accordance with:

- accounting standards applicable to French groups and companies:
  - the decree of June 22, 1999 approving French Accounting Standards Committee Regulations 99-03 and 99-02 of April 29, 1999, and subsequent applicable regulations,
  - subsequent notices and recommendations of the French National Accounting Board (CNC).
- international valuation and presentation standards for IFRS financial reporting prevailing as from December 31, 2009, as adopted by the European Union,
- operating and control procedures described in the economic and financial data management procedure, completed by the specific procedures for the approval of the parent company and Group consolidated half-yearly and annual financial statements.

These procedures and the IT applications used by the finance and accounting department are regularly reviewed by the statutory auditors in connection with their annual certification of the financial statements.

- ***Financial and accounting information process:***

Within the Economic and Financial Affairs Department, the department responsible for the coordination of accounting and tax matters centralizes accounting data and produces the parent company and Group financial statements.

The Economic and Financial Affairs Department distributes a schedule with the tasks and controls to be performed at each period-end to the relevant persons in the parent company and subsidiaries. This schedule indicates the start date for the statutory auditors' certification procedures at approximately four weeks prior to the Board meeting to be held to approve the financial statements.

At the same time, the Executive Vice-President for Economic and Financial Affairs sets up a committee to review the financial reports and statements, which is independent of the staff who prepared them.

3.5 Actions 2009

The Economic and Financial Affairs Department and the Total Quality Management Department continued to formalize the internal control procedures for all relevant persons by using the risk mapping updated during the year.

The two aforementioned departments conferred in order to decide on the breakdown of the audits.

They performed audits in order to verify the proper application of the internal control procedures.

In addition, the Economic and Financial Affairs Department was audited in October 2009 as part of an EN 9100 certification audit. This established that the Economic and Financial Affairs Department's quality management system complies with the standard's requirements.

3.6 2010 Action Plan

I have entrusted the Economic and Financial Affairs Department and the Total Quality Management Department with the task of conducting audits in order to verify the proper application of the internal control procedures.

4. Corporate governance

The Board of Directors has chosen the Senior Management option best adapted to the Company's specific features. The decision was therefore made not to separate the duties of Chairman of the Board of Directors and Chief Executive Officer. Shareholders and third parties are fully informed of this decision in the director's report.

In conjunction with the October 2008 recommendations of the AFEP and MEDEF concerning directors' compensation, on renewal of the Chairman and CEO's office and duties in May 2009 the Company took the actions specified in the directors report under the heading "Compensation of the Chairman and Chief Executive Officer".

5. Specific conditions governing shareholders' attendance at shareholders' meetings

5.1 Admission

The conditions governing shareholders' attendance at shareholders' meetings are set forth in Articles 29 and 31 of the bylaws.

These conditions are as follows:

- the right to attend shareholders' meetings is subject to:
  - for holders of registered shares, registration in the registered shareholder accounts held by the Company,
  - for holders of bearer shares, registration in the bearer shareholder accounts held by the authorized intermediary (i.e. a bank, financial institution or investment service provider) and production of a participation certificate issued by the intermediary,

- the period during which these formalities must be completed expires three working days preceding the date of the shareholders' meeting,

- the Board of Directors retains the right to accept the participation certificate after the above deadline,

- shareholders can be legally represented at shareholders' meetings.

These conditions are reiterated in the preliminary notice and the final notice of the shareholders' meeting that are published in the BALO (French newspaper for official announcements) and on-line at the Company's website.

5.2 Voting rights

Subject to special circumstances provided by applicable law, all members present at the meeting have as many votes, without limitation, as the number of fully paid-up shares they own or represent.

Voting is performed by the raising of hands and/or voting slips.

A secret ballot may be requested by either the Board of Directors, or shareholders representing at least one quarter of the share capital, subject to the submission of written notification to the Board of Directors or the authority convening the meeting, no later than three days prior to the meeting date.

Shareholders may also legally vote by correspondence.

6. Principles and rules to determine compensation and benefits in kind granted to corporate officers

The overall annual amount of directors' fees was determined by the General Shareholders' Meeting.

The Board of Directors distributed this overall amount equally among the directors, who therefore received EUR 22,000 per year and per director apart from the Chairman who received double this standard amount.

The Board of Directors also granted additional directors' fees of EUR 6,000 per year to each member of the Audit Committee, apart from the Committee chairman who received a further EUR 4,000. These additional directors' fees will be paid for the first time in respect of fiscal year 2010.

7. Information mentioned in Article L 225-100-3 of the French Commercial Code:

As provided in Article L225-100-3 of the French Commercial Code, the information set forth in this Article is mentioned in the accompanying Directors' report, which is appended to this report, bearing in mind that both these reports are included in the 2009 Annual Financial Report that will transmitted electronically and filed with the AMF by our distributor HUGIN, and published on-line at our Company website in the Finances/publications section.

Chairman of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(EUR 000)

ASSETS

(EUR 000)	NOTE	December 31, 2009	December 31, 2008 Restated (1)	January 1, 2008 Restated (1)
NON-CURRENT ASSETS				
GOODWILL	3	14,366	14,366	14,366
INTANGIBLE ASSETS	4	61,897	70,634	73,717
PROPERTY, PLANT AND EQUIPMENT	4	459,272	438,016	412,725
EQUITY AFFILIATES	5	1,860,618	4,592	4,246
AVAILABLE-FOR-SALE SECURITIES	5	3,217,787	3,942,973	3,662,732
OTHER FINANCIAL ASSETS	5	32,296	30,591	31,366
DEFERRED TAX ASSETS	21	53,487	28,618	10,002
TOTAL NON-CURRENT ASSETS		5,699,723	4,529,790	4,209,154
CURRENT ASSETS				
INVENTORIES AND WORK-IN-PROGRESS	6	3,399,414	3,428,827	3,003,615
TRADE AND OTHER RECEIVABLES	7	477,311	396,052	501,040
ADVANCES AND PROGRESS PAYMENTS TO SUPPLIERS		178,192	147,297	89,088
HEDGING INSTRUMENTS	24	649,550	446,605	512,715
CASH AND CASH EQUIVALENTS	8	615,929	824,194	1,265,505
TOTAL CURRENT ASSETS		5,320,396	5,242,975	5,371,963
TOTAL ASSETS		11,020,119	9,772,765	9,581,117

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents restated balance sheets as of December 31, 2008 and January 1, 2008 as if this policy had always been applied.

LIABILITIES AND EQUITY

(EUR 000)	NOTE	December 31, 2009	December 31, 2008 Restated (1)	January 1, 2008 Restated (1)
CAPITAL AND RESERVES				
CAPITAL	9	81,007	81,007	81,007
RESERVES		3,180,878	2,850,483	2,540,493
FOREIGN EXCHANGE DIFFERENCES		-133,500	-122,645	-146,281
INCOME AND EXPENSE RECOGNIZED DIRECTLY THROUGH EQUITY		1,005,837	853,463	858,313
ATTRIBUTABLE NET INCOME FOR THE YEAR		256,721	384,194	417,325
ATTRIBUTABLE EQUITY		4,390,943	4,046,502	3,750,857
MINORITY INTERESTS		182	138	106
TOTAL EQUITY		4,391,125	4,046,640	3,750,963
NON-CURRENT LIABILITIES				
LONG-TERM BORROWINGS	11	359,269	209,083	197,427
DEFERRED TAX LIABILITIES	21	106,253	12,289	116,972
TOTAL NON-CURRENT LIABILITIES		465,522	221,372	314,399
CURRENT LIABILITIES				
TRADE AND OTHER PAYABLES	13	647,826	955,948	904,149
TAX AND EMPLOYEE-RELATED LIABILITIES	13	215,837	209,174	274,299
CUSTOMER ADVANCES AND PROGRESS PAYMENTS ON WORK-IN-PROGRESS	14	2,958,226	3,414,927	3,589,685
SHORT-TERM BORROWINGS	11	1,402,173	48,654	65,183
CURRENT PROVISIONS	12	939,410	876,050	682,439
TOTAL CURRENT LIABILITIES		6,163,472	5,504,753	5,515,755
TOTAL EQUITY AND LIABILITIES		11,020,119	9,772,765	9,581,117

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents restated balance sheets as of December 31, 2008 and January 1, 2008 as if this policy had always been applied.

INCOME STATEMENT

(EUR 000)	NOTE	2009	2008 Restated (1)
NET SALES	15	3,421,179	3,748,146
Other revenue	16	4,914	8,347
TOTAL REVENUE		3,426,093	3,756,493
Changes in inventories of finished goods and work-in- progress		-73,065	464,542
External purchases		-1,697,604	-2,281,401
Payroll and related charges (2)		-988,087	-1,029,716
Taxes and social security contributions		-63,415	-63,111
Depreciation and amortization	4	-90,814	-79,724
Charges to provisions	12	-745,212	-842,891
Reversals of provisions	12	670,475	519,477
Other operating income and expenses	17	-45,745	2,115
CURRENT OPERATING INCOME		392,626	445,784
Other non-recurring income and expenses	19	0	0
OPERATING INCOME		392,626	445,784
Income from cash and cash equivalents	20	10,575	56,549
Cost of gross financial debt	20	-34,962	-11,632
Financial income	20	53,559	18,622
Financial expenses	20	0	-2,953
NET FINANCIAL INCOME/(EXPENSE)	20	29,172	60,586
Share of income/loss of equity affiliates (3)	5	-65,550	95
Corporate income tax	21	-99,483	-122,239
NET INCOME (4)		256,765	384,226
Attributable consolidated net income		*256,721*	*384,194*
Minority interests		*44*	*32*
Basic earnings per share	22	25.4	37.9
Diluted earnings per share	22	25.4	37.9

NET INCOME before amortization of THALES purchase price allocation		315,381	384,226

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents a restated 2008 income statement as if this policy had always been applied.

(2) employee incentives and profit-sharing included in payroll and related charges: EUR 103,849 thousand in 2009 and EUR 140,456 thousand in 2008.

(3) the Group 2009 financial statements include the Group share of THALES restated income/loss for the second half 2009 including amortization of THALES purchase price allocation. Excluding this amortization, the share of net income of equity affiliates is a loss of EUR 6,934 thousand.

(4) net income is fully attributable to income from continuing operations (i.e. no discontinued operations).

STATEMENT OF RECOGNIZED INCOME AND EXPENSE

(EUR 000)	NOTE	2009	2008 Restated (1)
NET INCOME (A)		256,765	384,226
INCOME AND EXPENSE RECOGNIZED DIRECTLY THROUGH EQUITY:			
• FULLY CONSOLIDATED COMPANIES:			
Net change in fair value measurement of financial instruments:			
• available-for-sale financial assets	5	18,536	82,892
• hedging instruments (2)	24	198,519	-63,247
Actuarial adjustments on defined pension liabilities	12	-4,836	-11,619
Corresponding deferred taxes	21	-68,269	-12,876
Total other income and expense recognized directly through equity		143,950	-4,850
Foreign exchange differences		-14,691	23,385
SUB-TOTAL FULLY CONSOLIDATED COMPANIES		129,259	18,535
• EQUITY AFFILIATES	5	12,260	251
INCOME AND EXPENSE RECOGNIZED DIRECTLY THROUGH EQUITY (B)		141,519	18,786
TOTAL RECOGNIZED INCOME AND EXPENSE (A+B)		398,284	403,012
Attributable to the Group		*398,240*	*402,980*
Attributable to minority interests		*44*	*32*

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents a restated 2008 statement of recognized income and expense as if this policy had always been applied.

(2) the result stated is the change in market value of the portfolio during the year, which is not representative of the actual results when the hedging instruments are exercised in the future.

STATEMENT OF CHANGES IN EQUITY

Changes in equity are detailed in the table below, where:

- the heading "capital" represents the share capital of the parent company, DASSAULT AVIATION,
- the heading "Reserves and consolidated retained earnings" includes capital reserves (i.e. additional paid-in capital), net income for the year and legal reserves,
- the heading "Foreign exchange differences" records the exchange differences arising from the translation of the financial statements of subsidiaries outside the Euro zone,
- the heading "Other income and expense recognized directly through equity" as specified in the statement of recognized income and expense, covers post-tax changes in the fair value of available-for-sale financial assets, hedging instruments and actuarial adjustments on defined benefit obligations.

(EUR 000)	Share capital	Reserves and consolidated retained earnings (2)	Foreign exchange differences	Other income and expense recognized directly through equity	Total attributable equity	Minority interests	Total
As of December 31, 2007 (as published)	81,007	2,922,771	-146,281	893,360	3,750,857	106	3,750,963
Change in accounting policy (1)		35,047		-35,047	0		0
As of January 1, 2008 restated (1)	81,007	2,957,818	-146,281	858,313	3,750,857	106	3,750,963
2008 movements restated (1)							
Net income for the year		*384,194*			*384,194*	*32*	*384,226*
Total income and expense recognized directly through equity			*23,636*	*-4,850*	*18,786*		*18,786*
Total recognized income and expense		384,194	23,636	-4,850	402,980	32	403,012
Dividends paid		-107,335			-107,335		-107,335
As of December 31, 2008 restated (1)	81,007	3,234,677	-122,645	853,463	4,046,502	138	4,046,640
2009 movements							
Net income for the year		*256,721*			*256,721*	*44*	*256,765*
Total income and expense recognized directly through equity			*-10,855*	*152,374*	*141,519*		*141,519*
Total recognized income and expense		256,721	-10,855	152,374	398,240	44	398,284
Dividends paid		-58,730			-58,730		-58,730
Other movements (3)		4,931			4,931		4,931
As of December 31, 2009	81,007	3,437,599	-133,500	1,005,837	4,390,943	182	4,391,125

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.
Pursuant to IFRS, the Group therefore presents the restated opening balance of 2008 equity as if this policy had always been applied.

(2) this includes capital reserves (i.e. additional paid-in capital) of EUR 19,579 thousand.

(3) this largely consists of changes in treasury shares and THALES stock options.

CASH FLOW STATEMENT

(EUR 000)	2009	2008 Restated (1)
NET INCOME	256,765	384,226
Elimination of net income of equity affiliates, net of dividends received	119,667	-95
Elimination of gains and losses from disposals of non-current assets	371	1,610
Income tax expense (including deferred taxes)	99,483	122,239
Net charges to and reversals of depreciation, amortization and provisions (excluding those relating to working capital)	146,599	288,725
NET CASH FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES AND TAXES (A)	622,885	796,705
INCOME TAXES PAID (B)	-101,923	-216,949
Change in inventories and work-in-progress (net)	29,413	-425,212
Change in advances and progress payments to suppliers	-30,895	-58,209
Change in trade and other receivables (net)	-81,259	104,988
Change in hedging instruments	-4,426	2,863
Change in customer advances and progress payments on work-in-progress	-456,701	-174,758
Change in trade and other payables	-308,122	51,799
Change in tax and employee-related liabilities	6,663	-65,125
Consolidation reclassifications and restatements (2)	1,768	-40,420
INCREASE (-) OR DECREASE (+) IN WORKING CAPITAL (C)	-843,559	-604,074
NET CASH FROM OPERATING ACTIVITIES (D=A+B+C)	-322,597	-24,318
Purchases of intangible assets and property, plant and equipment	-113,885	-140,826
Purchases of investments	-2,216	-2,300
Disposals of or reductions in non-current assets	11,323	14,916
Purchases of equity affiliates(3)	-1,958,502	0
NET CASH FLOW USED IN INVESTING ACTIVITIES (E)	-2,063,280	-128,210
Change in available-for-sale marketable securities (at cost)	744,885	-193,403
Capital increase	0	0
Change in equity items	0	0
Increase in borrowings (4)	1,587,980	108,628
Repayments of borrowings	-83,183	-100,892
Dividends paid	-58,730	-107,335
NET CASH FLOW USED IN FINANCING ACTIVITIES (F)	2,190,952	-293,002
CHANGE IN NET CASH AND CASH EQUIVALENTS (D+E+F)	-194,925	-445,530
Opening net cash and cash equivalents (5)	813,972	1,242,674
Change in net cash and cash equivalents	-194,925	-445,530
Exchange rate fluctuations	-12,248	16,828
Closing net cash and cash equivalents (5)	606,799	813,972

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents the 2008 cash flow statement as if this policy had always been applied.

(2) EUR 1,768 thousand relating to the reclassification in deferred tax assets of the tax paid in advance on the capital gains arising from marketable securities.

(3) EUR 1,958,502 thousand relating to the purchase of THALES shares in May 2009.

(4) during first half 2009, the Group took out short term borrowings (for details see Notes 11 and 24).

(5) net cash and cash equivalents are detailed in Note 8 to the consolidated financial statements. Cash equivalents (marketable securities) are recognized at market value.

DASSAULT AVIATION
9, ROND-POINT DES CHAMPS-ÉLYSÉES-MARCEL DASSAULT- 75008 PARIS

SOCIÉTÉ ANONYME (FRENCH LIMITED LIABILITY COMPANY) WITH SHARE CAPITAL OF EUR 81,007,176, LISTED AND REGISTERED IN FRANCE
Registered with the Paris Trade Registry under the number 712 042 456
SIRET: 712 042 456 00111

On March 17, 2010, the Board of Directors approved the 2009 DASSAULT AVIATION Group consolidated financial statements and authorized their publication.

NOTES / SUMMARY

NOTE 1

ACCOUNTING POLICIES

A/ GENERAL PRINCIPLES

• A1 Compliance with accounting standards and initial date of application

The consolidated financial statements of the DASSAULT AVIATION Group have been prepared in accordance with IFRS (International Financial Reporting Standards), applicable as of December 31, 2009 as adopted by the European Union (see paragraph E for 2009 changes).

The Group has not opted for the early adoption of the standards and interpretations published as of December 31, 2009, but whose application is only mandatory starting from fiscal years beginning on or after January 1, 2010. With respect to those which are relevant to the Group and given its current accounting policies, the adoption of such standards and interpretations would not have a material impact on the Group's earnings and financial position. This would only require changes in presentation.

• A2 Accounting choices and management estimates

To prepare the Group financial statements, management is required to make estimates and issue assumptions that are likely to have an impact on assets and liabilities.

These estimates concern, in particular, the results of contracts in progress and contingent liabilities.

They are calculated by taking into account past experience, elements known at the balance sheet date in addition to reasonable change assumptions. Subsequent results may therefore differ from such estimates.

• A3 Presentation of the consolidated financial statements

Consolidated balance sheet items are presented as Current/Non-current. Assets and liabilities directly related to the operating cycle are considered as current, with the exception of the long-term amount of borrowings, classified as non-current liabilities.

Consolidated income statement items are presented by nature.

Net operating income includes all the income and expenses not arising from financial activities, equity-accounted companies, discontinued operations or operations in the process of being sold and taxes.

Net operating income breaks down into two separate items: "current operating income" and "other non-recurring income and expenses." Only material unusual items are recorded in "other non-recurring income and expenses."

B/ CONSOLIDATION POLICIES

• B1 Choice of companies and consolidation methods

B1-1 Investments in subsidiaries

Companies over which DASSAULT AVIATION exercises exclusive control, directly or indirectly, and which are considered material are fully consolidated.

B1-2 Investments in equity affiliates

Companies over which DASSAULT AVIATION exercises significant influence, directly or indirectly, and which are considered material are accounted for under the equity method.

In 2008, the Group did not have any material investments of this type.

On May 19 and 20, 2009, DASSAULT AVIATION acquired a 26% stake in THALES, which is consolidated under the equity method with effect from its acquisition date.

B1-3 Investments in joint ventures

Companies which DASSAULT AVIATION controls with other parties and which are considered material are proportionately consolidated.

In 2008 and 2009, the Group did not have any material investments of this type.

B1-4 Consolidation thresholds for companies over which the Group exercises control or significant influence

To apply the concept of relative size, companies are included in the scope of consolidation when all the following conditions are satisfied:

- total assets and liabilities exceed 2% of the equivalent Group totals,
- total revenue exceeds 2% of the equivalent Group total,
- equity exceeds 3% of the equivalent Group total.

B1-5 Elimination of inter-company transactions

All material inter-company transactions, and unrealized internal gains and losses included in non-current assets, are eliminated in the inventories and work-in-progress of consolidated companies.

- B2 Basis of consolidation

All the companies included in the consolidation have a December 31 year-end.

- B3 Translation of the financial statements of non-Euro zone subsidiaries

The financial statements of non-Euro zone subsidiaries are translated as follows:

- balance sheet items are translated in euros at the year-end rate,
- income statement items are translated at the average rate.

Foreign exchange differences are recognized directly in equity and therefore do not impact the income statement.

C/ MEASUREMENT METHODS

- C1 Goodwill and business combinations (i.e. mergers and acquisitions) (IFRS 3)

DASSAULT AVIATION has elected not to retrospectively restate goodwill recognized prior to January 1, 2004. Accordingly, goodwill is recognized as of this date, net of any previously recognized amortization.

Business combinations after this date are accounted using the purchase acquisition method: assets, liabilities and contingent liabilities are measured at fair value as of the acquisition date; goodwill represents the difference between the acquisition cost of the shares and the Group's share in the fair value of the purchased company's restated net assets.

Accounting for goodwill:

- if negative, goodwill is recognized in net income,
- if positive, goodwill is recognized in balance sheet assets under the following headings:
  - ✓ 'goodwill' if the purchased company is fully or proportionately consolidated,
  - ✓ 'equity affiliates' if the purchased company is consolidated under the equity method.

Goodwill can be adjusted within the twelve months following the acquisition date to take account of the final fair value estimates of the purchased assets and liabilities.

As from January 1, 2004, in accordance with IFRS 3, goodwill is no longer amortized. It is subject to impairment tests at each year-end and when there is an indication of impairment loss, according to the method defined in section C5.

- C2 Principles for recognition and depreciation or amortization of property, plant and equipment and intangible assets (IAS 16 and 38)

Intangible assets and property, plant and equipment are recognized at acquisition or production cost, less any accumulated depreciation or amortization and any accumulated impairment losses. Each identified component of an intangible asset or item of property, plant and equipment is recognized and depreciated or amortized separately.

Depreciation and amortization are calculated using the straight-line method. No residual value is taken into account, except for aircraft.

Property, plant and equipment and intangible assets are depreciated and amortized over their estimated useful lives. Useful lives are reviewed at each year-end for material non-current assets.

Initial useful lives are extended or reduced depending on the conditions in which the asset is used.

Development costs are capitalized to the extent that they satisfy the following three decisive criteria: technical feasibility, economic feasibility and reliability of information relating to the expenditure. They should be likely to generate clearly identifiable future economic benefits attributable to a specific product. Capitalized development costs are amortized according to the number of aircraft delivered during the year, divided by an estimated number of aircraft to be delivered under the program (including those for the year).

• C3 Useful lives

Useful lives are as follows:

Software	3-4 years
Development costs	according to the number of units to be produced
Industrial buildings	25-30 years
Office buildings	25-35 years
Fixtures and fittings	7-15 years
Plant, equipment and machinery	3-15 years
Aircraft	4 to 10 years
Rolling stock	3-4 years
Other property, plant and equipment	3-8 years
Second-hand goods	case-by-case basis

• C4 Derecognition of intangible assets and property, plant and equipment

Any gain or loss arising from the derecognition of an item of property, plant and equipment or intangible asset (difference between the net disposal gain and the net carrying amount) is included in the income statement in the year of its derecognition.

• C5 Loss in value and recoverable value of intangible assets, plant, property and equipment, and goodwill

For each financial report (within the meaning of IAS 34), the Group assesses whether there is an indication of impairment and carries out an impairment test if an indication of impairment has been detected. At each annual year-end, an impairment test is systematically carried out.

Indications of impairment include, in particular, significant adverse changes of a permanent nature, affecting the economic environment (sales outlets, supply sources, cost or index fluctuations, etc.) or the assumptions or objectives adopted by the Group (profitability analyses, order book, regulatory changes).

Cash-generating units containing property, plant and equipment, intangible assets and goodwill are impaired by the Group where the net carrying amount exceeds the recoverable amount. The amount of impairment recognized in net income is equal to the difference between the net carrying amount and the recoverable amount.

The recoverable amount of a cash-generating unit corresponds to its value in use.

The value in use of a cash-generating unit is calculated using the discounted future cash flow method, with a post-tax discount rate of 8.8% (compared to 8.9% as of December 31, 2008) and a 2% growth rate (same as of December 31, 2008). The discount rate includes the rates prevailing in the aviation industry and was calculated using the same method as in 2008.

Post-tax cash flows are projected over a period of five years and the method takes into account a terminal value.

Each consolidated company represents a cash-generating unit, i.e. smallest identifiable group of assets that generates cash inflows. The discount rate applied is the same for all cash-generating units given that they all operate in the aerospace field.

When a cash-generating unit containing goodwill should be impaired, the goodwill is impaired first and foremost. The residual impairment is allocated to the other assets comprising the cash-generating unit in proportion to their carrying amount.

Goodwill impairment cannot be reversed. For any other asset included in a cash-generating unit, a previous impairment may be reversed to net income if permitted by changes in the asset's recoverable amount.

• C6 Securities and other non-current financial assets

They are initially recognized at fair value which corresponds to the price paid plus acquisition costs.

Securities and other non-current financial assets break down into three categories as follows:

C6-1 Investments in equity affiliates

Investments in equity affiliates undergo an impairment test once there are objective indications of long-term loss in value.

Impairment is recorded if the recoverable value is lower than the carrying amount, whereby the recoverable value is the higher of the value in use and the fair value net of transaction costs.

Impairment may be reversed if the recoverable value once again exceeds the carrying amount.

C6-2 Available-for-sale securities

Available-for-sale assets mainly comprise short-term investments in the form of marketable securities and non-consolidated investments that the Group does not intend to sell in the short term.

They are recognized at fair value under "Available-for-sale securities".

For listed assets (marketable securities and non-consolidated investments), fair value corresponds to the market price prevailing at the balance sheet date.

For non-listed investments, fair value represents the Group's share of net assets plus any unrealized capital gains. Fair value is calculated based on the most recent financial statements available at the year-end.

Capital gains or losses net of applicable deffered tax are posted to 'Other income and expense recognized directly through equity' with the exception of capital gains considered definitive. Once such assets are sold or their value is permanently impaired, any cumulative gains or losses brought forward from prior years under equity are posted to financial income or expense in respect of marketable securities, or to operating income in respect of non-consolidated investments.

In the event of a partial disposal of securities, the "first-in, first-out" method is used to determine the disposal gain or loss transferred from equity.

C6-3 Other financial assets

Other financial assets mainly comprise guarantee and loan deposits granted to employees with respect to housing loans.

Loans are recognized at cost less repayments. Other assets are stated at cost.

- C7 Inventories and work-in-progress

Incoming raw material, semi-finished and finished goods inventories are measured at acquisition cost for items purchased and production cost for items produced. Outgoing inventories are measured at weighted average cost, except for aircraft which are stated at acquisition cost. Work-in-progress is stated at production cost.

Since September 2009 DASSAULT AVIATION has introduced partial lay-offs in order to adapt its production capacity to the activity. The idle time arising from these steps was posted to expense for the year and has no impact on the valuation of work-in-progress as of December 31, 2009.

Inventories and work-in-progress are written-down when their net realizable value is lower than their carrying amount. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

- C8 Receivables

Foreign currency receivables are translated into euros at the year-end rate. Any foreign exchange differences are recognized in operating income.

A provision for impairment is recorded when the recoverable value is less than the carrying amount.

The recoverable amount of a receivable is estimated by taking into account the type of customer and the history of settlements.

In the event of a risk of default, the receivable is written-down up to the amount of the estimated risk for the portion not hedged by credit insurance (export credit insurance or collateral).

Non written-down receivables are recent receivables with no material credit risk.

• C9 Cash and cash equivalents

Cash and cash equivalents, recognized in assets, comprise cash at bank and in hand, demand deposits and cash equivalents.

Cash equivalents are marketable securities satisfying the criteria set forth in IAS 7: short-term, highly liquid investments that are readily convertible to known amounts of cash and which are not subject to a material risk of changes in value.

They are initially recognized at acquisition cost, and subsequently at fair value, corresponding, for these listed securities, to the market rate prevailing at the year-end.

Changes in fair value are posted to income from cash and cash equivalents under net financial income.

Net disposal gains or losses are posted to income from cash and cash equivalents under net financial income.

• C10 Provisions for contingencies and losses

C10-1 Retirement severance payments and long-service awards

Retirement severance payment and long-service award commitments are accrued in full. Provisions cover all employees and are estimated based on vested rights and a projection of current salaries, after taking into account mortality rates, employee turnover, and a discounting assumption. The rates used were calculated using the same method as in 2008.

The Group has changed the accounting policy for actuarial adjustments on defined benefit obligations which used to be recognized under net income for the year (see detail of this change under paragraph E).

The full amount of actuarial adjustments are now recognized directly through equity in the year when they arose.

C10-2 Other provisions for contingencies and losses

In the course of its business, the Group grants its customers operating warranties on delivered equipment.

Contingency provisions are set aside to hedge the portion of future expenses deemed probable to arise from these obligations.

These provisions are calculated using technical data or on a statistical basis.

• C11 Borrowings and payables

Foreign currency payables and borrowings are translated into euros at the year-end rate. Any foreign exchange differences are recognized in operating income.

Borrowings taken out by the Group are initially recorded at the amount received net of transaction costs, and subsequently at cost less repayments, calculated using the effective interest rate.

• C12 Discounting of receivables, payables and provisions

Since the Group does not have any material receivables or payables with a considerable interest-free deferral period, there is no reason to discount these headings.

The provision for retirement severance payments and similar benefits is discounted in accordance with IAS 19.

Other provisions are stated at present value.

In accordance with IFRS, deferred tax assets and liabilities are not discounted.

• C13 Derivative financial instruments

The Group uses derivatives to hedge against foreign exchange risks relating to its operations and against interest rate risks.

Foreign exchange risks mainly arise from US dollar denominated sales. The corresponding future cash flows are partially hedged by firm or optional forward transactions.

Interest rate risks arise on the Group's variable rate borrowings, for which the Group has taken out interest rate swaps to cover such risks.

On initial recognition, derivatives are carried at acquisition cost in the balance sheet under 'Hedging instruments'. They are subsequently stated at fair value based on the market price disclosed by the relevant financial institutions.

The Group applies hedge accounting for its foreign exchange transactions in accordance with the criteria set forth in IAS 39:

- the changes in fair value of hedging instruments are posted, net of tax, to other income and expense recognized directly through equity, except for changes corresponding to the ineffective amount of the hedge, if any, which are posted to operating income in respect of foreign exchange derivatives and to net financial income in respect of interest rate derivatives,
- where the cash flow is received, the gain or loss on the hedging instrument is recognized in operating income,
- at each interest payment date for hedged borrowings, the gain or loss on the interest rate hedge is posted to net financial income or expense in respect of the relevant period.

When a derivative instrument chosen for its hedging effectiveness by the Group does not satisfy the requirements for hedge accounting, the changes in fair value are recognized in net financial income or expense.

• C14 Recognition of revenue and income or loss

C14-1 Recognition of revenue and operating income or loss

Revenue from sales of goods is recognized when the risks and rewards of ownership are transferred to the buyer. This normally represents the transfer of ownership for the Group.

Services are recognized under the percentage of completion method according to the milestones set forth in contracts. Income or loss is recognized at each stage of completion if it can be reliably measured.

Losses on completion are recognized as soon as they are known.

C14-2 Net financial income or expense

Net financial income or expense mainly comprises:

- unrealized capital gains or losses on cash equivalent marketable securities,
- gains on disposal of marketable securities,
- dividends from non-consolidated companies recognized when the Group – shareholder - is entitled to receive payment,
- financial expense, which largely relates to contracted borrowings and employee profit sharing current accounts.

• C15 Deferred taxation

Deferred taxes are calculated by company for the temporary differences between the carrying amount of assets and liabilities and their tax base.

In accordance with the requirements of IAS 12, deferred tax assets are only recognized, for each company, insofar as estimated future taxable profits are sufficient to cover these assets and their maturity does not exceed ten years.

Provisions are set up for tax on dividends proposed by subsidiaries.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on local tax rates (and tax laws) that have been enacted by the year-end.

Taxes related to items charged or credited directly to equity are charged or credited to equity.

Deferred tax assets and liabilities are offset by consolidated entities for presentation in the balance sheet.

D/ SEGMENT REPORTING

IFRS 8, Operating Segments, has replaced IAS 14, Segment Reporting. IFRS 8 now requires that segment data be presented based on company management criteria rather than based on economic performance or geographical regions. Application of this standard will have no impact on the presentation of DASSAULT AVIATION's segment information, since its entire business relates to the aerospace field.

E/ CHANGES IN ACCOUNTING POLICY

In 2009 for the first time, the Group applied IAS 1 revised, which requires, inter alia, a new statement, namely the statement of recognized income and expense, which should specify individual changes in equity that are not related to transactions with shareholders. The Group has also taken account of the effective introduction of IFRS 8, which had no impact on its financial statements (see paragraph D).

Furthermore, in 2009 and backdated to January 1, 2008, DASSAULT AVIATION adopted the option under IAS 19 for employee benefits, to post all actuarial differences in the year when they arose to other income and expense recognized directly through equity.

Management considers that this accounting policy provides more relevant information, since it means that the cost of the year is reflected in net income and the impact of revaluations of the total commitment is presented under other income and expense recognized directly through equity.

Previously, DASSAULT AVIATION posted all actuarial differences to net income of the year when they arose.

In order to provide comparable figures in both fiscal years and in accordance with IFRS, the 2008 presented consolidated financial data were not published and represent restated figures.

These restated figures have been calculated as if the Group had always applied this accounting policy to actuarial differences.

The impact on 2008 net income represents a EUR 11,236 thousand increase and the impact on total recognized income and expense in 2008 is zero:

(EUR 000)	Published 2008	Restated 2008	Change
NET INCOME			
Provision charges	-854,510	-842,891	11,619
Corporate income tax	-121,856	-122,239	-383
Net impact (A)			11,236
INCOME AND EXPENSE RECOGNIZED DIRECTLY IN EQUITY			
Actuarial adjusments on defined benefit obligations	0	-11,619	-11,619
Corresponding deferred taxes	0	383	383
Net impact (B)			-11,236
Net impact on total recognized income and expense (A) + (B)			0

This change results in a reclassification between accounts in the 2008 opening and closing equity as follows:

(EUR 000)	Published	Restated	Change
ATTRIBUTABLE EQUITY as of December 31, 2008			
Reserves (*)	2,815,436	2,850,483	35,047
2008 net income	372,958	384,194	11,236
Net income per share (EUR)	*36.8*	*37.9*	*1.1*
Reserves and retained earnings	3,188,394	3,234,677	46,283
Other income and expense recognized directly through equity	899,746	853,463	-46,283
Total impact on liabilities and equity			0

(EUR 000)	Published	Restated	Change
ATTRIBUTABLE EQUITY as of January 1, 2008			
Reserves and retained earnings	2,922,771	2,957,818	35,047
Other income and expense recognized directly through equity	893,360	858,313	-35,047
Total impact on liabilities and equity			0

(*) excluding foreign exchange differences.

NOTE 2

SCOPE OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of DASSAULT AVIATION and the following subsidiaries and affiliates:

Name	Country	% equity interest (1)	
		December 31, 2009	December 31, 2008
Fully consolidated companies			
DASSAULT AVIATION	France	Parent company	Parent company
DASSAULT FALCON JET	United States	100	100
DASSAULT FALCON SERVICE	France	100	100
DASSAULT PROCUREMENT SERVICES	United States	100	100
SOGITEC INDUSTRIES	France	100	100
Equity affiliates			
DASSAULT INTERNATIONAL INC.	United States	100	100
THALES	France	26	-

(1) the equity interest percentages are identical to the percentages of effective control for all Group companies except for THALES, acquired in May 2009 (see detail under Note 5), for which the Group holds a 25.9% equity interest, 26.4% of the interest entitlements and 20.4% of the voting rights as of December 31, 2009.

NOTE 3

GOODWILL

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ACQUISITIONS	DISPOSALS	December 31, 2009
DASSAULT FALCON SERVICE	3,702	0	0	0	3,702
DASSAULT PROCUREMENT SERVICES	5,887	0	0	0	5,887
SOGITEC INDUSTRIES	4,777	0	0	0	4,777
TOTAL GOODWILL (1)	14,366	0	0	0	14,366

(1) acquired in business combinations.

NOTE:

- As the tests performed under IAS 36 did not indicate any impairment loss, no provision for goodwill impairment was recognized.
- Pursuant to IFRS, the goodwill for THALES, which is consolidated under the equity method, is included under 'Equity affiliates' (see Note 5).

NOTE 4

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009
INTANGIBLE ASSETS					
Gross value					
Development costs	137,480	0	0	0	137,480
Software, patents, licenses and similar assets	83,974	1,533	6,715	-2,946	89,276
Intangible assets in the course of development; advances and progress payments	1,602	-1,601	960	0	961
	223,056	-68	7,675	-2,946	227,717
Amortization					
Development costs	-80,180	0	-10,400	0	-90,580
Software, patents, licenses and similar assets	-72,242	93	-6,030	2,939	-75,240
	-152,422	93	-16,430	2,939	-165,820
Net value					
Development costs	57,300				46,900
Software, patents, licenses and similar assets	11,732				14,036
Intangible assets in the course of development; advances and progress payments	1,602				961
TOTAL	70,634	25	-8,755	-7	61,897

Development costs:

In accordance with IAS 38 concerning development costs, the Group determines the development phase of its programs that satisfies the following three criteria for capitalization: technical feasibility, economic feasibility and reliability of information relating to the expenditure. All three criteria must be satisfied so that program expenditure may be capitalized. The asset should be likely to generate clearly identifiable future economic benefits attributable to a specific product.

In practice, for the Group:

- the technical criteria is satisfied when the period for the validation of results after the maiden flight has lapsed without undermining the project,
- the economic and commercial criteria is validated by the orders or options obtained on the date when the technical criteria is deemed to be satisfied,
- the financial information reliability criteria are satisfied for significant programs as the information system is designed to differentiate between research and development phases. If such distinction cannot be made, as may be the case for minor developments (e.g.: modification, improvement, etc.), the expenditure is not capitalized.

Intangible assets and property, plant and equipment are measured at production cost and depreciated or amortized based on an assessment of units to be produced.

NOTE 4 (cont'd.)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009
PROPERTY, PLANT AND EQUIPMENT					
Gross value					
Land	26,275	0	330	-138	26,467
Buildings	354,802	26,799	15,008	-2,936	393,673
Plant, machinery and equipment	495,099	3,490	27,924	-16,306	510,207
Other property, plant and equipment	243,714	-763	57,477	-18,150	282,278
Construction in progress; advances and progress payments	41,799	-37,301	5,471	-3,278	6,691
	1,161,689	-7,775	106,210	-40,808	1,219,316
Depreciation					
Land	-4,082	0	-453	127	-4,408
Buildings	-172,130	911	-17,853	2,732	-186,340
Plant, machinery and equipment	-399,352	830	-28,071	16,054	-410,539
Other property, plant and equipment	-116,769	823	-28,007	10,718	-133,235
	-692,333	2,564	-74,384	29,631	-734,522
Impairment					
Other property, plant and equipment	-31,340	305	-25,802 (1)	31,315	-25,522
	-31,340	305	-25,802	31,315	-25,522
Net value					
Land	22,193				22,059
Buildings	182,672				207,333
Plant, machinery and equipment	95,747				99,668
Other property, plant and equipment	95,605				123,521
Construction in progress; advances and progress payments	41,799				6,691
TOTAL	438,016	-4,906	6,024	20,138	459,272

<u>(1) Impairment tests of intangible assets and property, plant and equipment (see Note C5 Accounting policies):</u>

- The impairment tests carried out at cash-generating units did not highlight any other impairment to be recognized as of December 31, 2009.
- To take into account the impact of the crisis on the used executive aircraft market, a provision of EUR 31 million was recognized in 2008 on capitalized aircraft. This amount was restated to EUR 26 million as of December 31, 2009.

  This provision is equal to the difference between the net carrying amount of the capitalized aircraft and their recoverable value. The recoverable value of a capitalized aircraft is the higher of its fair value (less costs to sell) and its value in use. The value in use of all capitalized aircraft is calculated using the discounted future cash flow method, with a post-tax discount rate of 8.8%, a 2% growth rate, a cash flow forecast period equal to the term of the aircraft's lease and a value at which the aircraft will be resold after the lease term.

The geographical breakdown of intangible assets and property, plant and equipment is as follows:

Net value (EUR 000)	2009	2008
France	381,608	374,311
United States	139,561	134,339
TOTAL	521,169	508,650
Intangible assets	61,897	70,634
Property, plant and equipment	459,272	438,016

NOTE 5

NON-CURRENT FINANCIAL ASSETS

EQUITY AFFILIATES

This heading largely consists of THALES, in which since May 2009 DASSAULT AVIATION holds 20% of the voting rights and 26% of the dividend entitlements. Consequently DASSAULT AVIATION has a significant influence over THALES, and as such is consolidated under the equity method in the Group financial statements.

Th Group also fully owns DASSAULT INTERNATIONAL INC. This is a holding company, whose only financial asset is a 12.53% stake in DASSAULT FALCON JET (DFJ). It is consolidated using the equity method, as its assets and liabilities, other than the DFJ investment, are negligible.

CHANGE IN VALUE OF INVESTMENTS IN EQUITY AFFILIATES

(EUR 000)	2009	2008
As of January 1	4,592	4,246
Purchase of THALES shares in May 2009 (1)	1,958,502	
Group share of net income (after consolidation adjustments)	-65,550	95
Elimination of dividends paid by THALES	-54,117	
Income and expense recognized directly through equity:		
- Net change in fair value measurement of available-for-sale financial assets	396	
- Net change in fair value measurement of hedging instruments (2)	7,041	
- Actuarial adjustments on defined benefit obligations	2,822	
- Corresponding deferred taxes	-1,835	
- Foreign exchange differences	3,836	251
Share of income and expense recognized directly through equity relating to equity affiliates	12,260	251
Other movements (3)	4,931	
As of December 31	1,860,618	4,592

(1) purchased from ALCATEL LUCENT for EUR 1,568 million and from GROUPE INDUSTRIEL MARCEL DASSAULT for EUR 390 million.

(2) the gain/loss stated represent the change in the portfolio's market value during the year. This is not representative of the actual gain/loss when the hedges are exercised.

(3) this largely comprises changes in treasury shares and THALES stock options.

GROUP SHARE OF NET ASSETS AND NET INCOME OF EQUITY AFFILIATES

(EUR 000)	% equity interest at year end (1)		Net assets at year end (2)		Net income (2)	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008	2009	2008
DASSAULT INTERNATIONAL INC.	100	100	4,475	4,592	39	95
THALES (3)	26		1,856,143		-65,589	
TOTAL			1,860,618	4,592	-65,550	95

(1) % interest entitlements.

(2) Group share after consolidation adjustments. For THALES this mainly relates to pension liability adjustments (given that THALES applies the corridor method) and to the amortization of THALES purchase price allocation.

(3) THALES has been consolidated under the equity method since May 2009. The value of the investment includes goodwill of EUR 1,099,172 thousand as calculated below.

NOTE 5 (cont'd.)

EQUITY AFFILIATES

THALES PURCHASE PRICE ALLOCATION

- **COST OF ACQUISITION**

The total price for the 51,539,524 THALES shares acquired by DASSAULT AVIATION amounted to EUR 1,958 million (at EUR 38 per share) and was paid as follows:

- EUR 1,568 million in cash to ALCATEL-LUCENT,
- EUR 390 million to GIMD, half of which paid in cash and the other half in credit with ¼ payable in one year and ¼ payable in two years.

- **NET ASSETS ACQUIRED (DASSAULT AVIATION share)**

The work to identify and value the assets and liabilities acquired pursuant to IFRS 3 as applicable at the acquisition date was based on the THALES consolidated financial statements for the period ended June 30, 2009, which is very close to the acquisition date, and include elements posted during the second half of 2009. As a result of this work, the Group decided on the following amounts, which represent the initial purchase price allocation:

(EUR 000)	Net value in THALES accounts	Fair value	Difference positive (+) negative (-)	Depreciation method and term of purchase price allocation
Goodwill	791,103	0	-791,103	
Technology	47,098	647,059	599,961	Straight line, 10 years
Order book	17,708	231,791	214,083	Run-off, 4.5 years
Customer relations	88,276	197,961	109,685	Straight line, 5 to 25 years
Brand	1,216	136,009	134,793	
Other intangible assets	149,752	86,320	-63,432	
Property, plant and equipment	351,836	351,836	0	
Investments in equity affiliates	185,433	185,433	0	
Other non-current assets	206,894	206,894	0	
Net pension liabilities	-213,660	-318,547	-104,887	
Other non-current liabilities	-71,229	-71,229	0	
Inventories and work-in-progress	669,313	698,650	29,337	Straight line, 1 year
Other current assets (+) and liabilities (-)	-958,933	-958,933	0	
Net cash and equivalents (+) / debt (-) (1)	-180,070	-180,070	0	
Deferred tax liabilities on goodwill		*-352,710*	*-352,710*	
NET ASSETS ACQUIRED	1,084,737	860,464	-224,273	

(1) THALES' net debt at June 30, 2009 amounted to EUR 234 million. In the above table this has been restated for the EUR 54 million of dividends received by DASSAULT AVIATION prior to June 30, 2009.

NOTE 5 (cont'd.)

EQUITY AFFILIATES

- **RESIDUAL GOODWILL (included in the heading 'Equity affiliates')**

(EUR 000)

Cost of acquisition of THALES shares	1,958,502
Less fair value of net assets acquired	-860,464
Plus minority interest in net assets acquired	1,134
GOODWILL	1,099,172

THALES 2009 SUMMARY FINANCIAL STATEMENTS

(EUR 000)	ASSETS	LIABILITIES	ATTRIBUTABLE GOODWILL	NET SALES	ATTRIBUTABLE NET LOSS (1)
As published (100 %)	18,007,600	14,253,800	3,743,600	12,881,500	-201,800

(1) the breakdown between the Group share of THALES' attributable net income/loss and that applied by DASSAULT AVIATION is given in the table below:

(EUR 000)	NET LOSS
Attributable net income, as published by THALES (100%)	-201,800
First half 2009 net loss	-25,300
Second half 2009 net loss (1)	-176,500
Elimination of post-tax adjustments booked by THALES already included in the balance sheet acquired	157,368
Restated THALES second half 2009 net loss (100 %)	-19,132
Restated THALES second half 2009 net loss – DASSAULT AVIATION share (26.4%) period ended December 31, 2009 (A)	-5,045
Post-tax amortization of the purchase price allocation	-58,616
Other consolidation adjustments:	
• run-off of the hedging instruments included in THALES equity as of June 30, 2009	-4,483
• adjustment to pension liabilities (2)	2,824
• corresponding deferred tax	1,544
• dilution impact	-1,813
Sub-total consolidation adjustments (B)	-60,544
Value applied by DASSAULT AVIATION (A+B)	-65,589

(1) in view of the date of acquisition, the 2009 net income consolidated by DASSAULT AVIATION represents THALES' second half 2009 net income.
(2) standardization of accounting policies for pension liabilities given that THALES uses the corridor method.

NOTE 5 (cont'd.)

EQUITY AFFILIATES

MARKET PRICE OF THALES SHARES AND IMPAIRMENT TEST

Based on the market price of THALES shares at December 31, 2009 of EUR 35.90 per share, DASSAULT AVIATION's investment in THALES is valued at EUR 1,853 million.

Given that this value is lower than the carrying amount for THALES in DASSAULT AVIATION's financial statements, the Group carried out an impairment test. The value in use was estimated by forecasting future post-tax cash flows over a five year period which were then discounted at a post-tax rate of 8% (being the discount rate applied by THALES as of December 31, 2009). The final value was calculated based on medium term earnings assumptions in line with the THALES forecast data.

This impairment test did not result in the Group recording any impairment.

AVAILABLE-FOR-SALE SECURITIES

Available-for-sale financial assets comprise, in particular, the Group's short-term investments in the form of marketable securities. It should be noted that other marketable securities are classified under "cash equivalents" (see Note 8). The analysis of risks relating to all the Group's available-for-sale securities is presented in Note 24 to the consolidated financial statements.

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	CHANGES IN FAIR VALUE	ADDITIONS/ EXPENSE	DISPOSALS (1) REVERSALS	December 31, 2009
Gross value						
Listed shares (EMBRAER)	18,121	0	7,143	0	0	25,264
Marketable securities (listed)	3,865,740	0	4	0	-744,885	3,120,859
Unlisted securities	59,254	1,020	11,389	1	0	71,664
	3,943,115	1,020	18,536	1	-744,885	3,217,787
Provision						
Listed shares (EMBRAER)	0	0	0	0	0	0
Marketable securities (listed)	0	0	0	0	0	0
Unlisted securities	-142	142	0	0	0	0
	-142	142	0	0	0	0
NET VALUE	3,942,973	1,162	18,536	1	-744,885	3,217,787

(1) disposals stated at cost.

(2) the EUR 4 thousand change in fair value represents a EUR 42, 572 thousand increase in fair value offset by a gain on sale transferred to equity of EUR 42,568 thousand which is included under financial income within net financial income.

NOTE 5 (cont'd.)

AVAILABLE-FOR-SALE SECURITIES

(EUR 000)	December 31, 2009				December 31, 2008			
	Historical cost	Capital gain / loss		Consolidated value	Historical cost	Capital gain / loss		Consolidated value
Shares (EMBRAER)	32,120	-6,856	(1)	25,264	32,120	-13,999	(1)	18 121
Marketable securities (listed)	2,177,075	943,784	(2)	3,120,859	2,921,960	943,780		3 865 740
Unlisted securities	60,275	11,389	(2)	71,664	59,254	-142		59 112
Available-for-sale securities	2,269,470	948,317		3,217,787	3,013,334	929,639		3,942,973

Recognition in the Group consolidated financial statements (see Accounting Policies Note C6-2):

(1) this impairment was mainly due to the decline in the EMBRAER share price in fiscal 2008. DASSAULT AVIATION still wishes to maintain a stake in EMBRAER, which it considers to be strategic, and does not intend to sell this asset in the short term. In addition, DASSAULT AVIATION considers that the impairment recorded in 2008 is temporary. It was therefore posted to equity (under 'Other income and expense recognized directly through equity') rather than in the income statement.

(2) capital gain posted to 'Other income and expense recognized directly through equity'.

OTHER FINANCIAL ASSETS

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009
Gross value					
Held-to-maturity securities	0	0	0	0	0
Advance lease payments	28,614	0	1,608	-133	30,089
Housing loans and other	2,275	-5	607	-377	2,500
TOTAL (1)	30,889	-5	2,215	-510	32,589
Provision	-298	5	0	0	-293
NET VALUE	30,591	0	2,215	-510	32,296

(1) maturing within more than one year: EUR 31,966 thousand as of December 31, 2009 and EUR 30,210 thousand as of December 31, 2008.

NOTE 6

INVENTORIES AND WORK-IN-PROGRESS

(EUR 000)	December 31, 2009			December 31, 2008
	GROSS	PROVISION	NET	(NET)
Raw materials	208,248	-76,694	131,554	110,211
Work-in-progress	2,744,946	-32,388	2,712,558	2,873,403
Semi-finished and finished goods	820,955	-265,653	555,302	445,213
TOTAL	3,774,149	-374,735	3,399,414	3,428,827

NOTE 7

TRADE AND OTHER RECEIVABLES

(EUR 000)	December 31, 2009			December 31, 2008
	GROSS	PROVISION	NET	(NET)
Trade receivables	409,219	-107,167	302,052	293,878
Corporate income tax receivable	63,631	0	63,631	9,589
Other receivables	99,248	0	99,248	83,034
Prepayments and accrued income	12,380	0	12,380	9,551
TOTAL	584,478	-107,167	477,311	396,052

MATURITY OF TRADE AND OTHER RECEIVABLES – GROSS VALUE

(EUR 000)	December 31, 2009			December 31, 2008		
	TOTAL	Within 1 year	More than 1 year	TOTAL	Within 1 year	More than 1 year
Trade receivables	409,219	267,295	141,924	446,658	323,546	123,112
Corporate income tax receivable	63,631	63,631	0	9,589	9,589	0
Other receivables	99,248	99,248	0	83,034	83,034	0
Prepayments and accrued income	12,380	12,380	0	9,551	9,551	0
TOTAL – GROSS VALUE	584,478	442,554	141,924	548,832	425,720	123,112

NOTE 8

CASH AND CASH EQUIVALENTS

NET CASH

(EUR 000)	December 31, 2009			December 31, 2008
	GROSS	PROVISION	NET	(NET)
Marketable securities (1)	404,417	0	404,417	523,306
Cash at bank and in hand	211,512	0	211,512	300,888
CASH AND CASH EQUIVALENTS IN THE BALANCE SHEET	615,929	0	615,929	824,194
- Bank loans and credit balance bank accounts (2)	-9,130	0	-9,130	-10,222
= NET CASH IN THE CASH FLOW STATEMENT	606,799	0	606,799	813,972

(1) the corresponding risk analysis is presented in Note 24 to the consolidated financial statements.

(2) see Note 11.

AVAILABLE CASH

(EUR 000)	December 31, 2009	December 31, 2008
Available-for-sale marketable securities (market value) (1)	3,120,859	3,865,740
Cash equivalent marketable securities (market value)	404,417	523,306
Total marketable securities (market value) (2)	3,525,276	4,389,046
+ Cash at bank and in hand	211,512	300,888
- Borrowings (3)	-1,761,442	-257,737
= AVAILABLE CASH	1,975,346	4,432,197

(1) see Note 5.

(2) at the Group's initiative, the available-for-sale marketable securities may be sold in the very near future, given their liquidity.

(3) see Note 11.

NOTE 9
SHARE CAPITAL AND CAPITAL MANAGEMENT

Share capital amounted to EUR 81,007 thousand, comprising 10,125,897 fully paid-up issued ordinary shares, each with a par value of EUR 8. The number and par value of the shares did not change during the year.

The Group does not hold any treasury shares and did not grant any stock option plans to its employees and senior executives.

The Group has no contractual commitments to comply with debt ratios on bank borrowings.

Furthermore, the Group regularly distributes dividends.

NOTE 10
IDENTITY OF THE CONSOLIDATING PARENT COMPANY

	% control (identical to % consolidation)
GROUPE INDUSTRIEL MARCEL DASSAULT (GIMD) 9, Rond Point des Champs Élysées - Marcel Dassault 75008 Paris	50.55%

NOTE 11
BORROWINGS

(EUR 000)	December 31, 2009	Amount due within 1 year	Amount due in more than 1 year		
	TOTAL		Total due within more than 1 year	1 to 5 years	More than 5 years
Bank borrowings (1)	1,271,034	1,270,988	46	46	0
Other borrowings (2)	490,408	131,185	359,223	358,711	512
TOTAL	1,761,442	1,402,173	359,269	358,757	512

(EUR 000)	December 31, 2008	Amount due within 1 year	Amount due in more than 1 year		
	TOTAL		Total due within more than 1 year	1 to 5 years	More than 5 years
Bank borrowings (1)	10,292	10,234	58	46	12
Other borrowings (2)	247,445	38,420	209,025	209,025	0
TOTAL	257,737	48,654	209,083	209,071	12

(1) of which bank borrowings due in less than one year: EUR 1,262 million as of December 31, 2009 (EUR denominated loans).
of which short-term banking facilities: EUR 9 million as of December 31, 2009 and EUR 10 million as of December 31, 2008.

(2) of which other borrowings mainly include locked-in employee profit-sharing funds amounting to EUR 295 million as of December 31, 2009 and EUR 247 million as of December 31, 2008.
of which the remaining payable balance for THALES shares: EUR 195 million as of December 31, 2009 payable to GIMD, half of which falls in less than one year, and the remaining half in more than one year.

NOTE 12

PROVISIONS

Nature of provisions (EUR 000)	December 31, 2008	Other (foreign exchange differences, actuarial adjustments, changes in Group structure, etc.)	Increases/ charges (1)	Decreases/ reversals (1)	December 31, 2009
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Operating – current	876,050	2,062 (2)	233,950	-172,652	939,410
Financial	0	0	0	0	0
TOTAL I	876 050	2,062	233,950	-172,652	939,410
PROVISIONS FOR IMPAIRMENT					
Property, plant and equipment	31,340	-305	25,802	-31,315	25,522
Financial assets	440	-147	0	0	293
Inventories and work-in-progress	313,917	-3,695	378,246	-313,733	374,735
Trade receivables	152,780	-52	107,214	-152,775	107,167
TOTAL II	498 477	-4,199	511,262	-497,823	507,717
GRAND TOTAL (I + II)	1 374 527	-2,137	745,212	-670,475	1,447,127

(1) including charges and reversals:

- operating (*)	745,212	-670,475
- financial	0	0
	745,212	-670,475

(*) breakdown

Charges to provisions	745,212	
Reversal of provisions		-670,475
	745,212	-670,475

(2) including actuarial adjustments recognized directly through equity 4,836

NOTE 12 (cont'd.)

BREAKDOWN OF PROVISIONS FOR CONTINGENCIES AND LOSSES

Nature of provisions (EUR 000)	December 31, 2008	Other (foreign exchange differences, actuarial adjustments, changes in Group structure, etc.) (1)	Increases/ charges	Decreases/ reversals	December 31, 2009
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Warranties	412,110	-1,807	134,453	-68,167	476,589
Services and work to be performed	183,495	-1,813	65,204	-60,871	186,015
Retirement severance payments and long-service awards					
French companies	*260,726*	*2,887*	*24,140*	*-25,714*	*262,039*
US companies	*5,839*	*1,709*	*8,204*	*-8,840*	*6,912*
Sub-total	266,565	4,596	32,344	-34,554	268,951
Miscellaneous	13,880	1,086	1,949	-9,060	7,855
Operating - current (A)	876,050	2,062	233,950	-172,652	939,410
Miscellaneous	0	0	0	0	0
Financial (B)	0	0	0	0	0
TOTAL CURRENT PROVISIONS (A+B)	876,050	2,062	233,950	-172,652	939,410

(1) Of which actuarial adjustments related to retirement severance payments and long-service awards recognized directly through equity:

French companies	*2,887*
US companies	*1,949*
Total actuarial adjustments	*4,836*

NOTE 12 (cont'd.)

BREAKDOWN OF PROVISIONS FOR CONTINGENCIES AND LOSSES

- **Provisions for warranties:** warranty provisions are updated to reflect the fleet in service and contracts delivered.

- **Provisions for retirement severance payments and long-service awards:**

Retirement severance payment and long-service award commitments are calculated for all Group employees using the projected unit credit method. Outstanding commitments are provided in full.

Employment projections are weighted using French Insurance Code mortality rates and the DASSAULT AVIATION employee turnover rate (this may vary according to age). The cost of retirement, pro rata to the employee's length of service at the period-end in relation to his total career expectancy, is retained.

Note that no Group companies have commitments in respect of medical insurance plans.

➢ **Assumptions used:**

	French companies		US companies	
	2009	2008	2009	2008
Inflation rate	2.00%	2.00%	3.00%	3.00%
Discount rate	4.30%	4.30%	5.75%	6.00%
Weighted average salary increase rate	3.90%	4.15%	4.22%	4.23%
Expected return on plan assets			5.25%	6.00%

The discount rates were based on the yield for top ranking corporate long term bonds corresponding to money markets and the future dates when the payments will be made. They also took account of the values as of December 31 of several indices or curves commonly used as a reference.

NOTE 12 (cont'd.)

BREAKDOWN OF PROVISIONS FOR CONTINGENCIES AND LOSSES

- **Provisions for retirement severance payments and long-service awards (continued):**

  - **French companies:**

The movements in this provision over the year break down as follows:

(EUR 000)	2009	2008
As of January 1,	260,726	240,251
Current service cost	12,919	11,897
Interest cost	11,221	10,722
Benefits paid	-25,714	-17,358
Actuarial adjustments	2,887	15,214
As of December 31,	262,039	260,726

The periodic cost for defined benefit obligations breaks down as follows:

(EUR 000)	2009	2008
Current service cost	12,919	11,897
Interest cost	11,221	10,722
Periodic cost for defined benefit obligations	24,140	22,619

NOTE 12 (cont'd.)

BREAKDOWN OF PROVISIONS FOR CONTINGENCIES AND LOSSES

- **Provisions for retirement severance payments and long-service awards (continued):**

  - **US companies:**

In the US, defined benefit retirement commitments are financed externally. Commitments not covered by the plan assets are accrued in the financial statements.

The movements in this provision over the year break down as follows:

(EUR 000)	2009	2008
As of January 1,	114,419	102,653
Current service cost	7,287	6,517
Interest cost	6,683	5,808
Benefits paid	-2,813	-2,259
Actuarial adjustments	1,705	-4,544
Foreign exchange differences	-4,293	6,244
As of December 31,	122,988	114,419

Changes in investments held for the plans over the year break down as follows:

(EUR 000)	2009	2008
Fair value of the plan as of January 1,	108,579	99,719
Expected return on plan assets	5,766	5,917
Actuarial adjustments	-244	-950
Employer contributions	8,840	224
Benefits paid	-2,813	-2,259
Foreign exchange differences	-4,053	5,928
Fair value of the plan as of December 31,	116,075	108,579

The value of the fund amounted to USD 167 million as of December 31, 2009, compared to USD 151 million as of December 31, 2008. The fund invests largely in bonds with a minimum guaranteed yield.

The periodic cost for defined benefit obligations breaks down as follows:

(EUR 000)	2009	2008
Current service cost	7,287	6,517
Interest cost	6,683	5,808
Expected return on plan assets	-5,766	-5,917
Periodic cost for defined benefit obligations	8,204	6,408

NOTE 13

OPERATING PAYABLES

(EUR 000)	December 31, 2009			December 31, 2008		
	TOTAL	Within 1 year	More than 1 year	TOTAL	Within 1 year	More than 1 year
Trade payables	456,498	456,498	0	758,812	758,812	0
Other miscellaneous payables	107,592	107,592	0	142,927	142,927	0
Prepayments and accrued income	83,736	53,737	29,999	54,209	31,590	22,619
Trade and other payables	647,826	617,827	29,999	955,948	933,329	22,619
Current corporate income tax payables	20,818	20,818	0	0	0	0
Other tax and social security payables	195,019	195,019	0	209,174	208,321	853
Tax and employee-related liabilities	215,837	215,837	0	209,174	208,321	853

NOTE 14

CUSTOMER ADVANCES AND PROGRESS PAYMENTS

(EUR 000)	December 31, 2009			December 31, 2008		
	TOTAL	Within 1 year	More than 1 year	TOTAL	Within 1 year	More than 1 year
Customer advances and progress payments on work-in-progress	2,958,226	1,706,055	1,252,171	3,414,927	1,758,888	1,656,039
TOTAL	2,958,226	1,706,055	1,252,171	3,414,927	1,758,888	1,656,039

This concerns advances and progress payments received for goods and services still to be invoiced.

NOTE 15

NET SALES

(EUR 000)	2009			2008		
	France (1)	Export	TOTAL	France (1)	Export	TOTAL
NET SALES	872,555	2,548,624	3,421,179	1,268,177	2,479,969	3,748,146

(1) principally the French government.

(EUR 000)	2009	2008
First quarter	545,992	754,746
Second quarter	838,079	789,425
Third quarter	908,689	989,257
Fourth quarter	1,128,419	1,214,718
TOTAL	3,421,179	3,748,146

By origin, consolidated net sales break down as follows:

(EUR 000)	2009	2008
France	2,425,757	2,558,650
United States	995,422	1,189,496
TOTAL	3,421,179	3,748,146

NOTE 16

OTHER REVENUE

(EUR 000)	2009	2008
Financial revenue from operations (1)	1,061	881
Capitalized production	0	127
Operating grants	98	67
Other operating income	3,755	7,272
TOTAL	4,914	8,347

(1) interest in arrears.

NOTE 17

OTHER OPERATING INCOME AND EXPENSES

(EUR 000)	2009	2008
Losses from disposals of non-current assets	-371	-1,610
Foreign exchange gains or losses from business transactions (1)	-9,561	3,585
Income/(loss) from non-capital transactions	-26	-202
Other operating expense (2)	-35,914	-285
Share of income of joint ventures	127	627
TOTAL	-45,745	2,115

(1) particularly foreign exchange gains and losses on trade receivables and payables: those relating to hedging transactions are recognized in net sales.

(2) including a 2009 EUR 35,717 thousand bad debt charge (offset by a reversal of the corresponding provision).

NOTE 18

RESEARCH AND DEVELOPMENT COSTS

Non-capitalized research and development costs are recognized in expenses for the year in which they are incurred and represent:

(EUR 000)	2009	2008
RESEARCH AND DEVELOPMENT	-241,837	-272,730

The Group's research and development strategy and initiatives are described in the directors' report.

NOTE 19

OTHER NON-RECURRING INCOME AND EXPENSES

The Group did not account for any other non-recurring income and expenses in 2008 or 2009.

NOTE 20

NET FINANCIAL INCOME/(EXPENSE)

(EUR 000)	2009	2008
Interest generated by cash and cash equivalents	8,455	34,080
Disposal gains and change in fair value of cash equivalents	2,120	22,469
Income from cash and cash equivalents	10,575	56,549
Interest charges on financing operations	-34,962	-11,632
Cost of gross financial debt	-34,962	-11,632
COST OF NET FINANCIAL DEBT	-24,387	44,917
Dividends and other investment income	3,740	5,283
Interest income and gains/losses on disposal of other financial assets (excluding cash and cash equivalents)	42,629	13,339
Foreign exchange gain	7,190	0
Financial income	53,559	18,622
Foreign exchange loss	0	-2,798
Other financial expenses	0	-155
Financial expenses	0	-2,953
OTHER FINANCIAL INCOME AND EXPENSES	53,559	15,669
NET FINANCIAL INCOME/(EXPENSE)	29,172	60,586

NOTE 21

TAX POSITION

(EUR 000)

CORPORATE INCOME TAXES	2009	2008 Restated (1)
Current tax expense	-101,923	-216,949
Deferred tax gain (+)/expense (-)	2,440	94,710
CORPORATE INCOME TAX GAIN (+) / EXPENSE (-)	-99,483	-122,239

NET TAX CHARGE RECOGNIZED DIRECTLY THROUGH EQUITY – FULLLY CONSOLIDATED COMPANIES	2009	2008 Restated (1)
Cash flow hedges	-68,350	21,776
Available-for-sale financial assets	-928	-35,035
Actuarial adjustments	1,009	383
NET TAX CHARGE RECOGNIZED DIRECTLY THROUGH EQUITY	-68,269	-12,876

RECONCILIATION OF THE THEORETICAL AND ACTUAL TAX CHARGE	2009	2008 Restated (1)
Net income for the year	256,765	384,226
• less tax charge	99,483	122,239
• less Group share of net income of equity affiliates	65,550	-95
Net income before tax	421,798	506,370
- Theoretical tax expenses calculated at the current standard tax rate (*)	-145,225	-174,343
- Effect of foreign tax rates and deferred tax	-380	20
- Changes resulting from non-taxable income and non-deductible expenses	46,122	52,084
- Accounting Tax Charge	-99,483	-122,239

(*) 34.43% in 2009 and 2008.

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents the 2008 tax charge as if this policy had always been applied.

NOTE 21 (cont'd.)

TAX POSITION

DEFERRED TAXES	Consolidated balance sheet		Consolidated income statement	
	December 31, 2009	December 31, 2008	2009	2008 Restated (1)
Deferred tax assets				
Temporary differences on provisions (profit-sharing, retirement, etc.)	77,234	51,386	29,460	24,637
Consolidation and other entries (2)	-22,362	-21,207	-4,030	2,970
Fair value revaluation of available-for-sale securities and other marketable securities	-1,140	-787	-352	-432
Fair value revaluation of hedges on cash flow and interest rates	-245	-774		
TOTAL DEFERRED TAX ASSETS (3)	53,487	28,618		
Deferred tax liabilities				
Temporary differences on provisions (profit-sharing, retirement, etc.)	148,156	137,189	10,717	37,907
Consolidation and other entries (2)	-31,387	741	-32,126	29,277
Fair value revaluation of available-for-sale securities and other marketable securities	484	2,100	1,080	-369
Fair value revaluation of hedges on cash flow and interest rates	-223,506	-152,319	-2,309	720
TOTAL DEFERRED TAX LIABILITIES (3)	-106,253	-12,289		
DEFERRED TAX GAIN (+) / EXPENSE (-)			2,440	94,710

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents the 2008 tax position as if this policy had always been applied.

(2) restatement of tax provisions, inter-company margins and capitalized development costs.

(3) the schedule for the payment of deferred taxes was not determined as certain deferred tax bases may not be accurately broken down by year.

TAX LOSSES CARRIED FORWARD	2009	2008
- Deferred tax assets not recognized in the balance sheet	59,756	59,107

NOTE 22

EARNINGS PER SHARE

BASIC EARNINGS PER SHARE	2009	2008 Restated (1)
Net income attributable to shareholders (EUR 000) (2)	256,721	384,194
Weighted average number of outstanding ordinary shares	10,125,897	10,125,897
Basic earnings per share (in EUR)	25.4	37.9

(1) the Group now recognizes actuarial adjustments on defined benefit obligations directly through equity rather than within net income. This change in policy is specified under paragraph E of Note 1.

Pursuant to IFRS, the Group therefore presents the 2008 earnings per share as if this policy had always been applied.

(2) net income is fully attributable to income from continuing operations (no discontinued operations).

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, except for the ordinary shares acquired by the Group and held as treasury shares. As the Group does not hold any treasury shares and does not have any share option plans, diluted earnings per share is identical to basic earnings per share.

NOTE 23

DIVIDENDS PAID AND PROPOSED

(EUR 000)	2009	2008
Decided and paid during the year		
Dividends on ordinary shares		
- Final dividends for 2008: EUR 5.80 per share (2007: EUR 10.6)	58,730	107,335
- Interim dividends for 2009	n/a	
Submitted to the Annual General Meeting for approval		
(not recognized as a liability as of December 31):		
Dividends on ordinary shares		
- Proposed dividends for 2009: EUR 8.8 per share (2008: EUR 5.80)	89,108	

NOTE 24

FINANCIAL RISK MANAGEMENT

TYPES, SCOPE AND MANAGEMENT OF RISKS

CASH AND LIQUIDITY RISKS

The Group is not exposed to any significant market risk with regard to its borrowings and marketable securities (available for sale or cash equivalents). The Group's loan agreements include customary clauses concerning default and limits covering collateral and merger or asset sale transactions. The agreements do not contain any early repayment clauses based on credit ratings or financial ratios. One of the borrowing clauses for a euro-denominated loan stipulates that early repayment will be due should GIMD hold less than 50% of the equity of DASSAULT AVIATION prior to the maturity date of the borrowings. The contractual maturities of the borrowings is given under Note 11 to these financial statements.

The Group's marketable securities portfolio mainly comprises short-term money market investments:

(EUR 000)	December 31, 2009			
	Historical cost	Capital gain	Consolidated value	En %
Cash at bank and in hand, money market investments, time deposits	2,782,013	954,775	3,736,788	100.0%
Various investments (AMF reference, mainly money market)	None	None	None	None
Total marketable securities (available for sale or cash equivalents) and cash at bank and in hand	2,782,013	954,775	3,736,788	100%

The Group can meet its commitments without any liquidity risk due to its cash resources and its portfolio of available-for-sale marketable securities.

CREDIT RISK

The Group performs its cash and foreign exchange transactions with recognized financial institutions and places its investments and has bank accounts with these various institutions.

The Group had no investments or accounts with financial institutions that went bankrupt in 2008 or 2009.

The Group limits counterparty risk by performing most of its sales in cash and ensuring that the granted loans are secured by export credit insurance (COFACE) or collateral. The amounts of export credit insurance guarantees and collateral obtained and not exercised at the year-end are recorded in off-balance sheet commitments (see Note 25).

Guarantees are also underwritten with export credit insurance firms for the manufacturing risk relating to major military export contracts.

Considering the trade receivables write-down method described in section C8 of Note 1 to the consolidated financial statements, the percentage of outstanding receivables not written-down at the year-end is immaterial and not at risk.

NOTE 24 (cont'd.)

FINANCIAL RISK MANAGEMENT

MARKET RISK

- **FOREIGN EXCHANGE RISKS**

✓ **FOREIGN EXCHANGE HEDGING PORTFOLIO**

The Group is exposed to a foreign exchange risk through the parent company with regard to FALCON sales that are virtually all denominated in US dollars.

This risk is partially hedged by using forward sales contracts and foreign exchange options.

The Group partially hedges its cash flows that are considered highly probable. It ensures that the initial future cash flows will be sufficient to use the foreign exchange hedges in place. The amount of the hedge may be restated according to the variability in the timing of expected net cash flows.

A sensitivity analysis was performed in order to determine the impact of a 10 centime increase or decrease in the US dollar/euro exchange rate.

PORTFOLIO MARKET VALUE (EUR 000)	December 31, 2009		December 31, 2008	
Net balance sheet position Closing US dollar/euro exchange rate	650,878 1 euro = 1.4406 dollars		446,605 1 euro = 1.3917 dollars	
Change in closing US dollar/euro exchange rate	1 euro = 1.5406 dollars	1 euro = 1.3406 dollars	1 euro = 1.4917 dollars	1 euro = 1.2917 dollars
Change in net balance sheet position	+251,510	-288,890	+300,580	-344,060

✓ **EMBRAER SHARES**

The Group's parent company owns EMBRAER shares, which are listed on the Brazilian market. EMBRAER is stated in euros in the Group's financial statements based on market value at the balance sheet date in Brazilian reals converted into euros. The value of the shares may therefore fluctuate according to the exchange rate of these two currencies.

A sensitivity analysis was performed in order to determine the impact of a 10 centime increase or decrease in the real/euro exchange rate.

MARKET VALUE OF THE EMBRAER SHARES HELD BY THE GROUP (EUR 000)	December 31, 2009		December 31, 2008	
Net balance sheet position Closing Brazilian real/euro exchange rate	25,264 1 euro = 2.5113 reals		18,121 1 euro = 3.2436 reals	
Change in closing Brazilian real/euro exchange rate	1 euro = 2.6113 reals	1 euro = 2.4113 reals	1 euro = 3.3436 reals	1 euro = 3.1436 reals
Change in net balance sheet position	-967	+ 1,048	-542	+ 576

NOTE 24 (cont'd.)

FINANCIAL RISK MANAGEMENT

- **PRICING RISKS**

The Group is exposed to a pricing risk relating to the price fluctuations of the EMBRAER shares. A sensitivity analysis was performed in order to determine the impact of a 10% increase or decrease in EMBRAER shares.

MARKET VALUE OF THE EMBRAER SHARES HELD BY THE GROUP (EUR 000)	December 31, 2009		December 31, 2008	
Net balance sheet position	25,264		18,121	
Embraer share price in reals	9.51 reals		8.81 reals	
Change in EMBRAER share price	+ 10%	- 10%	+ 10%	- 10%
Change in net balance sheet position	+ 2,526	- 2,526	+ 1,812	- 1,812

- **INTEREST RATE RISKS**

At December 31, 2009, the Group's bank borrowings are at fixed rates after taking out swaps on EUR 500 million of borrowings initially at variable rates in May and July 2009.

The rates of these borrowings are based on EURIBOR 1 year rates.

FINANCIAL INSTRUMENTS: VALUE, IMPACT ON INCOME AND EQUITY

The different types of financial instrument used by the Group (e.g. foreign currency and interest rate hedges) are defined in section C13 of the accounting policy note to the consolidated financial statements as well as their recognition under hedge accounting as defined by IAS 39.

The portfolio of derivative financial instruments is as follows:

MARKET VALUE	December 31, 2009		December 31, 2008	
	USD 000	EUR 000	USD 000	EUR 000
Forex options	625	434	-2,841	-2,041
Futures	937,030	650,444	624,381	448,646
TOTAL	937,655	650,878	621,540	446,605

The recognition of derivative financial instruments and their impact on net income and equity are as follows:

(EUR 000)	Market value December 31, 2009	Market value December 31, 2008	Recognition of changes in fair value in	
			Equity (1)	Net financial income/(expense)
Instruments recognized in assets				
- Forex hedges	650,878	446,605		
- Interest rate hedges	-1,328	0		
Total	649,550	446,605		
including premiums and accrued interest on financial instruments	-323	1,956		
Net capital gains on financial instruments	649,873	444,649	198,519	6,705

(1) posted to the specific heading 'Other income and expense recognized directly through equity, fully consolidated companies'.

NOTE 25

FINANCIAL COMMITMENTS

(EUR 000)

COMMITMENTS GIVEN	December 31, 2009	December 31, 2008
Guarantees and deposits	79,192	185,486
TOTAL	79,192	185,486

COMMITMENTS RECEIVED	December 31, 2009	December 31, 2008
Export insurance guarantees	76,217	51,092
Collateral	28,555	0
TOTAL	104,772	51,092

BILATERAL COMMITMENTS IN RESPECT OF	December 31, 2009	December 31, 2008
Future billings to customers	12,322,700	17,065,400
Future payments to subcontractors or suppliers	1,807,832	2,929,749
Fixed asset orders	17,000	43,500
TOTAL	14,147,532	20,038,649

SECURED PAYABLES AND RECEIVABLES	December 31, 2009	December 31, 2008
Customer advances and progress payments on work-in-progress	439,756	500,689
Advances and progress payments to suppliers	4,060	3,834
TOTAL	443,816	504,523

OPERATING LEASES			
The Group's main operating leases concern industrial office buildings.			
	TOTAL	Within 1 year	More than 1 year
Minimum future non-cancelable lease payments (not discounted)	308,700	30,870	277,830

NOTE 26

RELATED-PARTY TRANSACTIONS

The Group's related parties are:

- GROUPE INDUSTRIEL MARCEL DASSAULT, and its subsidiaries,
- Groupe THALES and its subsidiaries,
- Chairman and Chief Executive Officer of DASSAULT AVIATION,
- Directors of DASSAULT AVIATION.

(EUR 000)		Related party sales	Related party purchases	Related party receivables	Related party payables
Related companies	2009 fiscal year (with THALES)	5,284	112,303	24,727	190,190
	2008 fiscal year (without THALES)	23,276	67,914	27,459	2,032

Key Group employees

Directors' loans	2009 fiscal year	None
	2008 fiscal year	None
Other directors' interests	2009 fiscal year	None
	2008 fiscal year	None

Remuneration and other commitments

Total remuneration received by corporate officers in respect of 2009, broken down in the directors' report, amounted to EUR 892,581 for the parent company and USD 68,572 for subsidiaries, EUR 480,000 for GIMD and EUR 6,250 for THALES.

Other commitments:

In conjuction with the AFEP/MEDEF recommendations on the compensation of directors:

- Mr EDELSTENNE was retired in May 2009. While the Company's rules for retirement were applied to him, pursuant to an opinion received from the French national retirement fund ("Caisse Nationale d'Assurance Vieillesse"), he is not entitled to his pension until the end of his last term of office. His pension and severance payment on retirement will therefore not be paid to him until this date.
- When he leaves the Company, he will not receive any severance payment other than the aforementioned severance payment on retirement.

However, the Board of directors decided to maintain the additional annual pension that it had granted him on September 15, 2004. This additional pension will be equivalent to 3% of his gross annual remuneration as of the date of his retirement multiplied by the number of years he will have spent as Chairman and Chief Executive Officer and capped so that all his pensions do not exceed 60% of his last gross remuneration.

This additional pension will be paid to him at the same time as his other pensions (at the end of his last term of office), under the same terms as pensions for managers (i.e. pension rincreases based on changes in the AGIRC point and potential revision).

Terms and conditions of related-party transactions

Sales and purchases are made at market price. Balances outstanding at the year-end are not guaranteed and payments are made in cash. No guarantees were provided or received for related-party receivables. For 2009, the Group did not recognize any provisions for bad debts relating to amounts receivable from related parties. The need for provisions is assessed each year by examining the financial position of the related parties and the market in which they operate.

NOTE 27

AVERAGE NUMBER OF EMPLOYEES

	2009	2008
Engineers and management and executive grades	5,136	5,137
Supervisory and technical grades	2,439	2,408
Administrative employees	1,449	1,464
Production employees	3,191	3,382
TOTAL	12,215	12,391

NOTE 28

ENVIRONMENTAL INFORMATION

DASSAULT AVIATION Group recorded environmental capital expenditure amounting to EUR 2,760 thousand and income statement expense of around EUR 650 thousand in 2009 relating to risk, impact and regulatory compliance analyses.

NOTE 29

STATUTORY AUDITORS' FEES (NET OF VAT)

(EUR 000)		DELOITTE & ASSOCIES		MAZARS	
		2009	2008	2009	2008
Audit					
Statutory audit, certification, review of individual and consolidated financial statements:	(1)				
DASSAULT AVIATION		168	125	150	175
Fully consolidated subsidiaries		0	0	374	407
Other statutory audit engagements	(2)				
DASSAULT AVIATION		97	25	21	73
Fully consolidated subsidiaries		0	0	3	26
TOTAL		265	150	548	681

(1) these fees primarily include the review and certification of the Group's consolidated financial statements, certification of the financial statements of the parent company DASSAULT AVIATION S.A. and its subsidiaries and compliance with local regulations.

(2) these fees involve services normally rendered as an extension to the statutory auditors' engagement (drafting of specific attestations, notices and opinions relating to accounting standards, etc.).

In addition, the fees paid by fully consolidated subsidiaries to statutory auditors other than DELOITTE & ASSOCIÉS and MAZARS should be added to the above amounts: EUR 43 thousand in 2009 and EUR 42 thousand in 2008.

NOTE 30

SUBSEQUENT EVENTS

No events occurred after December 31, 2009 that may have a material impact on the financial statements.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2009

Dear Shareholders,

In accordance with our appointment as auditors by your Annual General Meeting, we hereby report to you for the year ended December 31, 2009 on:

- the audit of the accompanying consolidated financial statements of DASSAULT AVIATION,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position and the assets and liabilities of the Group as of December 31, 2009 and the results of its operations for the year then ended in accordance with IFRS as adopted in the European Union.

Without qualifying our opinion expressed above, we draw your attention to the changes in accounting policy applied by the Company in respect of the year ended December 31, 2009 as described in Note 1 - E/ Change in accounting policy of the notes to the consolidated financial statements.

JUSTIFICATION OF ASSESSMENTS

The financial statements for the year ended December 31, 2009 have been drawn up in the economic climate described in paragraphs 1.1 (Consolidated key figures), 1.6 (Group activities) and 3 (Conclusion) of the Directors' Report.

It is in this context and in accordance with Article L. 823-9 of the French Commercial Code that we have conducted our own assessments, which we bring to your attention.

We considered that the items involving material estimates likely to require justification of our assessments included the allocation of the purchase price of THALES shares, the provisions for contingencies and losses and the multi-annual agreements:

Allocation of the purchase price of THALES shares

As stated in "Note 5 – Non-current Financial Assets – equity affiliates", the Company conducted work to identify and value at fair value the assets and liabilities acquired including intangible assets. These valuations are significantly based on assumptions, forecasts and criteria in respect of the businesses acquired.
Our work consisted of analyzing the approach used, the assumptions in the valuation models applied to the relevant identifiable assets and liabilities and the criteria used.

Provisions for contingencies and losses

Our work mainly consisted in assessing the data and assumptions used to determine the estimated provisions for contingencies, as described in Note 1-C10 to the consolidated financial statements, reviewing the calculations performed by the Company, comparing the accounting estimates of previous periods with the corresponding results and examining the procedures adopted by Management to approve such estimates. On this basis, we assessed the reasonableness of these estimates.

Multi-annual agreements

For multi-annual contracts the Company's profit is calculated according to of the completion method. In accordance with professional standards applicable to accounting estimates and on the basis of data available to date, our work consisted in assessing the data and the assumptions drawn up by Management and on which they based their estimates of the profit/loss on completion of those contracts and their trends, reviewing the calculations made, and comparing the estimates made in previous years with the actual profits and losses.

These assessments were made as part of our audit approach for the financial statements taken as a whole and contributed to our opinion in the first part of this report.

SPECIFIC PROCEDURES

In accordance with professional standards applicable in France, we have also performed the other specific testing required by law of the information on the Group given in the Directors' Report. We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, March 17, 2010

The Auditors

Mazars	Deloitte & Associés
Serge Castillon	Dominique Jumaucourt

This is a free translation of the original text in French for information purposes only.
It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standard.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

(EUR 000)

ASSETS

(EUR 000)	NOTE	December 31, 2009			December 31, 2008
		Gross	Depreciation, amortization and provisions	Net	Net
INTANGIBLE ASSETS	2	79,128	-64,557	14,571	12,634
PROPERTY, PLANT AND EQUIPMENT	2	945,620	-635,855	309,765	296,941
LONG-TERM INVESTMENTS	3	2,187,226	-9,010	2,178,216	212,917
TOTAL NON-CURRENT ASSETS		3,211,974	-709,422	2,502,552	522,492
INVENTORIES AND WORK-IN-PROGRESS	4	3,155,971	-255,855	2,900,116	2,781,634
ADVANCES AND PROGRESS PAYMENTS TO SUPPLIERS		205,647	0	205,647	196,953
TRADE RECEIVABLES	6	521,318	-95,934	425,384	322,965
OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME	6	506,505	0	506,505	423,048
MARKETABLE SECURITIES AND CASH INSTRUMENTS	9	2,277,053	0	2,277,053	3,132,893
CASH AT BANK AND IN HAND		119,934	0	119,934	200,795
TOTAL CURRENT ASSETS		6,786,428	-351,789	6,434,639	7,058,288
TOTAL ASSETS		9,998,402	-1,061,211	8,937,191	7,580,780

LIABILITIES AND EQUITY

(EUR 000)	NOTE	December 31, 2009	December 31, 2008
SHARE CAPITAL	10	81,007	81,007
ADDITIONAL PAID-IN CAPITAL		19,579	19,579
RESERVES	12	2,265,191	1,971,413
NET INCOME FOR THE YEAR		265,969	352,508
TAX PROVISIONS	14	293,328	273,194
EQUITY	13	2,925,074	2,697,701
PROVISIONS FOR CONTINGENCIES AND LOSSES	14	843,723	781,363
BORROWINGS (1)	15	1,760,910	256,101
CUSTOMER ADVANCES AND PROGRESS PAYMENTS ON WORK-IN-PROGRESS		2,667,329	2,828,489
TRADE PAYABLES	16	413,116	663,449
OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME	17	327,039	353,677
TOTAL LIABILITIES		5,168,394	4,101,716
TOTAL EQUITY AND LIABILITIES		8,937,191	7,580,780
(1) including bank balances in credit of:		9,129	10,222

INCOME STATEMENT

(EUR 000)	NOTE	2009	2008
NET SALES	20	2,748,219	3,540,455
CAPITALIZED PRODUCTION		0	127
CHANGE IN WORK-IN-PROGRESS		39,851	288,423
REVERSALS OF PROVISIONS AND DEPRECIATION AND AMORTIZATION, EXPENSE RECLASSIFICATIONS		462,506	406,824
OTHER REVENUE		5,157	7,311
OPERATING REVENUES		3,255,733	4,243,140
EXTERNAL PURCHASES		-1,287,269	-1,881,689
PAYROLL AND RELATED CHARGES		-624,604	-636,900
OTHER OPERATING EXPENSES		-322,520	-298,218
TAXES AND SOCIAL SECURITY CONTRIBUTIONS		-58,357	-56,874
DEPRECIATION AND AMORTIZATION	2	-58,130	-54,950
NET CHARGES TO PROVISIONS	14	-526,711	-654,393
OPERATING EXPENSES		-2,877,591	-3,583,024
NET OPERATING INCOME BEFORE FINANCIAL ITEMS		378,142	660,116
NET FINANCIAL INCOME/(EXPENSE)	22	72,198	19,107
NET INCOME FROM ORDINARY ACTIVITES BEFORE TAX		450,340	679,223
NON-RECURRING ITEMS	23	-20,324	-6,503
EMPLOYEE PROFIT-SHARING		-100,712	-136,203
CORPORATE INCOME TAX	24	-63,335	-184,009
NET INCOME FOR THE YEAR		265,969	352,508

CASH FLOW STATEMENT

(EUR 000)		
	2009	2008
NET CASH FROM OPERATING ACTIVITIES		
Net income for the year	265,969	352,508
Elimination of net income on sales of non-current assets	145	665
Elimination of investment grants added to net income	0	0
Net charges to and reversals of depreciation, amortization and provisions	136,099	255,116
NET CASH FROM OPERATING ACTIVITIES BEFORE WORKING CAPITAL CHANGES (A)	402,213	608,289
Impact of:		
Change in inventories and work-in-progress	-118,482	-257,522
Change in advances and progress payments to suppliers	-8,694	-13,618
Change in trade receivables	-102,419	36,623
Change in other receivables, prepayments and accrued income	-83,457	-11,509
Change in customer advances and progress payments on work-in-progress	-161,160	36,246
Change in trade payables	-250,333	-19,297
Change in other payables, accruals and deferred income	-26,638	-24,588
CHANGES IN WORKING CAPITAL (B)	-751,183	-253,665
(A+B)	-348,970	354,624
NET CASH USED IN INVESTING ACTIVITIES		
Purchases of intangible assets and property, plant and equipment	-77,435	-75,869
Purchases of long term investments (1)	-1,960,658	-2,258
Disposals of or reductions in fixed assets	4,284	14,876
	-2,033,809	-63,251
NET CASH USED IN FINANCING ACTIVITIES		
Capital increase	0	0
Increase in equity items	0	0
Decrease in equity items	0	0
Increase in borrowings (2)	1,587,994	107,448
Repayments of borrowings	-82,093	-99,758
Dividends paid	-58,730	-107,335
	1,447,171	-99,645
CHANGE IN NET CASH AND CASH EQUIVALENTS	-935,608	191,728
OPENING NET CASH AND CASH EQUIVALENTS (3)	3,323,466	3,131,738
CHANGE IN NET CASH AND CASH EQUIVALENTS	-935,608	191,728
CLOSING NET CASH AND CASH EQUIVALENTS (3)	2,387,858	3,323,466

(1) EUR 1,958 million corresponding to the purchase of THALES shares in May 2009.

(2) during first half 2009, the Company took out short-term borrowings (see details under Note 15).

(3) cash and cash equivalents comprise the following balance sheet headings:

[cash at bank and in hand] + [marketable securities at historical cost] - [bank facilities and bank balances in credit].

DASSAULT AVIATION
9, ROND-POINT DES CHAMPS-ÉLYSÉES-MARCEL DASSAULT- 75008 PARIS

LIMITED LIABILITY COMPANY WITH SHARE CAPITAL OF EUR 81,007,176
Registered with the Paris Trade Registry under the number 712 042 456
SIRET: 712 042 456 00111

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Balance Sheet before appropriation of earnings for the year ended **December 31, 2009**, showing total assets of **EUR 8,937,191 thousand** and to the Income Statement, showing total revenues of **EUR 3,435,862 thousand** and net income of **EUR 265,969 thousand.**

The financial statements have been prepared for a 12-month period extending from **January 1, 2009 to December 31, 2009**.

The notes (or tables) (nos. 1 to 33) are an integral part of the financial statements.

NOTES: SUMMARY

NOTE 1

ACCOUNTING POLICIES

The individual financial statements have been prepared in accordance with French Accounting Standards Committee Regulation 99-03 approved by the decree of June 22, 1999 and subsequent notices and recommendations of the French National Accounting Board (CNC).

The methods used to present the financial statements are comparable year-on-year.

The following fundamental accounting concepts have been applied:

- prudence,
- going concern,
- consistency,
- accruals.

The individual financial statements have been prepared on a historical cost basis.

The principal accounting policies adopted are outlined below:

A) INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are recognized at acquisition or production cost, less any accumulated depreciation or amortization and any accumulated impairment losses. As an exception to the rule, intangible assets and property, plant and equipment acquired prior to December 31, 1976 were revalued. Interest expense is not capitalized. Each identified component of an intangible asset or item of property, plant and equipment is recognized and depreciated or amortized separately.

Depreciation and amortization are calculated using the straight-line method without deducting a residual value, with the exception of aircraft.

Property, plant and equipment and intangible assets are depreciated and amortized over their estimated useful lives. Useful lives are reviewed at each year-end for material non-current assets.

Initial useful lives are extended or reduced depending on the conditions in which the asset is used.

Useful lives are as follows:

Software	3-4 years
Industrial buildings	25-30 years
Office buildings	25-35 years
Fixtures and fittings	7-15 years
Plant, equipment and machinery	3-15 years
Aircraft	4-10 years
Rolling stock	3-4 years
Other property, plant and equipment	3-8 years
Second-hand goods	case-by-case basis

B) IMPAIRMENT OF ASSETS

At each period-end, the Company assesses whether there is an indication of impairment and carries out an impairment test if an indication of impairment has been detected. At each annual year-end, an impairment test is systematically carried out.

Indications of impairment include, in particular, significant adverse changes of a permanent nature, affecting the economic environment (e.g. sales outlets, supply sources, cost or index fluctuations, etc.) or the assumptions or objectives adopted by the Group (e.g. profitability analyses, order book, regulatory changes).

Intangible assets and property, plant and equipment are impaired by the Company when their net carrying amount exceeds their present value. The amount of impairment recognized in income is equal to the difference between the net carrying amount and present value.

The present value of an asset is the higher of its fair value (less costs to sell) and its value in use.

The value in use of an asset is calculated using the discounted future cash flow method, with a post-tax discount rate of 8.8% and a 2% growth rate. The discount rate includes the rates prevailing in the aviation industry. Post-tax cash flows are projected over a period of five years and the method takes into account a terminal value.

C) EQUITY INVESTMENTS, OTHER INVESTMENTS AND MARKETABLE SECURITIES

The gross value of such assets is their purchase price excluding incidental costs, except in the case of assets subject to the 1976 legal revaluation. A provision for impairment is recorded when the fair value of such assets (determined by the Company) is lower than their gross value. The fair value is the higher of its market value and its value in use.

D) INVENTORIES AND WORK-IN-PROGRESS

Incoming raw material, semi-finished and finished goods inventories are measured at acquisition cost for items purchased and production cost for items produced. Outgoing inventories are measured at weighted average cost, except for aircraft which are stated at acquisition cost.

Since September 2009 DASSAULT AVIATION has introduced partial lay-offs in order to adpat its production capacity to the activity. The idle time arising from these steps was posted to expense for the year and has no impact on the valuation of work-in-progress as of December 31, 2009.

Work-in-progress is measured at production cost and does not include interest expense.

Inventories and work-in-progress are impaired when their net realizable value is lower than their carrying amount. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

E) RECEIVABLES

Receivables are stated at nominal value. A provision for impairment is recorded when the recoverable value is less than the carrying amount.

F) BORROWINGS

Borrowings are recorded at the amount received. Transaction costs are posted to expenses for the year.

G) TAX PROVISIONS

These include:

- Provisions for investments,
- Provisions for price increases,
- Provisions for medium-term export credit risk,
- Accelerated depreciation.

H) PROVISIONS FOR CONTINGENCIES AND LOSSES

Retirement severance payments and related benefits:

Retirement severance payment and related benefit (e.g. long-service awards) commitments are provided in full. Provisions cover all employees and are estimated based on vested rights and a projection of current salaries, after taking into account mortality rates, employee turnover, and a discounting assumption.

Actuarial gains or losses or gains and losses analyzed as such are fully recognized in income in the period during which they are incurred.

Other provisions for contingencies and losses:

In the course of its business, the Group grants its customers operating warranties on delivered equipment.

Contingency provisions are set aside to hedge the portion of future expenses deemed probable to arise from these obligations.

These provisions are calculated using technical data or on a statistical basis.

I) FOREIGN EXCHANGE HEDGING

The Company uses derivative financial instruments to hedge against foreign exchange risks relating to its operations.

These risks mainly arise from US dollar denominated sales. The corresponding future cash flows are partially hedged by firm or optional forward transactions.

Premiums paid or received on the purchase or sale of put options are recognized in the income statement on maturity of the option, with the exception of those relating to "zero premium" hedging strategies, which are recognized immediately in the income statement to avoid temporary timing differences.

J) OPERATIONS IN FOREIGN CURRENCIES

Income statement items denominated in foreign currencies are translated into euros at the exchange rate prevailing at the date of payment or receipt, with the exception of flows covered by hedging arrangements which are recorded at the hedge rate for the year.

Receivables and payables outstanding at the year-end are translated into euros at the closing rate of exchange. Differences arising on the translation of opening balances at closing exchange rates are taken to balance sheet suspense accounts as follows:

- Unrealized translation losses to assets,
- Unrealized translation gains to liabilities.

A provision is recorded in respect of unrealized losses.

Translation gains and losses arising on cash at bank and in hand as of December 31 are taken to the income statement.

K) RECOGNITION OF REVENUE AND INCOME OR LOSS

Revenue from sales of goods is recognized when the risks and rewards of ownership are transferred to the buyer. This normally represents the transfer of ownership for the Company.

Services are recognized under the percentage of completion method according to the milestones set forth in contracts.

Income or loss is recognized at each stage of completion if it can be reliably measured. Losses on completion are recognized as soon as they are known.

L) UNREALIZED CAPITAL GAINS ON MARKETABLE SECURITIES

Unrealized capital gains on marketable securities are not recognized in the income statement until effectively realized.

Under Article 8 of the French Commercial Code, the corporate income tax charge recorded in the financial statements relates solely to reported income. As such, the tax charge relating to unrealized gains on marketable securities is recorded within prepayments until recognition of the capital gains within financial income.

This method, which constitutes a departure from the general principle of full recognition of deferred tax, has been adopted to provide a fairer presentation of the results of the Company.

M) TAX CONSOLIDATION

With effect from January 1, 1999, DASSAULT AVIATION,
9 Rond-Point des Champs-Elysées Marcel Dassault 75008 Paris, formed a tax consolidation group pursuant to Article 223A et seq. of the French General Tax Code.

This tax consolidation arrangement is tacitly renewable by periods of five fiscal years.

By agreement, it does not have an impact on member company net income, as tax charges are borne by the tax group companies as if no such election had been made.

NOTE 2

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009	INITIAL VALUES EXCLUDING LEGAL REVALUATION
INTANGIBLE ASSETS						
Gross value						
Software, patents, licenses and similar assets	71,767	1,601	6,502	-1,690	78,180	78,180
Intangible assets in the course of development; advances and progress payments	1,601	-1,601	948		948	
TOTAL	73,368	0	7,450	-1,690	79,128	78,180
Amortization						
Software, patents, licenses and similar assets	-60,734	0	-5,512	1,689	-64,557	
TOTAL	-60,734	0	-5,512	1,689	-64,557	
Net value						
Software, patents, licenses and similar assets	11,033				13,623	
Intangible assets in the course of development; advances and progress payments	1,601				948	
TOTAL INTANGIBLE ASSETS	12,634	0	1,938	-1	14,571	

NOTE 2 (cont'd.)

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009	INITIAL VALUES EXCLUDING LEGAL REVALUATION
PROPERTY, PLANT AND EQUIPMENT						
Gross value						
Land	26,015	1	329	-138	26,207	22,423
Buildings	232,301	16,972	10,651	-512	259,412	249,648
Plant, machinery and equipment	447,634	3,267	25,515	-10,821	465,595	464,834
Other property, plant and equipment	162,802	539	29,767	-2,690	190,418	190,145
Construction in progress; advances and progress payments	24,322	-20,779	3,723	-3,278	3,988	
TOTAL	893,074	0	69,985	-17,439	945,620	927,050
Depreciation						
Land	-4,082	0	-453	127	-4,408	
Buildings	-133,277	0	-11,183	414	-144,046	
Plant, machinery and equipment	-364,900	0	-24,192	10,569	-378,523	
Other property, plant and equipment	-86,870	0	-16,790	2,405	-101,255	
TOTAL	-589,129	0	-52,618	13,515	-628,232	
Impairment						
Other property, plant and equipment (1)	-7,004	0	-7,623	7,004	-7,623	
TOTAL	-7,004	0	-7,623	7,004	-7,623	
Net value						
Land	21,933				21,799	
Buildings	99,024				115,366	
Plant, machinery and equipment	82,734				87,072	
Other property, plant and equipment	68,928				81,540	
Construction in progress; advances and progress payments	24,322				3,988	
TOTAL	296,941	0	9,744	3,080	309,765	

(1) Impairment tests of intangible assets and property, plant and equipment (see section B of Note 1 to the financial statements)

In 2008, a provision of EUR 7,004 thousand was recognized in net income for capitalized aircraft in order to take into account the impact of the crisis on the used executive aircraft market. This amount was adjusted to EUR 7,623 thousand as of December 31, 2009.

This provision is equal to the difference between the net carrying amount of the capitalized aircraft and their present value. The present value of a capitalized aircraft is the higher of its fair value (less costs to sell) and its value in use. The value in use of a capitalized aircraft is calculated using the discounted future cash flow method, with a post-tax discount rate of 8.8%, a 2% growth rate, a cash flow forecast period equal to the term of the aircraft's lease and a value at which the aircraft will be resold after the lease term.

The impairment tests carried out on other property, plant and equipment did not highlight any other impairment to be recognized as of December 31, 2009.

NOTE 3

LONG TERM INVESTMENTS

(EUR 000)	December 31, 2008	OTHER MOVEMENTS	ADDITIONS/ CHARGES	DISPOSALS/ REVERSALS	December 31, 2009	INITIAL VALUES EXCLUDING LEGAL REVALUATION
Equity investments (1)	191,503		1,958,503	0	2,150,006	2,149,637
Other investment securities	5,894		0	0	5,894	5,742
Loans	2,131		607	-377	2,361	2,361
Other long-term investments	27,543		1,548	-126	28,965	28,965
TOTAL	227,071	0	1,960,658	-503	2,187,226	2,186,705
Provisions (2)	-14,154		-8,855	13,999	-9,010	-9,010
NET VALUE	212,917	0	1,951,803	13,496	2,178,216	2,177,695

(1) purchase of THALES shares from ALCATEL-LUCENT for EUR 1,568 million and from GROUPE INDUSTRIEL MARCEL DASSAULT (GIMD) for EUR 390 million.

(2) **MARKET PRICE OF THALES SHARES AND IMPAIRMENT TEST**:

based on the market price of THALES shares at December 31, 2009 of EUR 35.945 per share, DASSAULT AVIATION's investment in THALES is valued at EUR 1,853 million. Given that this value is lower than the carry amount for THALES in DASSAULT AVIATION's financial statements, the Group carried out an impairment test. The value in use was estimated by forecasting future post-tax cash flows over a five year period which were then discounted at a post-tax rate of 8%. The final value was calculated based on medium term earnings assumptions in line with the THALES forecast data. This impairment test did not result in the company recording any impairment.

MATURITY OF LONG-TERM INVESTMENTS

(EUR 000)	Gross	Maturing within 1 year	Maturing within more than 1 year
Loans	2,361	323	2,038
Other long-term investments	28,965	0	28,965
GRAND TOTAL	31,326	323	31,003

NOTE 3 (cont'd.)

A. LIST OF SUBSIDIARIES AND AFFILIATES whose gross value exceeds 1% of the Company's share capital and in which the Company holds at least 10% of shares

(EUR 000)										
Companies or groups of companies	Share capital	Equity other than share capital	% shareholding	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Net sales of the most recent fiscal year	Net income (+)/ loss (-) of the most recent fiscal year	Dividends received by the Company during the fiscal year
				Gross	Net					
1. SUBSIDIARIES (more than 50% shareholding)										
a. French subsidiaries										
DASSAULT FALCON SERVICE	3,680	56,604	99.99%	59,453	59,453	0	0	118,836	2,023	0
DASSAULT INTERNATIONAL	1,529	17,290	99.63%	19,236	19,236	0	0	2,953	825	0
DASSAULT-REASSURANCE	10,459	7,382	99.99%	10,132	10,132	0	0	2,760	168	0
SOGITEC INDUSTRIES	4,578	64,656	99.74%	25,348	25,348	0	0	99,153	18,802	0
Total French subsidiaries				114,169	114,169	0	0			0
b. Foreign subsidiaries										
DASSAULT FALCON JET (1)	9,754	417,519	87.47%	7,767	7,767	0	79,192	1,177,328	13,210	0
DASSAULT INTERNATIONAL INC (United States)	3,505	31,616	100.00%	3,727	3,727	0	0	1,020	1,129	0
DASSAULT PROCUREMENT SERVICES INC (United States)	69	35,006	100.00%	28,965	28,965	0	0	279,935	1,833	0
Total foreign subsidiaries				40,459	40,459	0	79,192			0
Total subsidiaries				154,628	154,628	0	79,192			0
2. AFFILIATES (between 10 and 50% shareholding)										
a. French affiliates										
CORSE COMPOSITES AERONAUTIQUES	1,707	4,261	24.81%	996	996	0	0	24,424	-2,041	0
EUROTRADIA INTERNAT. (2)	3,000	34,161	16.20%	3,099	3,099	0	0	54,120	3,089	508
THALES (3)	597,100	4,178,600	25.90%	1,958,502	1,958,502	0	0	139,000	-29,100	54,117
Total French affiliates				1,962,597	1,962,597	0	0			54,625
b. Foreign affiliates										
Total foreign affiliates				0	0	0	0			0
Total affiliates				1,962,597	1,962,597	0	0			54,625

(1) this is a direct holding, the remaining 12.53% of the shares are held by DASSAULT INTERNATIONAL INC. (United States), which in turn is a wholly-owned subsidiary of DASSAULT AVIATION.

(2) fiscal year 2008 information

(3) parent company financial statements.

NOTE 3 (cont'd.)

B. OTHER SUBSIDIARIES AND AFFILIATES

(EUR 000)					
General information	Carrying amount of shares held		Outstanding loans and advances granted by the company	Guarantees given by the company	Dividends received by the Company during the fiscal year
	Gross	Net			
1. SUBSIDIARIES					
a. French subsidiaries	601	601	0	0	0
b. Foreign subsidiaries	0	0	0	0	0
Total subsidiaries	601	601	0	0	0
2. AFFILIATES					
a. French affiliates	5,903	3,903	0	0	1,460
b. Foreign affiliates	32,171	25,316	0	0	0
Total affiliates	38,074	29,219	0	0	1,460

C. GENERAL INFORMATION ON SECURITIES (A+B)

(EUR 000)					
General information	Carrying amount of shares held		Outstanding loans and advances granted by the company	Guarantees given by the company	Dividends received by the Company during the fiscal year
	Gross	Net			
1. SUBSIDIARIES					
a. French subsidiaries	114,770	114,770	0	0	0
b. Foreign subsidiaries	40,459	40,459	0	79,192	0
Total	155,229	155,229	0	79,192	0
2. AFFILIATES					
a. French affiliates	1,968,500	1,966,500	0	0	56,085
b. Foreign affiliates	32,171	25,316	0	0	0
Total	2,000,671	1,991,816	0	0	56,085
GRAND TOTAL	2,155,900	2,147,045	0	79,192	56,085

NOTE 4

INVENTORIES AND WORK-IN-PROGRESS

(EUR 000)	Gross	Provisions	Dec. 31, 2009 net	Dec. 31, 2008 net
Raw materials	204,023	-75,879	128,144	106,085
Work-in-progress	2,426,222	0	2,426,222	2,386,371
Semi-finished and finished goods	525,726	-179,976	345,750	289,178
TOTAL	3,155,971	-255,855	2,900,116	2,781,634

NOTE 5

INTEREST ON CURRENT ASSETS

No interest is included in the balance sheet value of inventories and work-in-progress.

NOTE 6

TRADE AND OTHER RECEIVABLES

(EUR 000)	December 31, 2009			December 31, 2008
	GROSS	PROVISION	NET	(NET)
TRADE RECEIVABLES				
Trade receivables	521,318	95,934	425,384	322,965
TOTAL I	521,318	95,934	425,384	322,965
OTHER RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME				
Other receivables	152,557	0	152,557	76,554
Prepaid expenses	345,089	0	345,089	344,551
Prepayments and accrued income	8,859	0	8,859	1,943
TOTAL II	506,505	0	506,505	423,048
GRAND TOTAL	1,027,823	95,934	931,889	746,013

MATURITY OF TRADE AND OTHER RECEIVABLES – GROSS VALUE

(EUR 000)	December 31, 2009			December 31, 2008		
	TOTAL	Within 1 year	More than 1 year	TOTAL	Within 1 year	More than 1 year
Trade receivables	521,318	379,394	141,924	462,039	338,927	123,112
Other receivables	152,557	152,557	0	76,554	76,554	0
Prepaid expenses	345,089	345,089	0	344,551	344,551	0
Prepayments and accrued income	8,859	8,859	0	1,943	1,943	0
TOTAL – GROSS VALUE	1,027,823	885,899	141,924	885,087	761,975	123,112

NOTE 7

ACCRUED INCOME

Accrued income is included in the following balance sheet accounts (EUR 000)	December 31, 2009	December 31, 2008
Trade receivables	191,097	77,806
Other receivables, prepayments and accrued income	40	62
Marketable securities	0	0
Cash at bank and in hand	87	837
TOTAL	191,224	78,705

NOTE 8

PREPAID EXPENSES AND DEFERRED INCOME

(EUR 000)	Expenses		Income
Operating expenses/income as of December 31, 2009	345,089	(1)	48,015
Operating expenses/income as of December 31, 2008	344,551	(2)	20,415

(1) income tax on unrealized capital gains as of December 31, 2009 335,995

(2) income tax on unrealized capital gains as of December 31, 2008 337,763

NOTE 9

DIFFERENCE IN MEASUREMENT OF MARKETABLE SECURITIES

(EUR 000)			
MARKETABLE SECURITIES AND CASH INSTRUMENTS			
	Book value		Market value
Marketable securities and cash instruments as of December 31, 2009	2,277,053		3,228,518
Marketable securities and cash instruments as of December 31, 2008	3,130,936	(1)	4,086,510

(1) the EUR 1,957 thousand difference included in balance sheet marketable securities and cash instruments corresponds to the premiums paid on foreign exchange options which are not taken to income until the maturity date of the options (see Section I, Note 1).

NOTE 10

BREAKDOWN OF SHARE CAPITAL

	Number of shares	Par value
1. Share capital at the beginning of the year	10,125,897	EUR 8
2. Share capital at the end of the year	10,125,897	EUR 8

NOTE 11

IDENTITY OF THE CONSOLIDATING PARENT COMPANY

	% consolidation
GROUPE INDUSTRIEL MARCEL DASSAULT 9, Rond Point des Champs Élysées - Marcel Dassault 75008 PARIS	50.55%

NOTE 12

RESERVES

(EUR 000)	December 31, 2009	December 31, 2008
Revaluation difference	4,305	4,305
Legal reserve	8,101	8,101
Other reserves	71,332	71,332
Retained earnings	2,181,453	1,887,675
TOTAL	2,265,191	1,971,413

REVALUATION RESERVE

(EUR 000)	Movements in the revaluation reserve			
	As of January 1, 2009	2009 movements		As of December 31, 2009
		Decreases due to disposals	Other changes	
Land	3,784	0	0	3,784
Equity investments	521	0	0	521
TOTAL	4,305	0	0	4,305
Revaluation reserve (1976)	4,305	0	0	4,305

NOTE 13

STATEMENT OF CHANGES IN EQUITY

1/ INCOME FOR THE YEAR

(EUR 000 or EUR per share)	2009		2008
ACCOUNTING INCOME			
In EUR 000	265,969		352,508
In EUR per share	26,27		34,81
CHANGE IN EQUITY EXCLUDING NET INCOME FOR THE YEAR			
In EUR 000	20,134		5,744
In EUR per share	1,99		0,57
DIVIDENDS			
In EUR 000	89,108	(1)	58,730
In EUR per share	8,80	(1)	5,80

(1) proposed to the Annual General Meeting.

2/ STATEMENT OF CHANGES IN EQUITY EXCLUDING INCOME FOR THE YEAR (EUR 000)

	Prior to appropriation of 2008 net income as of Dec. 31, 2009		After appropriation of 2008 net income as of Dec. 31, 2009
A -			
1. 2008 closing equity excluding net income for the year	2,345,193		2,345,193
2. 2008 net income prior to appropriation	352,508		
3. Appropriation of 2008 net income to net equity by the Annual General Meeting			293,778
4. 2009 opening equity	2,697,701		2,638,971
B - Additional paid-in capital with retroactive effect to 2009 opening equity			0
1. Change in share capital		0	
2. Change in other items		0	
C - (= A4 + B) 2009 opening equity			2,638,971
D - Changes during the year excluding 2009 net income			20,134
1. Change in share capital		0	
2. Change in additional paid-in capital, reserves		0	
3. Change in equity provisions		0	
4. Revaluation offsetting entries - Reserve		0	
5. Change in tax provisions and equipment grants		20,134	
6. Other changes		0	
E - 2009 CLOSING EQUITY EXCLUDING 2009 NET INCOME PRIOR TO THE ANNUAL GENERAL MEETING (= C + D)			2,659,105
F - TOTAL 2009 CHANGE IN EQUITY EXCLUDING 2009 NET INCOME (= E - C)			20,134

3/ FUTURE TAX PAYABLE (EUR 000)

Tax provisions excluding provisions for investments:	144,351	x	34.43%	49,700

NOTE 14

PROVISIONS

(EUR 000)								
	December 31, 2008	Other movements	Increases/ charges in the year		Decreases/ reversals in the year		December 31, 2009
TAX PROVISIONS							
Investments	137,430	0	39,845	(3)	-28,298	(3)	148,977
Price increases	55,044	0	9,709	(3)	-14,266	(3)	50,487
Accelerated tax depreciation	79,331	0	24,030	(3)	-13,410	(3)	89,951
Medium-term export credit	1,372	0	2,524	(3)	0	(3)	3,896
Capital gains rolled over	17	0	0	(3)	0	(3)	17
TOTAL I	273,194	0	76,108		-55,974		293,328
PROVISIONS FOR CONTINGENCIES AND LOSSES							
Operating	779,420	0	167,299	(1)	-111,855	(1)	834,864
Financial	1,943	0	8,859	(2)	-1,943	(2)	8,859
Non-recurring	0	0	0	(3)	0	(3)	0
TOTAL II	781,363	0	176,158		-113,798		843,723
PROVISIONS FOR IMPAIRMENT							
- Intangible assets	0	0	0	(1)	0	(1)	0
- Property, plant and equipment	7,004	0	7,623	(1)	-7,004	(1)	7,623
- Financial	14,154	0	8,855	(2)	-13,999	(2)	9,010
Inventories and work-in-progress	204,573	0	255,855	(1)	-204,573	(1)	255,855
Trade receivables	139,074	0	95,934	(1)	-139,074	(1)	95,934
TOTAL III	364,805	0	368,267		-364,650		368,422
GRAND TOTAL	1,419,362	0	620,533		-534,422		1,505,473

	{ - Operating	526,711	(1)	-462 506	(1)
Provision increases and reversals and expense reclassifications	{ - Financial	17,714	(2)	-15 942	(2)
	{ - Non-recurring	76,108	(3)	-55 974	(3)
		620,533		-534,422	

NOTE 14 (cont'd.)

BREAKDOWN OF PROVISIONS FOR CONTINGENCIES AND LOSSES

(EUR 000)	December 31, 2008	Other movements	Increases/ charges in the year	Reversals in the year	December 31, 2009
PROVISIONS FOR CONTINGENCIES AND LOSSES					
Retirement severance payments and long-service awards	251,000		24,500	-23,500	252,000
Warranties	384,633		116,722	-51,355	450,000
Services and work to be performed	143,787		26,077	-37,000	132,864
Operating	779,420	0	167,299	-111,855	834,864
Foreign exchange losses	1,943		8,859	-1,943	8,859
Financial	1,943	0	8,859	-1,943	8,859
Other	0				0
Non-recurring	0	0	0	0	0
TOTAL PROVISIONS FOR CONTINGENCIES AND LOSSES	781,363	0	176,158	-113,798	843,723

- Provisions for retirement severance payments and long-service awards:

- retirement severance payment and long-service award commitments are calculated for all employees using the projected unit credit method and are accrued in full:
- employment projections are weighted using French Insurance Code mortality rates and the DASSAULT AVIATION employee turnover rate (this may vary according to age),
- the cost of retirement is based pro rata on the employee's length of service at the period-end in relation to his total career expectancy,
- the calculation factors take into account a wage increase assumption of 4% per annum, a discount rate of 4.3% and an annual inflation rate of 2%.

- Provisions for warranties: warranty provisions are updated to reflect the fleet in service and contracts delivered.

NOTE 15

BORROWINGS

(EUR 000)	December 31, 2009	December 31, 2008
Bank borrowings (1)	1,272,224	10,292
Other borrowings (2)	488,686	245,809
TOTAL	1,760,910	256,101

(1) of which short-term banking facilities: EUR 9,129 thousand as of December 31, 2009 and EUR 10,222 thousand as of December 31, 2008,

of which bank borrowings due in less than one year: EUR 1,263,048 thousand as of December 31, 2009 (virtually all loans are deminominated in euros) and EUR 11 thousand as of December 31, 2008.

The Company's loan agreements include customary clauses concerning default and limits covering collateral and merger or asset sale transactions. The agreements do not contain any early repayment clauses based on credit ratings or financial ratios. One of the borrowing clauses for a euro-denominated loan stipulates that early repayment will be due should GIMD hold less than 50% of the equity of DASSAULT AVIATION prior to the maturity date of the borrowings.

(2) of which the remaining payable balance on THALES shares: EUR 195 million as of December 31, 2009, which were purchased for EUR 390 million from GIMD in May 2009 (half of which payable in cash, one quarter payable in one year and one quarter payable in two years).

The other borrowings mainly include locked-in employee profit-sharing funds.

There are no participating loans.

NOTE 16

MATURITY OF BORROWINGS

(EUR 000)	Gross	Maturing within 1 year	Between 1 and 5 years	After 5 years
Bank borrowings (1)	1,272,224	1,272,178	46	0
Other borrowings (2)	488,686	131,172	357,514	0
Trade payables	413,116	413,116	0	0
Tax and employee-related liabilities	165,994	165,994	0	0
Amounts payable in respect of PP&E and related accounts	10,886	10,886	0	0
Other payables	102,144	102,144	0	0
TOTAL	2,453,050	2,095,490	357,560	0

(1) see Note 15.

(2) see Note 15.

NOTE 17

OTHER PAYABLES, ACCRUALS AND DEFERRED INCOME

(EUR 000)	December 31, 2009	December 31, 2008
Tax and employee-related liabilities	165,994	180,648
Amounts payable in respect of PP&E and related accounts	10,886	13,126
Other payables	102,144	136,714
Deferred income	48,015	20,415
Accruals and deferred income	0	2,774
TOTAL	327,039	353,677

NOTE 18

ACCRUED EXPENSES

(EUR 000)		
Accrued expenses are included in the following balance sheet accounts	December 31, 2009	December 31, 2008
Borrowings (1)	21,464	7,397
Trade payables	351,371	524,104
Other payables, accruals and deferred income	201,021	250,127
TOTAL	573,856	781,628

(1) of which bank borrowings: EUR 13,036 thousand.

NOTE 19

NOTES ON SEVERAL BALANCE SHEET HEADINGS

(EUR 000)	Notes on		Receivables and payables represented by commercial paper
Balance sheet headings	Related undertakings	Companies in which the Company holds an investment	
Equity investments	155,229	1,994,777	0
Loans	0	0	0
Advances and progress payments to suppliers	50,296	26,598	0
Trade receivables	169,878	2,274	5
Miscellaneous receivables	1,931	0	0
Customer advances and progress payments on work-in-progress	332,697	5,274	0
Trade payables	101,637	12,498	27,021
Other miscellaneous payables	0	0	0

NOTE 20

SALES ANALYSIS

(EUR 000)	2009	2008
A) ANALYSIS BY CLASS OF GOODS OR SERVICES:		
Finished goods	2,389,104	2,719,345
Services	359,115	821,110
TOTAL	2,748,219	3,540,455
B) ANALYSIS BY GEOGRAPHICAL AREA:		
France	842,083	1,231,328
Export	1,906,136	2,309,127
TOTAL	2,748,219	3,540,455
C) ANALYSIS BY QUARTER :		
First quarter	669,723	704,014
Second quarter	492,909	771,830
Third quarter	666,294	979,093
Fourth quarter	919,293	1,085,518
TOTAL	2,748,219	3,540,455

NOTE 21

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are recognized in expenses as incurred and represent:

(EUR 000)	2009	2008
RESEARCH AND DEVELOPMENT COSTS	-212,852	-241,789

The Company's research and development strategy and initiatives are described in the directors' report.

NOTE 22

NET FINANCIAL INCOME/(EXPENSE)

(EUR 000)	2009		2008	
Investment income (1)		54,625		1,622
Income from other long-term loans and assets		1,521		2,519
Other interest and similar income		4,100		7,865
Reversals of provisions				
- Foreign exchange losses	1,943		3,330	
- Equity investments	13,999		0	
		15,942		3,330
Foreign exchange gains		485		0
Net gains on sale of marketable securities		46,817		30,818
Total financial income		123,490		46,154
Charges to provisions				
- Foreign exchange losses	-8,859		-1,943	
- Equity investments	-8,855		-13,999	
- Loans	0		-155	
		-17,714		-16,097
Interest and similar expenses		-33,578		-10,950
Foreign exchange losses		0		0
Net losses on sale of marketable securities		0		0
Total financial expense		-51,292		-27,047
Net financial income/(expense)		72,198		19,107

(1) of which THALES dividends: EUR 54,117 thousand in 2009.

NOTE 23

NON-RECURRING ITEMS

(EUR 000)	2009		2008	
Gains on sales of assets				
- Property, plant and equipment	503		13,256	
- Long-term investments	0		0	
		503		13,256
Other non-recurring income		162		614
Reversals of provisions				
- Investments	28,298		27,184	
- Price increases	14,266		11,174	
- Medium-term export credit	0		161	
- Accelerated tax depreciation	13,410		14,110	
- Capital gains rolled over	0		0	
		55,974		52,629
		56,639		66,499
Non-recurring expenses on operating activities		-8		-217
Carrying amount of assets disposed:				
- Intangible assets	0		0	
- Property, plant and equipment	-648		-13,921	
- Long-term investments	0		0	
		-648		-13,921
Other non-recurring expenses		-199		-491
Charges to tax provisions				
- Investments	-39,845		-29,841	
- Price increases	-9,709		-10,562	
- Medium-term export credit	-2,524		0	
- Accelerated tax depreciation	-24,030		-17,970	
		-76,108		-58,373
Other non-recurring provisions		0		0
		-76,963		-73,002
Non-recurring items		-20,324		-6,503

NOTE 24

ANALYSIS OF CORPORATE INCOME TAX

(EUR 000)	Income before tax	Corporate income tax	Long-term capital gains tax	Income after tax
Net recurring income before tax	450,340	-126,976	0	323,364
Non-recurring items (including profit-sharing and incentive schemes)	-121,036	63,641	0	-57,395
Accounting income	329,304	-63,335	0	265,969
		-63,335		

NOTE 25

FINANCIAL COMMITMENTS

COMMITMENTS GIVEN (EUR 000)	December 31, 2009	December 31, 2008
- Guarantees given in respect of:		
. subsidiaries	79,192	185,486
. equity investments	0	0
. other	0	0
TOTAL	79,192	185,486

COMMITMENTS RECEIVED (EUR 000)	December 31, 2009	December 31, 2008
Export guarantees	76,217	51,092
Collateral (e.g. mortgages, pledges)	28,555	0
TOTAL	104,772	51,092

BILATERAL COMMITMENTS (EUR 000)	December 31, 2009	December 31, 2008
Future billings to customers	11,394,900	15,166,400
Future payments to subcontractors or suppliers	1,628,324	2,395,948
Fixed asset orders	14,142	32,451
TOTAL	13,037,366	17,594,799

NOTE 26

PAYABLES AND RECEIVABLES SECURED BY BANK GUARANTEES

(EUR 000)	December 31, 2009	December 31, 2008
Customer advances and progress payments on work-in-progress	439,756	500,689
Advances and progress payments to suppliers	4,060	3,834
TOTAL	443,816	504,523

NOTE 27

FINANCIAL INSTRUMENTS: US DOLLAR FOREIGN EXCHANGE TRANSACTION PORTFOLIO

DASSAULT AVIATION is exposed to a foreign exchange risk with regard to gains from sales of FALCON aircraft which are virtually all denominated in US dollars. The Company only incurs a portion of its expenditure in the same currency (mainly purchases). DASSAULT AVIATION is therefore exposed to foreign exchange risk that it partially hedges using forward sales contracts and, where necessary, foreign exchange options.

The financial instruments held by DASSAULT AVIATION are stated below at market value.

Market values represent the equivalent in euros translated at closing exchange rates of amounts payable or receivable in the event of liquidation of the entire portfolio. They do not reflect actual results realizable on maturity, as they do not take account of future price fluctuations.

The portfolio market value is therefore provided for information purposes only.

In valuing the portfolio, the assumed hedging rate did not generate any losses on commercial transactions hedged.

MARKET VALUE	USD 000	EUR 000
As of December 31, 2009		
Forex options	0	0
Futures	936,632	650,168
TOTAL	936,632	650,168
As of December 31, 2008		
Forex options	-4,181	-3,004
Futures	622,594	447,362
TOTAL	618,413	444,358

NOTE 28

IMPACT OF ACCELERATED TAX VALUATIONS

(EUR 000)		2009		2008
Net income for the year		265,969		352,508
Corporate income tax charge		63,335		184,009
NET INCOME BEFORE TAX		329,304		536,517
INCREASE IN TAX PROVISIONS		8,587		3,087
Of which:				
- Accelerated tax depreciation	10,620		3,860	
- Provision for price increases	-4,557		-612	
- Provision for capital gains rolled over	0		0	
- Provision for medium-term export credit	2,524		-161	
NET INCOME EXCLUDING TAX VALUATIONS ACCELERATED DEPRECIATION (BEFORE TAX)		337,891		539,604

NOTE 29

INCREASES AND REDUCTIONS IN FUTURE TAX CHARGES

(EUR 000)	2009		2008	
INCREASES				
Tax provisions:				
- Price increases	50,487		55,044	
- Medium-term export credit	3,896		1,372	
- Accelerated tax depreciation	89,951		79,331	
TOTAL	144,334		135,747	
INCREASES IN FUTURE TAX CHARGES		49,694		46,738
REDUCTIONS				
Items not deductible in the current year:				
- Employee profit-sharing	86,712		122,203	
- Retirement severance payments and long-service awards	252,000		251,000	
Other partly non-deductible items (sales-related social security contributions, trade receivables, inventories, warranties, other):	273,698		231,096	
TOTAL	612,410		604,299	
REDUCTIONS IN FUTURE TAX CHARGES		210,853		208,060
Long-term capital losses	0		0	

NOTE 30

COMPENSATION OF CORPORATE OFFICERS

Total compensation received by corporate officers in respect of 2009, as broken down in the management report, amounted to EUR 892,581 for the parent company.

NOTE 31

AVERAGE NUMBER OF EMPLOYEES

	Company employees	Seconded to the Company
Managers and executive grades	4,268	
Supervisory and technical grades	2,148	
Administrative employees	578	17
Production employees	1,368	65
TOTAL 2009	8,362	82
TOTAL 2008	8,349	252

NOTE 32

ENVIRONMENTAL INFORMATION

DASSAULT AVIATION recognized environmental capital expenditure amounting to EUR 2,580 thousand and posted around EUR 527 thousand to 2009 expenses relating to risk, impact and regulatory compliance analyses.

The Company did not need to recognize any environmental liabilities.

NOTE 33

FIVE-YEAR SUMMARY

(EUR 000 except per share data stated in EUR)	2005	2006	2007	2008	2009
1/ FINANCIAL POSITION AT YEAR-END					
a. Share capital	81,007	81,007	81,007	81,007	81,007
b. Number of shares outstanding	10,125,897	10,125,897	10,125,897	10,125,897	10,125,897
2/ SUMMARY OF OPERATING RESULTS					
a. Net sales	2,969,785	2,853,461	3,605,350	3,540,455	2,748,219
b. Income before tax, depreciation, amortization and provisions	434,310	483,736	690,062	857,547	473,545
c. Corporate income tax	117,009	120,085	185,786	184,009	63,335
d. Income after tax, depreciation, amortization and provisions	260,901	224,943	323,496	352,508	265,969
e. Dividends paid	100,246	74,932	107,335	58,730	89,108 (1)
3/ PER SHARE DATA (EUR)					
a. Income after tax, but before depreciation, amortization and provisions	31.3	35.9	49.8	66.5	40.5
b. Income after tax, depreciation, amortization and provisions	25.8	22.2	31.9	34.8	26.3
c. Dividends paid	9.9	7.4	10.6	5.8	8.8 (1)
4/ PERSONNEL					
a. Average number of employees during the year	8,774	8,614	8,430	8,349	8,362
b. Total payroll charges excluding taxes	393,883	407,858	418,125	422,353	415,659
c. Total payroll taxes and social security charges	194,380	198,836	209,222	214,547	208,945
5/ EMPLOYEE PROFIT-SHARING	86,967	74,981	100,747	122,203	86,712
6/ INCENTIVE PAYMENTS	14,000	14,000	14,000	14,000	14,000

(1) proposed to the Annual General Meeting.

AUDITORS' REPORT ON THE COMPANY FINANCIAL STATEMENTS

Year ended December 31, 2009

Dear Shareholders,

In accordance with our appointment as auditors by your Annual General Meeting, we hereby report to you for the year ended December 31, 2009 on:

- the audit of the accompanying financial statements of DASSAULT AVIATION,
- the justification of our assessments,
- the specific procedures and disclosures required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, using sample testing techniques or other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2009 and of the results of its operations for the year then ended in accordance with French accounting regulations.

JUSTIFICATION OF OUR ASSESSMENTS

The financial statements for the year ended December 31, 2009 have been drawn up in the economic climate described in paragraphs 1.6 (Group business), 2.2 (Parent company results) and 3 (Conclusion) of the Directors' report.

It is in this context and in accordance with Article L. 823-9 of the French Commercial Code that we have conducted our own assessments, which we bring to your attention.

We considered that among the accounts that included material estimates and were likely to require justification of our assessments, the following accounts required our attention: equity investments, provisions for contingencies and pluri-annual agreements:

Equity investments

Equity investments, recorded in the balance sheet at EUR 2,150 million (Note 3 to the financial statements) have been valued at cost and impaired, where necessary, on the basis of their value in use.

Our work consisted in assessing the data on which acquisition value has been retained or, where applicable, provisions for impairment have been set aside.

Provisions for contingencies

Our work mainly consisted in assessing the data and assumptions used to determine the estimated provisions for contingencies, as described in Note 1-H and in Note 14 to the financial statements, reviewing the calculations performed by the Company, comparing the accounting estimates of previous periods with the corresponding results and examining the procedures adopted by Management to approve such estimates. On this basis, we assessed the reasonableness of these estimates.

Multi-annual agreements

For multi-annual contracts the Company's profit is calculated according to the completion method. In accordance with professional standards applicable to accounting estimates and on the basis of data available to date, our work consisted in assessing the data and the assumptions drawn up by Management and on which they based their estimates of the profit/loss on completion of those contracts and their trends, reviewing the calculations made, comparing the estimates made in previous years with the actual profits and losses.

These assessments were made as part of our audit approach for the financial statements taken as a whole and contributed to our opinion in the first part of this report.

SPECIFIC PROCEDURES AND DISCLOSURES

We have also performed the other specific procedures required by law, in accordance with professional standards applicable in France.

We have no comment to make as to the fair presentation and consistency with the financial statements of the information given in the Directors' Report and in the documents addressed to shareholders with respect to the financial position and the financial statements.

As regards the information provided, pursuant to Article L.225-102-1 of the Commercial Code, regarding the compensation and benefits paid to the company officers and any commitments undertaken in their favor, we have verified their consistency with the financial statements and with the data used in drawing up the financial statements and, where applicable, the data obtained by the Company from the companies controling the Company or which the Company controls. On the basis of this work, we hereby certify the accuracy and fairness of this information.

Pursuant to the law, we have verified that the Directors' Report contains the appropriate disclosures relating to shareholdings and control and the identity of shareholders and holders of voting rights.

Courbevoie and Neuilly-sur-Seine, March 17, 2010

The Auditors

Mazars	Deloitte & Associés
Serge Castillon	Dominique Jumaucourt

This is a free translation of the original text in French for information purposes only.
It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standard.

AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Year ended December 31, 2009

Dear Shareholders,

In our capacity as auditors of DASSAULT AVIATION, and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Company in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2009.

It is the responsibility of the Chairman to prepare and submit for the approval of the Board of Directors a report on the internal control and risk management procedures implemented in the Company containing the other information required by Article L. 225-37, particularly relating to corporate governance.

It is our responsibility to:

- report to you our observations on 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, and

- certify that the report contains the other information required by Article L. 225-37 of the French Commercial Code, bearing in mind that we are not required to verify the fairness of this other information.

We have carried out our work based on professional standards applicable in France.

Information concerning internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional practice standards require that we assess the fairness of the information set out in the Chairman's report concerning internal control and risk management procedures for the preparation and processing of financial and accounting information. Specifically, these procedures consist in:

- taking due note of the internal control procedures for the preparation and processing of financial and accounting information underlying the information presented in the Chairman's report and existing documentation;

- taking due note of the work performed in order to prepare this information and existing documentation;

- determining whether the major internal control deficiencies relating to the preparation and processing of financial and accounting information that we identified during our engagement are appropriately disclosed in the Chairman's report.

On the basis of our work, we have no comment to make on the information concerning the internal control and risk management procedures for the preparation and processing of financial and accounting information, set out in the report of the Chairman of the Board of Directors, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We certify that the report of the Chairman of the Board of Directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Courbevoie and Neuilly-sur-Seine, March 17, 2010

The Auditors

Mazars	Deloitte & Associés
Serge Castillon	Dominique Jumaucourt

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It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standard.

AUDITORS' REPORT ON RELATED PARTY TRANSACTIONS AND COMMITMENTS

Year ended December 31, 2009

Dear Shareholders,

In accordance with our appointment as auditors of the Company, we hereby report on related-party transactions and commitments.

Transactions and commitments authorized, signed during the fiscal year

Pursuant to Article L.225-40 of the French Commercial Code, the agreements and commitments previously authorized by the Board of Directors were brought to our attention.

The terms of our engagement do not require us to identify such transactions and commitments, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those transactions and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R.225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these transactions and commitments for the purpose of approving them.

We conducted our procedures in accordance with professional standards recommended by the National Accountants Order and applicable in France. Those standards require that we check the concordance of the information provided to us with the relevant source documents.

WITH GROUPE INDUSTRIEL MARCEL DASSAULT (GIMD):

On November 26, 2008, your Board of Directors authorized the acquisition of 10,277,043 THALES shares held by GIMD based on the same conditions as ALCATEL-LUCENT, i.e. a price of EUR 38 per share.

The purchase agreement signed on March 3, 2009 completed by an addendum dated June 25, 2009 provided for:

- said acquisition to be made subject to the prior condition that the THALES shares held by ALCATEL-LUCENT are purchased (this condition has been met),
- payment of the total acquisition price of 390,527,634 Euros as follows:
    - half of the price payable immediately on completion of the acquisition,
    - one quarter of the price payable on the first anniversary date of completion of the acquisition,
    - one quarter of the price payable on the second anniversary date of completion of the acquisition,

The two fractions of the price payable in installments shall bear interest at the EURIBOR 6 month rate plus a margin of 1% for one year and 1.3% for two years.
Interest shall be calculated and invoiced half yearly in arrears on the basis of a 360 day year.

Interest paid in 2009 to GIMD for the half year from May 20 to November 19, 2009 amounted to EUR 2,636,755.80. For the period from November 20 to December 31, 2009, an amount of EUR 498,215.63 in interest has been reserved.

The Director concerned is Mr Serge DASSAULT.

On July 22, 2009, the Board of Directors authorized the signing of new leases with GIMD for the rental from GIMD of a number of premises, plots of land and industrial facilities, replacing as of January 1, 2009 those signed in 2008.

The total annual rent under these new leases with a definitive term of 12 years, is adjusted as follows:

- for 2009: adjustment limited to 4% (instead of the contractually agreed 10.5%), i.e. an annual rent for 2009 of EUR 30.9 million (instead of EUR 32.8 million) thereby generating a saving of EUR 1.9 million,

- for subsequent years:
  - o if growth in the INSEE index is above 4% then the rent will be increased in accordance with the INSEE index,
  - o if growth in the INSEE index is below 4% then the rent will be increased by 4% until the rent reduction of EUR 1.9 million granted in 2009 is fully recovered.

Rent paid to GIMD during fiscal year 2009 totaled EUR 30,913,914.22 excluding VAT. A supplemental guarantee deposit of EUR 1,074,628.79 was also paid in fiscal 2009.

The Director concerned is Mr Serge DASSAULT.

Transactions and commitments approved in previous years with continuing effect

In addition, pursuant to the French Commercial Code, we have been advised that the following transactions and commitments entered into and approved in previous years have had continuing effect during the year.

WITH DASSAULT FALCON JET (USA):

At the request of DASSAULT FALCON JET, DASSAULT AVIATION undertook to refund amounts paid on account by DASSAULT FALCON JET customers, should DASSAULT FALCON JET fail to meet its contractual obligations. These guarantees remain in force until delivery of the aircraft ordered. As of December 31, 2009, the guarantees amounted to EUR 79,192,176.87.

Directors concerned are Mr Serge DASSAULT and Mr Charles EDELSTENNE.

WITH ALL THE GROUP DIRECTORS AND OFFICERS:

A Directors and Officers Liability insurance policy was taken out with AXA GLOBAL RISK, now called AXA CORPORATE SOLUTIONS, with effect from July 1, 1999. This policy covers all directors and officers of the Company and its subsidiaries up to an annual limit of indemnity of EUR 25,000,000, for an annual premium in 2009 of EUR 93,769.11 (including issue costs and insurance taxes).

Courbevoie and Neuilly-sur-Seine, March 17, 2010

The Auditors

Mazars	Deloitte & Associés
Serge Castillon	Dominique Jumaucourt

This is a free translation of the original text in French for information purposes only.
It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standard.

ORDINARY ANNUAL GENERAL MEETING

MAY 19, 2010

DASSAULT
AVIATION

ORDINARY ANNUAL GENERAL MEETING OF MAY 19, 2010 / DRAFT RESOLUTIONS

FIRST RESOLUTION

Shareholders, having taken due note of the Directors' Report, the Chairman's report governed by section 6 of Article L 225-37 of the French Commercial Code, the Auditors' Report and their report governed by section 5 of Article L 225-235 of the French Commercial Code, hereby approve, in full and without reservation, the financial statements for the year ended December 31, 2009 as presented and showing a net income of EUR 265,969,400.75, together with all transactions presented therein or summarized in these reports.

SECOND RESOLUTION

Shareholders, having taken due note that the report on Group activities is included in the Directors' Report and having read the Auditors' Report on the consolidated financial statements, hereby approve, in full and without reservation, the consolidated financial statements for the year ended December 31, 2009 as presented and showing consolidated net income before minority interests of EUR 256,765,000 (including attributable net income of EUR 256,721,000), together with all transactions presented therein or summarized in these reports.

THIRD RESOLUTION

Shareholders, having taken due note of the Auditors' Report on related-party transactions, governed by Articles L 225-38 et seq. of the French Commercial Code, hereby approve the terms and conditions of those transactions concluded prior to 2009 with continuing effect in 2009 presented in this report.

FOURTH RESOLUTION

Shareholders, having taken due note of the Auditors' Report on related-party transactions governed by Articles L 225-38 et seq. of the French Commercial Code, hereby approve the new leases relating to the rental from GIMD of a number of premises, plots of land and industrial facilities, replacing as of January 1, 2009 those signed in 2008, bearing in mind that the annual lease payment under these new leases with a definitive term of 12 years is revised as follows:

- for 2009: adjustment limited to 4% (instead of the contractually agreed 10.5%), i.e. an annual rent for 2009 of 30.9 million euros (instead of 32.8 million euros) thereby generating a saving of 1.9 million euros,
- for subsequent years:
  - if the variation in the INSEE index is above 4% then the rent will be increased in accordance with the INSEE index,
  - if the variation in the INSEE index is below 4% then the rent will be increased by 4% until the rent reduction of 1.9 million euros granted in 2009 is fully recouped.

FIFTH RESOLUTION

Shareholders, having taken due note of the Auditors' Report on related-party transactions, governed by Articles L 225-38 et seq. of the French Commercial Code and that on November 26, 2008 the Company's Board of Directors authorized the acquisition by DASSAULT AVIATION of 10,277,043 shares in THALES held by GIMD at EUR 38 per share, i.e. at the same price as purchased from ALCATEL-LUCENT, hereby approve the afore-mentioned acquisition (contract dated March 3, 2009 completed by an addendum dated June 25, 2009) with the following terms and conditions:

- said acquisition to be made subject to the prior condition that the THALES shares held by ALCATEL-LUCENT are purchased (this condition has been met),

- payment of the total acquisition price of EUR 390,527,634 as follows:

- half of the price payable immediately on completion of the acquisition,
- 1/4 of the price payable on the first anniversary date from completion of the acquisition,
- 1/4 of the price payable on the second anniversary date from completion of the acquisition,

It being understood that:

- the two fractions of the price payable in installments shall bear interest at the Euribor 6 month rate plus a margin of 1.1% for one year and 1.3% for two years,
- interest shall be calculated and invoiced half yearly in arrears on the basis of a 360 day year.

SIXTH RESOLUTION

Shareholders hereby discharge Directors, fully and finally, from any liability arising from their management of the Company during the year ended December 31, 2009.

SEVENTH RESOLUTION

Shareholders, in accordance with the proposal of the Board of Directors, hereby decide that 2009 net income for the year of EUR 265,969,400.75 plus retained earnings of EUR 2,181,453,345.11 giving a total of EUR 2,447,422,745.86 be appropriated as follows:

- **dividend distribution of: EUR 89,107,893.60**

- with the remaining balance to retained earnings: EUR 2,358,314,852.26

As a result of the above appropriation, a dividend per share of EUR 8.80 shall be distributed.

For individuals taxable in France, this dividend shall be liable for a progressive scale after the 40% allowance or, as an option, a flat-rate withholding. Whatever option is chosen, this dividend shall give rise to social security contributions deducted at source.

The dividend shall fall due for payment in euros on May 27,2010, and be paid directly for registered shares, and via authorized intermediaries for administrated or bearer shares.

Net dividends per share distributed in respect of the last three years and the corresponding tax credits or allowances are as follows:

Fiscal year	Net dividend distributed (EUR)	Tax allowance
2006	7.40	40% (1)
2007	10.60	40% (2)
2008	5.80	40% (2)

(1) allowance for individuals
(2) allowance or, as an option, a flat-rate withholding for individuals

EIGHTH RESOLUTION

Shareholders, having noted that the term of office of Mr. Alain GARCIA as Director expires at the end of this Meeting, hereby decide to renew such term for six years, that is until the end of the Annual General Meeting held to adopt the financial statements for the year ended December 31, 2015.

NINTH RESOLUTION

Shareholders, having noted that the term of office of Mr. Pierre-Henri RICAUD as Director expires at the end of this Meeting, hereby decide to appoint in substitution Ms Nicole DASSAULT for a term of six years, that is until the end of the Annual General Meeting held to adopt the financial statements for the year ended December 31, 2015.

TENTH RESOLUTION

Shareholders hereby decide to appoint Mr Pierre de BAUSSET as Director for a term of six years, that is until the end of the Annual General Meeting held to adopt the financial statements for the year ended December 31, 2015.

ELEVENTH RESOLUTION

Shareholders hereby confer full powers on the bearer of copies of or extracts from the minutes of this meeting in order to comply with all legal, publication or other formalities.