ANNUAL REPORT
2009-2010

GAINING ALTITUDE

2009
2010

MASTERING THE ELEMENTS

ZODIAC AEROSPACE

CONTENTS

Zodiac Aerospace is a world leader in aerospace equipment and systems for commercial, regional and business aircraft, as well as helicopters and space applications. The Zodiac Aerospace Group applies a strategy built on internal and external growth in niche markets that offer a high technology content, generate significant after-sales support business and have the potential to establish the Group as a world leader.

€2,150.3 M
in sales revenue

-1.0%
organic growth

€240.4 M
in current operating income

11.2%
operating margin

-3.6%
fall in current operating income

€2.80
earnings per share

€148.3 M
in net income

34%
debt/equity ratio

MESSAGE FROM THE CEO

“Zodiac Aerospace enters the recovery phase of the cycle in excellent shape”

Olivier Zarrouati

CEO of the Zodiac Aerospace Executive Board since November 2007, Olivier Zarrouati began his career as a Defence engineer before joining the Centre National d'Études Spatiales (the French space agency).
In 1998, he joined Intertechnique as Head of External Development and Group Company Inspection. Intertechnique was acquired by Zodiac in 1999. Since then, he has held a range of senior posts within the Group, including CEO of the AeroSafety Systems Segment and Head of all Group Aerospace activities. Olivier Zarrouati is an engineering graduate of the École Nationale Supérieure de l'Aéronautique and former École Polytechnique student.

Zodiac Aerospace operates in a cyclical industry

The aircraft manufacturing industry operates in a world driven by economic growth, which it tracks with a short time delay. Within this industry, growth phases lasting several years are followed by shorter periods of downturn, and like all equipment suppliers, Zodiac Aerospace is subject to the effects of these market movements. However, its long experience of the aircraft industry and proven strategy have enabled our Group to develop the ability to withstand the troughs of this cycle.

The 2009/2010 fiscal year has been an excellent case in point. After an expectedly-challenging first half, Zodiac Aerospace returned to growth in the second half to end the year with results that exceeded the targets set at its outset. This performance deserves to be highlighted. Our revenue experienced a slight organic decline of just 1%, rather than the 5% forecast at the start of the year. Our world-leading cabin interiors businesses grew strongly in the second half of the fiscal year, whilst our after-sales activities performed well throughout the year to fulfill their traditional role as the shock absorber for low points in the cycle.

In manufacturing, we pressed ahead with our efforts to drive down our breakeven point, and this helped us to get through the trough of the cycle with an operating margin of 11.2%; a figure close to that reported for the previous financial year, despite the unfavorable trend seen in the euro/dollar exchange rate. These cost reduction initiatives are enabling Zodiac Aerospace to remain competitive and establish positions in new programs, at the same time as maintaining its research and development efforts.

Zodiac Aerospace prepares for the future

Our Group has continued to invest in new commercial aircraft development programs. Our engineers and technicians have prepared for increasing production volumes in new programs, like the Airbus A380 and Boeing 787, and have continued the process of developing equipment and systems, with particular focus on the A350 XWB and the Bombardier CSeries. Zodiac Aerospace also achieved many commercial successes during the year, including contracts to supply a broad range of equipment and systems for the Russian Irkut MC-21 and the Chinese COMAC 919 aircraft.

Zodiac Aerospace resumes external growth

During the past fiscal year, our Group remained faithful to the strategy on which its success has been built for more than thirty years, finalizing its acquisition of Cantwell Cullen & Company in Canada and Quinson in France. Our Group also began the process of acquiring Sell, which employs approximately 1,250 people at Herborn in Germany. This company will further strengthen the expertise of our Cabin Interiors Segment in galleys for super-jumbos, as well as the electrical equipment fitted to those galleys. Following these acquisitions, our Group will still retain the significant financial resources required to proceed with further successful external growth transactions.

Zodiac Aerospace is now entering the recovery phase of the aircraft industry cycle in excellent shape. Air traffic volumes are growing once again, and the financial health of airlines is improving. Against this background, Zodiac Aerospace will benefit from the recovery in production volumes of current aircraft programs and from increasing volumes in new programs. At the same time, our Group will see its after-sales business grow as a result not only of traditional growth drivers like the size of aircraft fleets in service and fleet age, but also of the contribution made by its dedicated after-sales service organization Zodiac Services. When combined with the commitment and motivation of everyone in the Group, all these influences should enable us to achieve our goal of growing our sales revenue by more than 40% over the next three years – excluding new acquisitions – and delivering a significant improvement in operating margin on the basis of a like-for-like euro/dollar exchange rate.

Our Group, Zodiac Aerospace, is a top-tier aerospace equipment supplier: a market leader in all its segments, delivering a level of profitability that is above the average achieved by its peers, with substantial prospects for internal growth and, with the backing of a sound financial structure, on the path to continued external growth. Our Group is confident, ambitious and focused as it enters this new upturn in the aerospace industry cycle, which will take us even greater heights.

Olivier Zarrouati
CEO

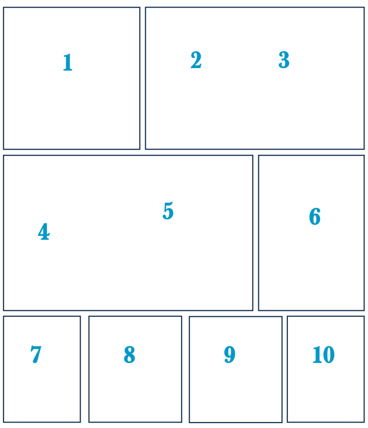
MANAGEMENT TEAM

The Group governance model reflects its core values: short decision-making paths for maximum responsiveness, an international commitment to performance and openness, and a close, transparent relationship with our people. The senior executives of Zodiac Aerospace embody this essential culture, which is deeply rooted in the genetic heritage of the Group.

THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

The Executive Board and Executive Committee meet every two months to appraise Group trends in terms of business mix, investments, mergers and acquisitions.

The Executive Board and Executive Committee also review the current operating performance of each segment. Chaired by Olivier Zarrouati, the Executive Committee members are the Group's key functional and operational executives. At the end of the fiscal year, the Executive Committee had 9 members



Executive Board

Olivier Zarrouati* (5)
CEO

Maurice Pinault* (4)
Member Deputy CEO, Development

Jean-Jacques Jégou* (1)
Vice-President, Administration and Finance

Yannick Assouad* (3)
CEO, Aircraft Systems Segment

Christian Novella* (7)
CEO, AeroSafety & Technology Segment

Mike Rozenblatt* (2)
CEO, Cabin Interiors Segment

Gilles Debray (9)
CEO, Zodiac Services

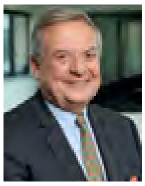
Adri Ruiter* (10)
CEO, Zodiac Seats Division

Paul Verheul* (6)
CEO, Galleys & Equipment Division

Pierre Antony Vastra (8)
Vice-President, Communication and Investor Relations

**Member of the Executive Committee at August 31, 2010*

Supervisory Board



Didier Domange
Chairman

Louis Desanges
Vice-Chairman

Marc Assa
Member

Élisabeth Domange
Member

Gilberte Lombard
Member

Edmond Marchegay
Member

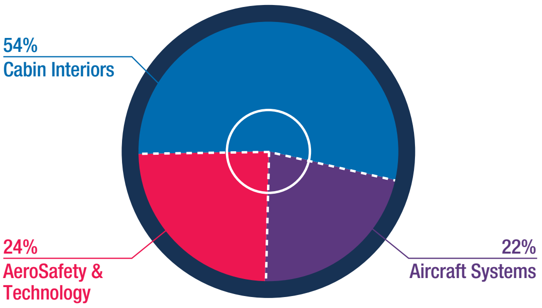
Robert Maréchal
Member

Marc Schelcher
Member

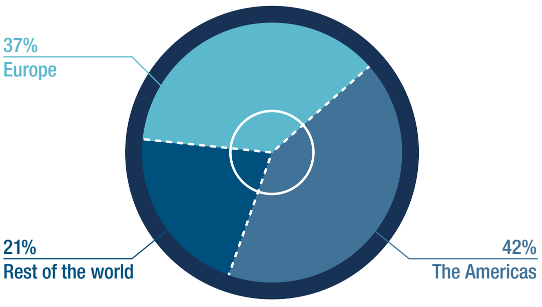
Société Foncière, Financière et de Participations - FFP
Member

"Results in line with expectations"

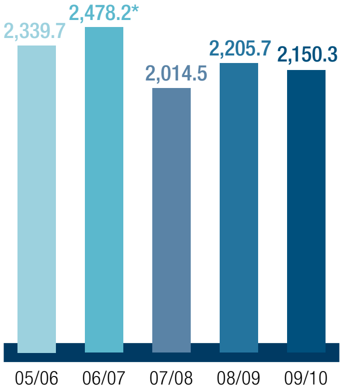
Consolidated sales revenue by business segment
(in percent)



Consolidated sales revenue by area
(in percent)

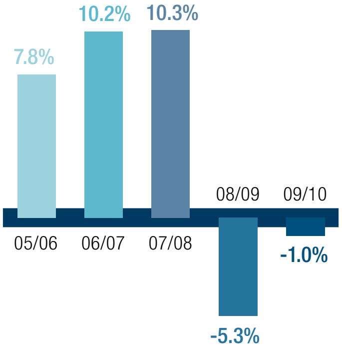


Consolidated sales revenue
(in millions of euros)

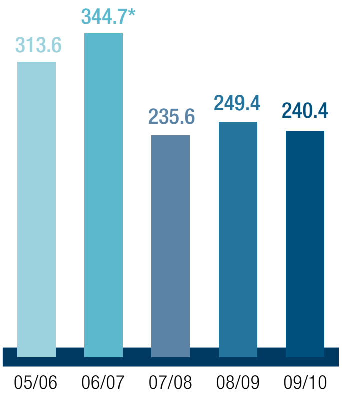


* Including €476.2 million from the divested Marine Segment

Organic growth in consolidated sales revenue
(in percent)



Current operating income
(in millions of euros)



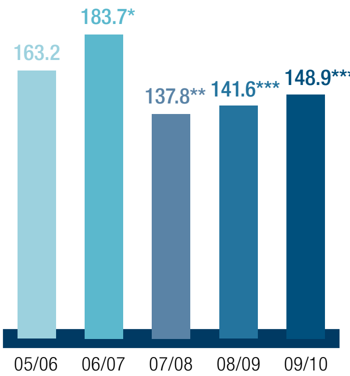
* Including €82.1 million from the divested Marine Segment

€2,150.3 M
in consolidated sales revenue

€240.4 M
in current operating income

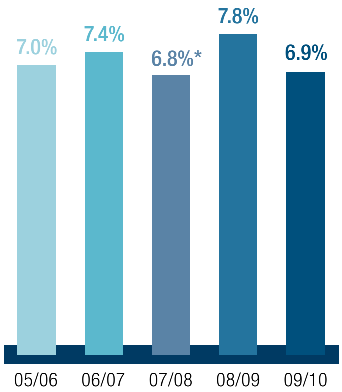
€2.80
in earnings per share

Net income
(in millions of euros)



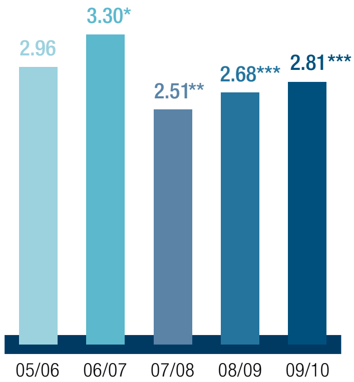
* Including €42 million from disposals
** Excluding the capital gain made on the disposal of the Marine Segment (€373.6 million)
*** Excluding the impact of the Marine Segment disposal and acquisition costs (IFRS 3)

Net profit margin
(in percent)



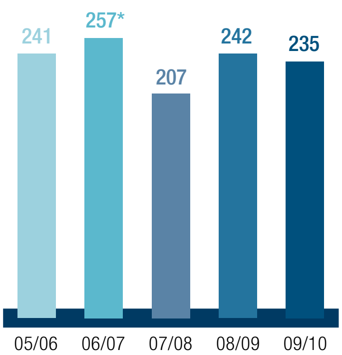
* Excluding the capital gain made on the disposal of the Marine Segment

Earnings per share
(in euros)



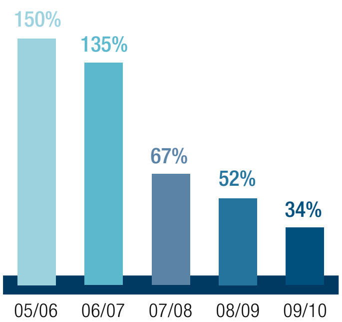
* Including €0.76 from disposals
** Excluding the capital gain made on the disposal of the Marine Segment
*** Excluding the impact of the Marine Segment disposal and acquisition costs (IFRS 3)

Cash flow
(in millions of euros)

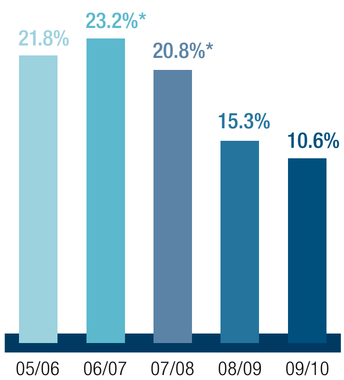


* Including €53.8 million from disposals

Debt/Equity ratio
(in percent)



Net income before goodwill/net equity at start of period
(in percent)



* Pro forma

HIGHLIGHTS OF 2010

Zodiac Aerospace made two acquisitions during the year, and initiated a third. These strategic external growth transactions are consistent with further strengthening its niche market positions. The Group continued to press ahead with its R&D efforts during the year, focusing both on new programs under development and new applications that benefited all three of its segments.

CABIN INTERIORS

Water management systems prove increasing successful

The Cabin Interiors Segment is the uncontested leader in its core business of water and waste management systems, and continues to make impressive progress in the Asian aircraft manufacturer market. This trend delivered a series of significant commercial success for the segment during the fiscal year. As a result, Cabin Interiors will be supplying systems for the new C919 aircraft from the Chinese maker Comac (the maiden flight of this 168-190 seater is slated for 2014), and the MRJ regional airliner from Mitsubishi in Japan. These major new Cabin Interiors contracts will further extend the presence of its cabin equipment products in a very broad range of long-haul airliners, regional airliners and business jets.

Innovative 'contactless' systems for the Airbus A350 XWB

Working via its Cabin Systems Division, the Cabin Interiors Segment continued to apply its innovation strategy during the fiscal year, offering Airbus a new family of sanitary equipment for its A350 XWB aircraft. This 'contactless' tap system has been designed specifically for bathroom cubicles, and is based on the very innovative concept of taps with integrated water temperature control systems.

'Contactless' technology offers many advantages, including greater convenience for passengers and improved water management and simpler maintenance for aircraft manufacturers. These substantial competitive advantages should provide the Cabin Interiors Segment with the edge required to secure new interior equipment supply contracts in the commercial aviation industry.

PROSPECTIVE ACQUISITION OF
SELL, A WORLD LEADER IN AIRCRAFT GALLEYS

In 2009/2010, the Zodiac Aerospace external growth policy resulted in the commencement of negotiations for the acquisition of Sell. Based at Herborn in Germany, Sell employs approximately 1,250 people and reported revenue in excess of €170 million in 2009. Sell is one of the world's leading designers and manufacturers of aircraft galleys and electrical galley equipment for commercial airliners. The company operates in a fast-growing market that helped the Sell order book to grow by 30% in 2010. The Sell acquisition was finalized on September 30, 2010 and will further extend the market leadership of the Cabin Interiors Segment.

New baggage locker system adopted by Airbus

Following its success in securing certification for the Boeing B787 interior, the Cabin Interiors Segment has been selected by Airbus to supply a new baggage locker system for the A330. This storage solution offers the twin benefits of lighter weight and lower cost.
The dimensions and lighter weight of this new locker are totally consistent with the quest amongst aircraft manufacturers to save space and reduce fuel consumption at lower cost.

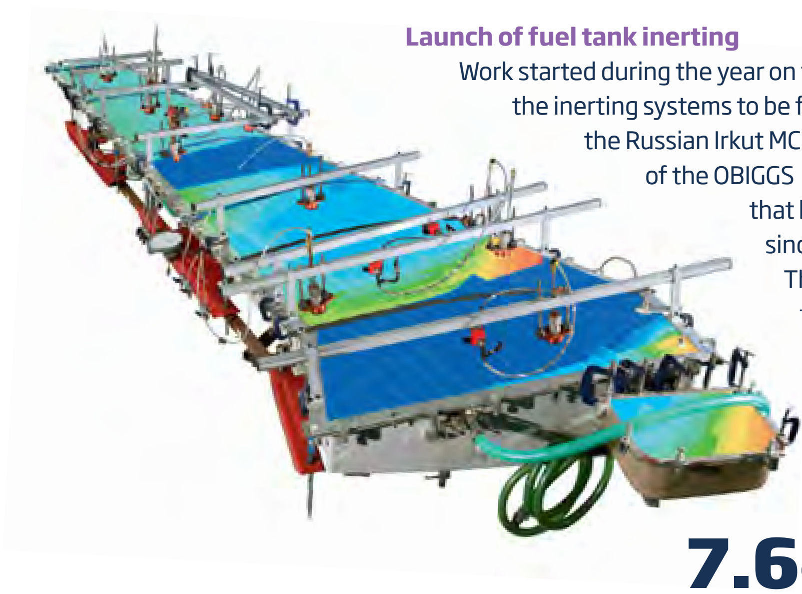
12.4%
operating margin

€143.9 M
in current operating income

AIRCRAFT SYSTEMS

Zodiac Aerospace strengthens its positions in the power distribution market

Having successfully qualified its power distribution units for the Boeing 787, the Electrical Power Management, Cockpit Equipment and Lighting Division of the Aircraft Systems Segment is progressing with its development of the primary and secondary power distribution systems for the Airbus A350 XWB. This development is being undertaken as a Level 1 systems supplier to Airbus; a status that underlines the strategic position of the Aircraft Systems Segment and its ECE subsidiary in the preparation of all the new generations of aircraft in which electrically-powered functions are taking over from hydraulics and pneumatics.



Launch of fuel tank inerting

Work started during the year on the contract won by Aircraft Systems to design the inerting systems to be fitted to Bombardier's new G7000 business jet and the Russian Irkut MC-21 program. The development by Zodiac Aerospace of the OBIGGS (On-Board Inert Gas Generating System) technology that has been compulsory on all commercial aircraft since 2009 is expected to take around three years. This innovative technical process generates a continual flow of non-flammable (inert) gases that are then pumped into fuel tanks. The inerting system developed by the Aircraft Systems Segment will significantly improve aircraft safety by eliminating the risk of explosion.

7.6%
in operating margin

€36.7 M
in current operating income

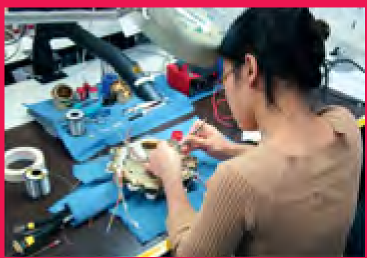
12.4%
in operating margin

€63.3 M
in current operating income

AEROSAFETY & TECHNOLOGY

Award of contract to supply all CSeries escape chutes

In May 2010, the AeroSafety & Technology Segment was contracted by Bombardier as the sole supplier of escape chutes for its CSeries aircraft. Due to enter service in 2013, this new airliner is a single-aisle aircraft competing in the 110-130 seat market.
It will be fitted with six escape chutes: two for the forward doors, two for the rear doors and two for the over-wing emergency exits. Equipment development and certification will be carried out by Air Cruisers, whilst the Chihuahua plant in Mexico will manufacture the systems, and Zodiac Services will provide the after-sales support.



ACQUISITION OF CANADIAN MARKET LEADER **CANTWELL CULLEN & COMPANY**

In July 2010, Zodiac Aerospace acquired Cantwell Cullen & Company, the Canadian market leader in wiring protection (for components and looms) and protection for hydraulic systems used in aerospace, defense and industrial applications.
Founded in the 1980s by Peter Cullen, the company employs more than 200 people in London and Oakville, Ontario.
The acquisition will further strengthen the market positions of the Interconnect Systems Division of the AeroSafety & Technology Segment by confirming the global leadership of the Zodiac Aerospace Group in wiring protection systems for landing gear and fuel tanks.

THE ZODIAC AEROSPACE GROUP WORLDWIDE

The Zodiac Aerospace Group operates on four continents. This extensive geographical coverage brings the Group closer to its customers to deliver a truly responsive high-quality service. It means that our aircraft manufacturer customers can benefit from our aerospace engineering expertise and our powerful, competitive production resources.

117
sites worldwide

17,540
employees worldwide

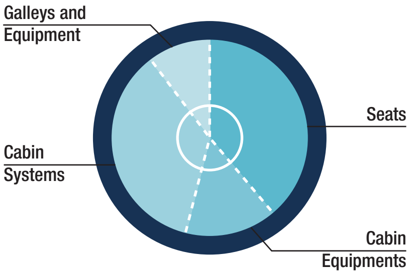
At the same time, our airline customers have the advantage of our global repairs and spare part distribution service network to help them keep their fleets in top condition.

CABIN INTERIORS
AIRCRAFT SYSTEMS
AEROSAFETY AND TECHNOLOGY

CABIN INTERIORS

The Cabin Interiors Segment designs and markets turnkey aircraft cabin interiors, passenger seats and flight deck seats. It also supplies sanitary equipment and complex electrical equipment for food preparation. Its technological advances enable this segment to make a major contribution to upgrading and improving aircraft performance and interior comfort levels.

Sales revenue breakdown



€1,160.1 M

in sales revenue

12.4%

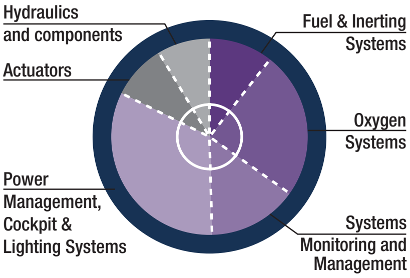
operating margin

€143.9 M

current operating income

AIRCRAFT SYSTEMS

The scope of expertise offered by the Aircraft Systems Segment is recognized by all the major international aerospace manufacturers, and ranges from civil aviation and military aviation to space applications. This segment optimizes the high-technology equipment and systems essential for fixed-wing and helicopter in-flight operations.



€481.1 M

in sales revenue

7.6%

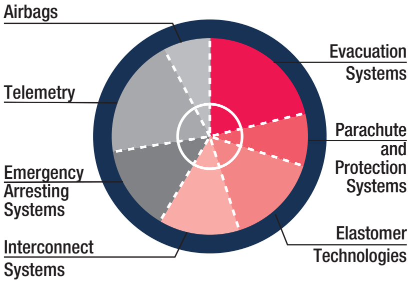
operating margin

€36.7 M

current operating income

AEROSAFETY & TECHNOLOGY

The AeroSafety & Technology Segment contributes to advances in safety levels for aircraft, space vehicles and automobiles with individual products and complete systems that deliver a high level of added value. Its innovative new products are attracting great interest from the major international manufacturers and operators of civil and military aircraft.



€509.2 M

in sales revenue

12.4%

operating margin

€63.3 M

current operating income

CIRRUS:
THE LIE-FLAT SEAT PERFECTED FOR GREATER COMFORT AND LIGHTER WEIGHT

Zodiac Aerospace is the first aircraft equipment supplier to have designed a lie-flat seat that combines so many advantages for airlines and passengers.

The Cabin Interiors Segment launched many innovative new products in 2009/2010, the most important of which is Cirrus. This 'intelligent' lie-flat seat designed specifically for business class is unique in offering not only the ergonomic comfort of a full-flat horizontal sleeping platform and the practicality of a comprehensive unit (storage unit, side table, etc.), but also a weight saving of approximately 20 kg per seat (by eliminating the need for a sub-frame). The new herringbone concept cabin layout designed for use with Cirrus means that every passenger has direct access to an aisle. This innovative new product has attracted a very high level of interest from airlines.

CABIN INTERIORS

The Cabin Interiors Segment has expanded its range with the development of innovative new products that extend its capability as a designer and integrator of complete cabin systems. Its unique cabin interiors skills make this Group segment a global leader in its market.

€1,160.1 M
in sales revenue

54% of total Group sales revenue

9,718
employees worldwide

SITTING PRETTY IN ITS MARKETS

The market positioning of the Cabin Interiors Segment was consolidated during the fiscal year thanks particularly to the dynamic performance delivered by its galleys and cabin equipment operations, and the success of its new lightweight seats for commercial aircraft.
This segment is the only supplier in the market to have both the experience and technological capability to handle every constituent component of complete cabin interiors, from furniture to structural elements, lighting, power systems, control systems and emergency oxygen systems. Its range also benefits from being extremely flexible. The industrial design of its equipment is modular, and can be adapted to meet the specific needs and requirements of its customers.
The area of the business focused on galleys for single-aisle airliners had an excellent 2009/2010, confirming the global leadership of the Cabin Interiors Segment in this market. The new modular design of the MaxFlex galley in particular has attracted a great deal of interest from airlines and leasing companies.
The performances delivered by the Seats Division were supported by high demand and the introduction of innovative new products, including the Weber 5751 and Cirrus, both of which offer significant weight savings in their own market segments.

The Cabin Interiors Segment did the preparatory work required for the acquisition of Sell, which was finalized after the end of the fiscal year and will consolidate its positions in the fast-growing markets for super-jumbo galleys and electrical galley equipment.

AIRCRAFT SYSTEMS

The Aircraft Systems Segment had a good year consistent with its forecasts. The expected slowdown in the business jets market was partly offset by increasing delivery frequencies for commercial airliners and growth in after-sales services.

€481.1 M
in sales revenue

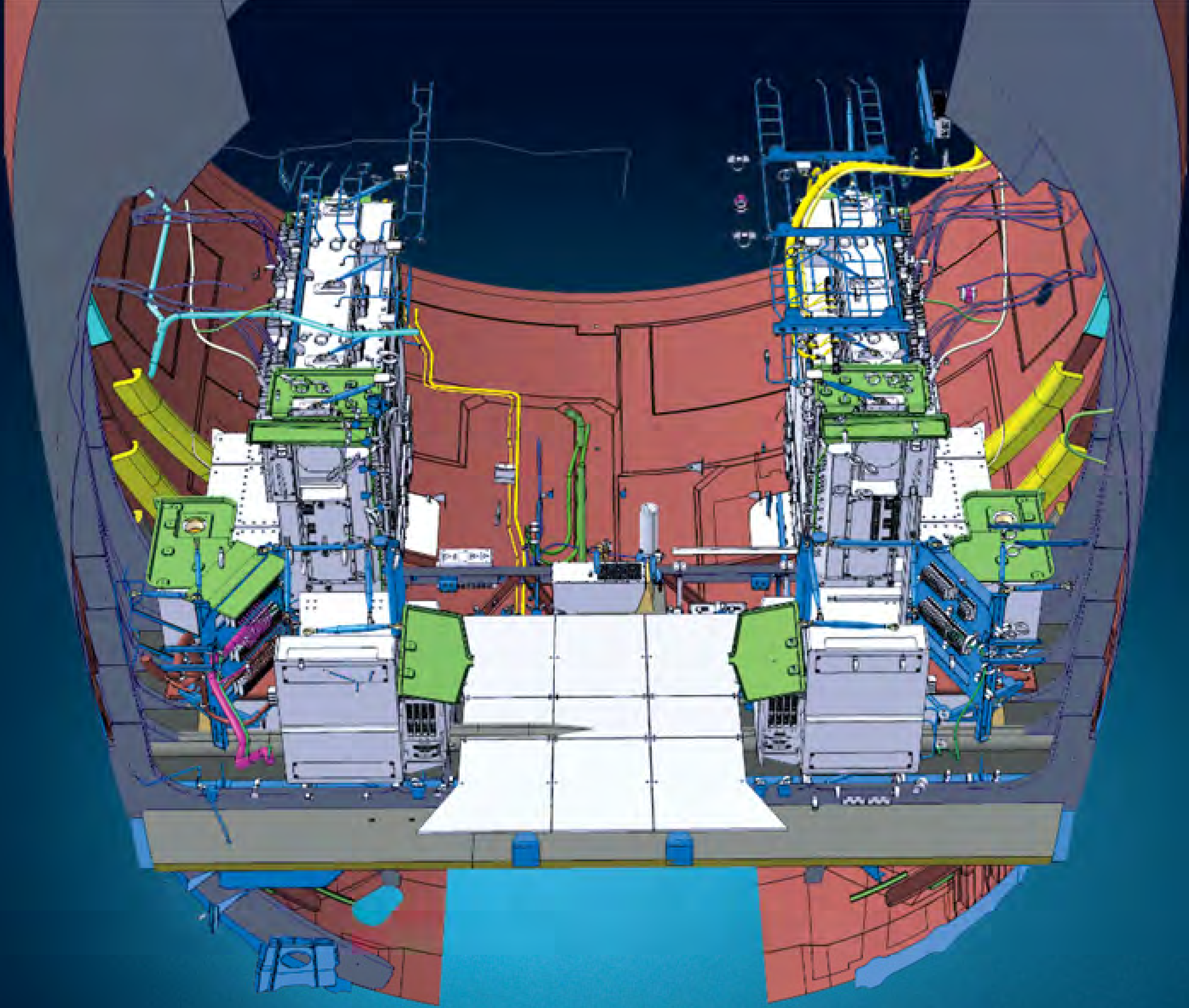
22% of total
Group sales revenue

3,501
employees worldwide

A GLOBAL LEADERSHIP STRATEGY

The achievements and performances of the Aircraft Systems Segment during the year confirmed its global leadership across all its market sectors. The segment invested during the year to become one of the very first suppliers of fuel tank inerting systems, and has already been contracted to equip the future MC -21 airliner manufactured by the Russian Irkut Corporation.
During the year, the segment refocused its Oxygen Systems Division on the commercial aircraft market by adapting its technologies for application to passenger oxygen masks.
Zodiac Aerospace has also invested heavily in research and development for secondary electrical power distribution systems. Its new, more efficient, systems are now establishing the Group as one of the world's leading suppliers in this market.
At the same time, the Aircraft Systems Segment has anticipated the leap to new technologies by developing touch-screen solutions for aircraft flight decks and high-intensity lighting systems.
Its established status as a complete systems provider also enables the Aircraft Systems Segment to operate effectively in all control systems markets (de-icing, cabins, etc.) and to plan for more extensive global sales coverage through a process of diversification.

Lastly, the Aircraft Systems Segment also improved its competitive position during the year as a result of its 'low-cost' manufacturing and engineering strategy. An increased commitment to R&D ensures that it remains decisively at the cutting edge of innovation in its sectors of the market.



AN INTEGRATED 3-SYSTEM ELECTRICAL POWER DISTRIBUTION UNIT

The first-ever integrated electrical power distribution centre for all three main power systems: primary, secondary and emergency.

This Aircraft Systems Segment innovation is being developed to meet the electrical power distribution needs of the Airbus A350 XWB. The modular design of this system optimizes maintenance and allows the electrical architecture of each aircraft to be tailored to meet the precise needs of its customer. It incorporates all the latest technical innovations developed by the Group's R&D teams, including standalone programmable circuit breakers and SSPC modules.

THE BELL 429 EMERGENCY FLOAT AND LIFE RAFT: A HIGHLY-INNOVATIVE 2-IN-1 COMBO

A first for Zodiac Aerospace in helicopter emergency systems: a single package containing emergency floats and a life raft.

In July 2010, the AeroSafety & Technology Segment made its first delivery from this product range to Bell Helicopter in Canada for fitment to the Bell 429. The delivery was the culmination of two years of development and certification work, which included flight testing in cooperation with the Canadian manufacturer. The segment has already received ten orders for this combined emergency float and life raft package. It's a product that seems destined for success.

AEROSAFETY & TECHNOLOGY

The AeroSafety & Technology Segment has once again proved its impressive ability to withstand the global economic crisis. Its seven divisions have all contributed to consolidating its global leadership in all its key markets. Its escape chute after-sales support service received the Boeing 'Silver Award for Excellence' during the year.

€509.2 M
in sales revenue

24% of total
Group sales revenue

4,234
employees worldwide

TRIED AND TESTED COMPETITIVENESS

The complementary skills at work in the AeroSafety & Technology Segment all had a good year in 2009/2010.
Its Emergency Evacuation Systems Division, which serves high-volume production aircraft, benefited during the year from the increase seen in deliveries and retrofit operations.
Telemetry scored a number of excellent successes in the space market, which was particularly buoyant in Asia, as well as making a significant contribution to the satellite applications value chain in Europe and the USA.
The Emergency Arresting Systems Division supplied one of its EMAS systems to Taiwan during the year, and maintained a healthy order book for the military market in North America. This system demonstrated its effectiveness yet again in January when it stopped a CRJ 200 regional jet that overshot the end of the runway at Charleston Yeager Airport in the USA.
The 2009/2010 fiscal year was also marked for the AeroSafety & Technology Segment by the launch of new electrical interconnect products and increased production rates for major program main landing gear systems.
The AeroSafety & Technology Segment was also awarded major contracts for fuel and de-icing systems in the Elastomers and Airbags sector, whilst Parachutes increased its delivery frequency in France.

In June 2010, the AeroSafety & Technology Segment acquired the Canadian group Cantwell Cullen & Company in a move that will strengthen the market positions of its Interconnect Systems Division.

SUSTAINABLE DEVELO


PMENT

COMPANY LIFE

The international culture of Zodiac Aerospace and the success of its economic model are important contributory factors to its attractiveness as an employer.

MORE JOBS WORLDWIDE

Despite the global economic crisis and its effects on the aerospace industry, the Zodiac Aerospace labor force grew by 4% during the year to a total of 17,540 employees.

In France, the Group was able to maintain the size of its labor force by implementing a range of different measures, at the same time as adding to its teams in those countries with competitive cost bases.

This strategy allows the Group to consolidate the skills it has, at the same time as boosting productivity and improving its ability to compete in the marketplace.

Its culture of internal mobility and international openness – both of which are even more important at times of crisis – is being further encouraged by the intranet-hosted 'mobility database', which has demonstrated its effectiveness over a number of years now.

The Group training policy, which focuses specifically on new technologies and aerospace expertise, continued to improve employee skills and competencies throughout the 2009/2010 fiscal year.

In France, 260 trainees and nearly 50 young apprentices joined the Group during the year, underlining the contribution made by Zodiac Aerospace to bringing more young people into the world of work.

BRINGING PEOPLE CLOSER TOGETHER

The creation of the post of Head of Human Resources France is designed to encourage synergies between the human resources functions of Group companies with the central aim of promoting mobility and coordinating recruitment.

The relocation of the Zodiac Aerospace head office into a new development at Plaisir was a very significant event of this fiscal year. These new premises bring our teams closer together, at the same time as improving working conditions.

THE QUEST FOR EXCELLENCE

Zodiac Aerospace has introduced a specific organizational structure designed to deploy the Lean concept in all its companies. Built around a set of good practices, methods and tools, the Lean concept is being introduced throughout the Group with a single goal: "Growing Customer Satisfaction to Grow the Business".

This crucial strategic challenge reflects the determination of the Zodiac Aerospace senior management team to grow a culture of Continuous Improvement that has its roots in every team throughout the Group.

It is also a powerful personal development initiative designed to bring about participative and creative problem solving.

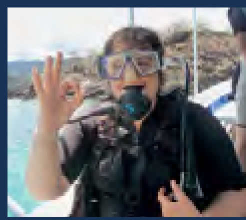
The progressive deployment of the Lean concept aims to achieve excellence in every operation undertaken by the Group, and thereby make us more competitive.

A NEW INNOVATION SCIENCE COMMITTEE

As part of reaffirming innovation as a fundamental value of the Group, Zodiac Aerospace set up a Scientific and Technical Committee in 2009/2010. Its members represent group entities in France and worldwide, all of whom share the same objective of energizing the creative potential of all Group teams by encouraging the emergence of innovative ideas, selecting the most promising suggestions and supporting their implementation. Innovation representatives in each company are tasked with coordinating this initiative, whose goals also include career enhancement for technical experts. This motivational and unifying commitment is one of the Group's strategic challenges in its quest to offer consistently innovative products.

SOCIAL RESPONSIBILITY

A LONG-TERM COMMITMENT TO THE PETITS PRINCES CHARITY



The Group continued with its commitment to the Petits Princes charity for sick children during the year. In 2009/2010, Zodiac Aerospace contributed to making dreams come true for three Petits Princes. Group employees also work closely alongside charity volunteers to turn these dreams into unforgettable reality.

As a result of this commitment, Gaëtan (14), Rémy (17) and Valentin (13) were able to discover New York together, with a Hudson River trip, a Broadway musical, a carriage ride in Central Park, visits to all the main landmarks... and many other experiences. They were all delighted to find out that they had to stay longer in the city as a result of the Icelandic volcano eruption!

Charlotte (18) travelled with her father to Guadeloupe for a 10-day introduction to scuba diving. Her schedule included diving in the ocean every day, a tour of the island, time on the beach and even a night dive to swim with turtles. Charlotte was also able to watch two whales flipping at close range... something that even the locals hadn't seen for a very long time! She too was grateful to the same Icelandic volcano for the opportunity to stay an extra two days on this magical Caribbean island.

Nicolas (11) is crazy about aircraft and has ambitions of becoming an aircraft engineer, so he was delighted to be able to enjoy a private tour of the Ariane V rocket production plant. He also visited the EADS-Astrium facility at Les Mureaux, which designs and manufactures the metal structure, liquid booster stages and firing systems for Ariane V. Nicolas was also able to see the enormous 55-meter high building that houses the finished rocket. Delighted with his experience, Nicolas left laden with gifts and souvenirs, not to mention a pretty comprehensive knowledge of exactly how the Ariane V works!

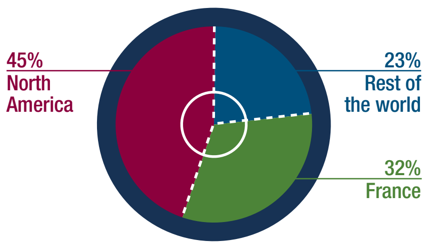
ATTRACTING TALENTED NEW PEOPLE

The Group has introduced a number of new programs to attract talented people. Many students completed Group internships in France and internationally during the year. The international presence of Zodiac Aerospace is one of its many attractions for the best of today's graduates.

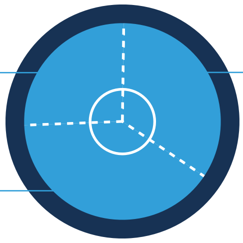
The Group has also developed a number of partnerships, and was represented at the following engineering school career forums during the year: Supélec (Orsay), ESTACA and Centrale (Paris), ESEO (Angers) and ISAE (Toulouse).

These ongoing partnerships further strengthen the key role of Zodiac Aerospace in shaping the aerospace industry of tomorrow.

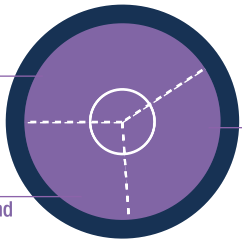
Breakdown of workforce by area
(in percent)



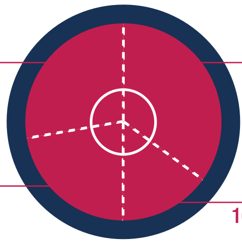
Breakdown of workforce by occupational category
(in France)



Breakdown of workforce by age in France
(in percent)



Years of service in France
(in percent)



Permanent employees at August 31, 2010

Segment	2008	2009	2010
AeroSafety & Technology			
French companies	1,752	1,758	1,755
Non-French companies	2,398	2,246	2,479
	4,150	**4,004**	**4,234**
Aircraft Systems			
French companies	2,605	2,629	2,638
Non-French companies	828	793	863
	3,433	**3,422**	**3,501**
Cabin Interiors			
French companies	993	1,047	1,063
Non-French companies	9,173	8,311	8,655
	10,166	**9,358**	**9,718**
Group operations			
French companies	**75**	**76**	**87**
GROUP TOTAL			
French companies	5,425	5,510	5,543
Non-French companies	12,399	11,350	11,997
	17,824	**16,860**	**17,540**
Including acquired companies			***155***
AeroSafety & Technology – outside France			*139*
Aircraft Systems – France			*16*

CONSOLIDATED REPORT ON LABOR MATTERS - FRANCE

Includes all Zodiac Aerospace Group companies in France publishing social audits. The analysis covers 4,975 employees, or approximately 90% of the French workforce.

Breakdown of workforce by occupational category

TOTAL (MEN AND WOMEN)	
Engineers and Managers	26%
Clerical and Technicians	34%
Production	40%

WOMEN: 31% OF THE WORKFORCE	
Engineers and Managers	13%
Clerical and Technicians	34%
Production	53%

MEN: 69% OF THE WORKFORCE	
Engineers and Managers	32%
Clerical and Technicians	34%
Production	34%

BREAKDOWN OF THE WORKFORCE BY AGE	
Under 25	4%
26-40	37%
41-50	33%
Over 50	26%

LENGTH OF SERVICE	
0-5 years	28%
6-15 years	35%
16-25 years	15%
More than 25 years	22%

INTERNS	
Number of interns (from graduate schools, universities, etc.)	260
As a % of the workforce	5.2%

DISABLED EMPLOYEES	
Number of salaried disabled employees	174
As a % of the workforce	3.5%

COMPENSATION	
Compensation ratio (Engineers & Managers/Production staff)	2.16

IN-SERVICE TRAINING	
% of payroll allocated to training	2.56%
Number of employees receiving training	2,449
As a % of the workforce	49%
Health and safety training courses	12%
Conversion training courses	11%
Career development training	77%
Number of apprentices in training	38

ABSENTEEISM	
Absenteeism rate	5.14%

ILLNESS	
Work-related illnesses reported	23
Number of employees affected	17
Production processes likely to result in work-related illnesses	0
Number of workplace health and safety committee meetings held	85

WORK-RELATED ACCIDENTS	
Work-related accident frequency rate: $\frac{\text{number of lost-time accidents} \times 10^6}{\text{total number of hours worked}}$	11.13
Work-related accident severity rate: $\frac{\text{number of days lost} \times 10^3}{\text{total number of hours worked}}$	0.37

OCCUPATIONAL MEDICINE	
Number of clinical examinations	2,880
Number of supplementary examinations	2,869
Number of employees retrained as a result of disability	7
Number of employees incapacitated	4

SAFETY	
Number of employees having received safety training	1,927
As a % of the workforce	39%

ENVIRONMENT

The Zodiac Aerospace Group sustainable development policy was applied during the fiscal year through the continued implementation of existing measures and the introduction of new initiatives. No changes were made to the 'Environment and Risk Management Charter' during the year. As part of the three-year plan, an annual report charts the progress made in terms of energy saving.

A BROAD RANGE OF ENVIRONMENTAL MEASURES

In 2009/2010, several of the Group's Business Units tested the new Eco-Design analysis system initiated by the Seats Division of the Cabin Interiors Segment. This system identifies the environmental impact of a given product throughout its life cycle.

A number of training sessions were held for design offices and technical departments during the year to familiarize teams with the new system and what it can do. Eco-Design requires decisions to be made concerning the choice of materials, components and packaging on the basis of key environmental parameters, such as weight, recyclability and ease of dismantling.

Amongst the other initiatives undertaken during the fiscal year, Zodiac Aerospace also took part in the European Clean Sky program designed to make air travel more eco-friendly.

At the same time, the Group stepped up the plan it introduced in June 2009 to find and use substitutes for hazardous materials. Every new chemical introduced into our production processes during the year was validated by our Environmental Safety Managers.

The senior management team continues to receive quarterly reports regarding the substitution measures implemented in our manufacturing processes. A database has also been compiled to monitor substitutions already in place – whether successful or not – in order to encourage the sharing of information on these issues.

Our goal is to replace the majority of substances defined as of "very high concern" by the end of 2011. 15% have been replaced to date.

INCREASED MONITORING UNDER THE REACH INITIATIVE

Discussion between Zodiac Aerospace and its chemicals suppliers and subcontractors intensified during the second half of the year in order to address all the challenges posed by the REACH initiative in advance of the first deadlines for registration on November 30, 2010.

Imports of chemicals remained low during the year, enabling Zodiac Aerospace Group production units in Europe to maintain their Downstream User status. Following extremely-detailed listing of all chemicals used, the Group is now able to monitor substance registration via the lists published on the ECHA (European Chemicals Agency) website.

In 2009/2010, we informed our suppliers of the all uses we made of the chemicals they supply, as well as the associated processes, so that they can include this information in their registration applications. The supplier technical data sheets and software listing the substances contained in the chemicals used by the Group will enable immediate identification of any use that is not covered. Another procedure is also currently being introduced to ensure immediate implementation of the compliance and/or information actions required to use a given chemical in accordance with its supplier's recommendations.

A series of training courses have been introduced regarding the new labeling and classification of chemicals in preparation for the effective introduction of the CLP (Classification, Labeling and Packaging) regulation.

The fiscal year also saw the first meeting of the REACH committee whose members include European segment, division and site managers. The purpose of the committee is to raise awareness of the implications of REACH for every part of the Zodiac Aerospace Group. Its quarterly report allows the senior management team to monitor the progress made with REACH compliance.

ZODIAC AUTOMOTIVE TUNISIE (ZAT) SETS UP A NEW COLLEGE IN TUNISIA

A new environmental education initiative was launched with the inception of the ZAT College on the Zodiac Aerospace Group site at Soliman in Tunisia.
This initiative addresses the need to raise awareness of environmental issues amongst students and involves practical action to reduce water consumption, improve safety and recycle waste.

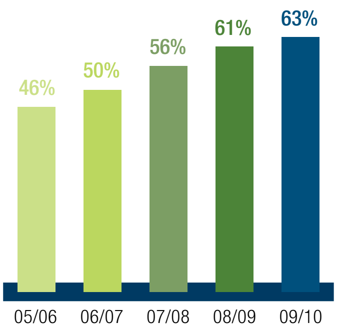
AUDITS AND PRODUCTIVE DISCUSSIONS

Crossover audits of our ISO 14001 and OHSAS 18001 certificated sites in France and Tunisia were once again conducted during the fiscal year by production unit Environmental Safety Managers.

The two meetings held during the fiscal year focused on the issues of energy savings, the monitoring of environmental reporting (including newly introduced indicators), the Eco-Design system and regulatory changes (the broad-based package of environmental initiatives known as the *Grenelle de l'environnement*, and its implications for the Group).

These meetings and feedback sessions were productive for all those involved.

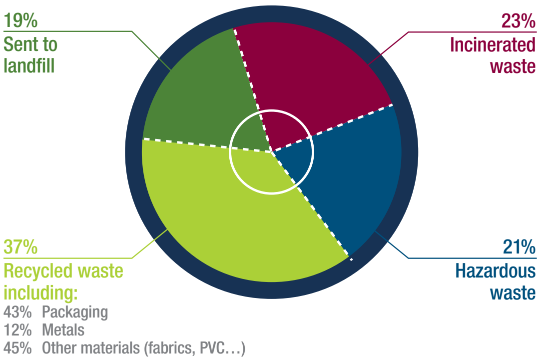
Percentage of ISO 14001 certificated sites
worldwide



REDUCED ENVIRONMENTAL IMPACT

A number of sites complemented their environmental analyses during the year by conducting a carbon balance audit, followed by awareness sessions for site staff.

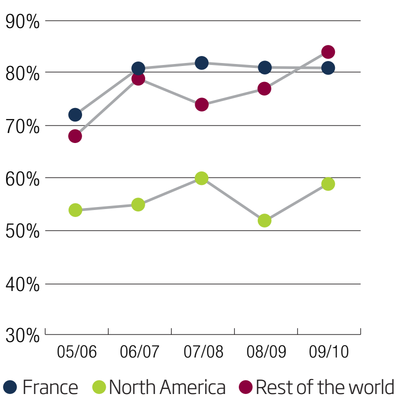
Percentage breakdown of waste
France



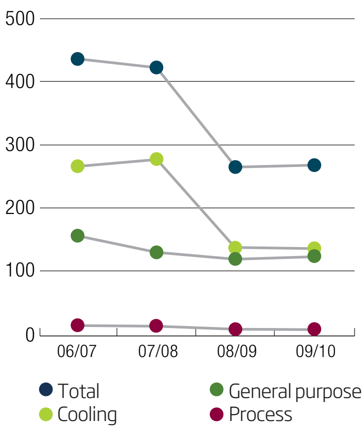
ENVIRONMENTAL PERFORMANCE MEASUREMENT

- Accident with environmental impact: none itemized.
- Gradual pollution of soils: none itemized.
- Gradual pollution of the natural world: none itemized.
- Chronic pollution of soils: none itemized.
- At August 31, 2010: having examined the new ICPE (French installations classified for environmental protection reasons) headings, no site was subject to registration.
- At August 31, 2010: 4 sites had been the subject of regular ICPE inspections.
- At August 31, 2010: no sites had been the subject of greenhouse gas quota exchanges.

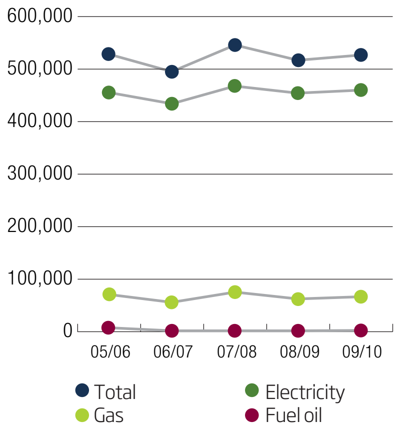
Trend in the percentage of waste recycled
by area



Overview and breakdown of water consumption
40 sites (in thousands of m³)



Overview and breakdown of energy consumption
40 sites (in thousands of kW)



France**	2006/2007	2007/2008	2008/2009	2009/2010
	25 sites*			
Energy (thousands of kW)				
Electricity	385,130	397,781	401,347	404,608
Gas	39,210	37,691	22,941	23,045
Fuel oil	2,331	2,100	2,239	1,996
TOTAL	**426,671**	**437,572**	**426,527**	**429,649**
Water (thousands of m³)				
General purpose	64	59	54	57
Cooling	189	190	45	39
Process	14	14	8	7
TOTAL	**267**	**263**	**107**	**103**
Waste (metric tons)				
Sent to landfill	574	534	552	682
Incinerated	1,040	1,025	671	852
Packaging recycling	538	583	494	743
Production materials recycling	890	862	1,120	1,330
TOTAL	**3,042**	**3,004**	**2,837**	**3,607**
% recycled	81%	82%	81%	81%

North America***	2006/2007	2007/2008	2008/2009	2009/2010	2008/2009	2009/2010
	15 sites*				20 sites*	
Energy (thousands of kW)						
Electricity	47,890	69,773	52,045	54,344	78,203	72,459
Gas	18,721	37,419	38,444	42,128	48,222	58,630
Fuel oil	-	-	-	-	-	-
TOTAL	**66,611**	**107,192**	**90,489**	**96,472**	**126,425**	**131,089**
Water (thousands of m³)						
General purpose	91	70	66	69	-	-
Cooling	78	89	92	97	-	-
Process	-	-	-	-	-	-
TOTAL	**169**	**159**	**158**	**166**	**288**	**300**
Waste (metric tons)						
Sent to landfill	2,467	1,477	1,295	1,002	1,406	1,807
Incinerated	119	168	134	121	148	105
Packaging recycling Production materials recycling	2,950	1,597	1,280	1,321	1,450	1,832
TOTAL	**5,536**	**3,242**	**2,709**	**2,444**	**3,004**	**3,744**
% recycled	55%	60%	52%	59%	53%	52%

Other****	2006/2007	2007/2008	2008/2009	2009/2010
	4 sites*			
Energy (thousands of kW)				
Electricity	3,712	4,903	4,878	5,169
Gas	3,150	2,426	2,100	1,996
Fuel oil	-	-	-	-
TOTAL	**6,862**	**7,329**	**6,978**	7,165
Water (thousands of m³)				
General purpose	20	17	16	18
Cooling	-	-	-	-
Process	-	-	-	-
TOTAL	**20**	**17**	**16**	**18**
Waste (metric tons)				
Sent to landfill	129	171	148	111
Incinerated	32	34	36	56
Packaging recycling Production materials recycling	444	458	466	534
TOTAL	**605**	**663**	**650**	**701**
% recycled	79%	74%	77%	84%

* *At constant scope of consolidation*
** *France: 93% of production sites*
*** *North America: 60% of production sites*
**** *Others: 1 site in the UK, 2 sites in North Africa, 1 site in Thailand*

FINANCIAL_
INFORM

CIAL
ATION

MANAGEMENT REPORT

Zodiac Aerospace has exceeded its operating margin and debt reduction targets.

SALES REVENUE AND OPERATING INCOME

As expected, the 2009/2010 fiscal year was marked by the delayed cyclical nature of the aerospace equipment manufacturing industry and an unfavorable euro/dollar exchange rate. Nevertheless, a number of contributory factors have helped Zodiac Aerospace to report a more impressive set of results that was indicated by the targets fixed at the beginning of the fiscal year.

After a challenging first half of the year, Group business volumes returned to growth in the second half, with an exceptionally strong recovery seen in Quarter 4. In overall terms, Group sales revenue remained virtually unchanged, representing a reduction of 2.5% on the basis of published data, and an organic decline of just 1.0%, rather than the 5% forecast at the start of the year for organic sales shrinkage.

The dollar transaction rate trended unfavorably during the year, worsening by 7 cents from 1.30 to 1.37, whilst the conversion rate worsened by 2 cents from 1.35 to 1.37.
The combination of above-target business volumes and the cost reduction efforts made during the year together enabled the Group to achieve an operating margin of 11.2%.

The operating margin target set at the beginning of the fiscal year was 8%, on the basis of a €/$ exchange rate of 1.50 and €/$ exchange rate sensitivity in the region of 1 percentage point of operating margin for every 10 cent variation from this exchange rate. Applying the same 1.50 exchange rate to the 2009/2010 fiscal year produces an operating margin of 9.7%, which is therefore higher than the 8% target rate.

Group Current Operating Income for the fiscal year totaled €240.4 million, compared with €249.4 million in 2008/2009.

Non-current operating items for the year totaled -€9.1 million, compared with -€21.5 million for the previous year. The majority of these non-recurring items is accounted for by restructuring costs of €5.0 million and acquisition costs of €2.4 million incurred as part of external growth transactions (in accordance with IFRS 3 (Revised)). These acquisition costs were previously included in the purchase price paid for the companies or assets concerned.

Lastly, consistent with its strategy and with the continued support of its banks, Zodiac Aerospace was able to proceed at the end of the year with three external growth transactions, which will make a positive contribution to the financial results for the 2010/2011 fiscal year.

FINANCIAL CHARGES, TAX AND NET INCOME (ALL AREAS OF THE BUSINESS)

Financial charges for the year totaled €25.9 million, compared with €34.3 million in 2008/2009.
This figure includes an extraordinary item relating to impairment of the outstanding €1.2 million balance of set-up fees for the syndicated loan contracted in 2005.

This reduction of nearly 25% is the combined result of our reduced indebtedness and the cost of our resources (3.47%).

It should be noted that these figures include the effects arising as a result of the Cantwell Cullen & Company and Quinson acquisitions, which were paid for in Quarter 4 of the fiscal year at a combined cost in the region of €55 million.

Corporate tax liability for the year is €57 million, compared with €20.6 million in 2008/2009, although this figure included the €36.7 million tax effect of disposing of our holding in Zodiac Marine Holding (ZMH).
Excluding this particular effect, the tax liability for 2008/2009 would have been €57.3 million.

Published net income for the fiscal year totaled €148.3 million, compared with €172.9 million in 2008/2009.

Restated to reflect the effect of selling our shares in Zodiac Marine Holding and acquisition costs, the restated figure for net income is €148.9 million, compared with €141.6 million in 2008/2009, reflecting an increase of 5.2%.

The figure for net earnings per share after minority interests is €2.80, compared with €3.28 in 2008/2009. Restated to reflect the effects of the Marine Segment disposal and acquisition costs, this figure rises by 4.9% to €2.81, compared with €2.68 in 2008/2009.

BUSINESS SEGMENTS

Cabin Interiors Segment

The Cabin Interiors Segment (which contributes 54% of Group sales revenue) expanded its capacity during the 2009/2010 fiscal year, and extended its range of products and services with the recent acquisition of Sell, which was finalized after the fiscal year-end on September 30, 2010. The Cabin Interiors Segment offers complete and integrated cabin systems to airlines and commercial airliner, regional airliner and business aircraft manufacturers. Its sales revenue grew by 2.2% to end the fiscal year at €1,160.1 million, compared with €1,135.4 million for the previous year. At like-for-like consolidation scope and constant exchange rate, revenue for this segment grew by 3.5%. Following an organic decline in Quarter 1 (-9.0%), business began to recover in Quarter 2 (+1.3%) and accelerated strongly in Quarters 3 and 4 (+10.9% and +10.8% respectively). Current operating income for the Cabin Interiors Segment rose significantly by 22% during the fiscal year, from the previous year's figure of €117.6 million to €143.9 million at the year-end.

The Cabin Systems division, which comprises principally C&D Zodiac, ended the year having successfully secured certification for the Boeing 787 interior, and has been selected to supply a new baggage locker system for the Airbus A330, which will deliver weight savings at lower cost.

The Cabin Equipment division (Monogram) reports a number of new commercial successes during the year, including a contract to supply the water and waste management system for the Chinese COMAC C919 aircraft program. This division pressed ahead with its strategy of innovation by introducing a number of new products, including the contactless tap and water management system designed for fitment to the Airbus A350 XWB.

Orders for seats were high during the year, as a result of multiple cabin refurbishment programs and increased demand for seats for new aircraft. The performances delivered by the seats business were driven by innovative products like the Weber 5751 and the Cirrus model from Sicma Aero Seat. Trends remain favorable for both the original fit and cabin refurbishment markets. The process of obtaining certification for the first 'SiT – Seat in Technology' entertainment system developed by Zodiac Aerospace continues. The Royal Jordanian Airlines fleet will be the first to be equipped with these systems, and this process began in early November 2010.

Galleys for single-aisle airliners (the Boeing B737 and Airbus A320 families) had a good year in 2009/2010. The new "MaxFlex" galley system developed by Driessen is attracting interest from many airlines, and further consolidates the status of this company as the world market leader.

€240.4 M
in current operating income

Cargo activities, which suffered badly as a result of lower traffic volumes, recovered strongly during the year.

AeroSafety & Technology Segment

Annual sales revenue for the AeroSafety & Technology Segment totaled €509.2 million (24% of Group sales revenue), up slightly by 0.6% on the previous year in terms of published data, and by 1.7% in terms of organic growth. Excluding Airbags, which fell back by 2.5%, organic growth for the AeroSafety & Technology Segment was 2.1% over the full year. At divisional level, growth during the fiscal year was driven by Evacuation Systems and Telemetry. The segment has begun deliveries of emergency float kits for the Bell 429, the Eurocopter EC175 and the A400M, as well as the first auxiliary tanks for Eurocopter's NH90. At the same time, sustained deliveries of LIDS were made in the USA during the year, as well the first de-icing systems for the Bombardier Dash 8.

The organic growth seen in the segment's quarterly figures demonstrates its ability to withstand downturns in the cycle. Having fallen back slightly by 3.0% in Quarter 1, AeroSafety & Technology sales revenue returned to growth in Quarter 2 (2.1%) and Quarter 3 (3.1%). This rate would have risen to 3.4% in Quarter 4, had it not been for the impact of lower volumes at Airbags.

Current operating income for the AeroSafety & Technology Segment grew by 6% to €63.3 million, compared with €59.7 million for the previous year, reflecting a margin of 12.4%, compared with 11.8%.

The AeroSafety & Technology Segment achieved a number of commercial successes during the 2009/2010 fiscal year, one of the highlights being its winning bid to supply evacuation chutes for the Bombardier CSeries aircraft.

The Fuel Systems division received a high level of orders during the year, including fuel systems for the Sikorsky MS 92, Agusta AW 169 and Bombardier Learjet 85 programs, as well as auxiliary tanks for the Kamov KA 226 helicopter.

The Interconnect Systems division was appointed to supply the main landing gear for the A350 XWB. This division was strengthened during the year by the acquisition of Cantwell Cullen & Company, the Canadian market leader in wiring protection.

At the end of the fiscal year, the AeroSafety & Technology Segment finalized its acquisition of Cantwell Cullen & Company, the Canadian market leader in component wiring protection, electrical wiring looms and protection for hydraulic systems used in aerospace, defense and industrial applications. Founded over 25 years ago by Peter Cullen, the company employs more than 200 people in London and Oakville, Ontario.

The integration of Cantwell Cullen strengthens the positions of the Interconnect Systems division in wiring protection for aerospace applications. Cantwell Cullen & Company was consolidated for the first time on August 31, 2010 and therefore has no effect on the income statement for this fiscal year.

The AeroSafety & Technology Segment also developed two innovative new products during the year: Smart Arrest, a computer-controlled emergency arresting system, and Weave Wrap, a new type of wiring protection.

Aircraft Systems Segment

The trading environment experienced by the Aircraft Systems Segment was marked by lower sales in business aviation and lower volumes in helicopters and defense markets. On the other hand, sales to commercial aircraft manufacturers (Airbus, Boeing, etc.) and after-sales activities picked up during the year. Against this rather mixed background, the Aircraft Systems Segment was successful in rebalancing its markets, and especially so in its oxygen system products.

The lower volumes seen in business aviation and, to a lesser degree, in regional aviation, affected the Aircraft Systems Segment throughout the first nine months of the 2009/2010 fiscal year, with the result that annual sales were down by 14.7% to €481.1 million (12.5% on the basis of organic growth). The stock shedding seen in business aviation had a significant impact on the first three quarters of the year, which experienced like-for-like declines of 16.6%, 24.9% and 12.3% respectively. However, the segment returned to growth in Quarter 4, and was able to report revenue growth of 7% on the basis of like-for-like scope and exchange rate.

Implementation of a series of cost-cutting measures successfully contained the segment's fall in current operating income, which ended the year down by 49% at €36.7 million, reflecting an operating margin of 7.6%.

The Aircraft Systems Segment stepped up its R&D commitment during the year, committing significant investment to a number of programs, including the electrical power distribution system for the Airbus A350 XWB and the Russian Irkut MC-21. The segment was also appointed during the fiscal year as a contributor to a research program for the development of a 'more electric' aircraft. This ambitious project is being undertaken in partnership with Airbus as part of the CORAC Génome project (CORAC is the French civil aviation research council). The research work undertaken as part of this project focuses primarily on the development of new, more energy-efficient, electrical de-icing systems.

The segment acquired Quinson on May 31, 2010, and the company was consolidated with effect from June 1, 2010.

Strong performances from after-sales activities

During the fiscal year, all three Group segments benefited from the positive impact on after-sales activities of the increases seen in the global airline fleet and the total number of flying hours. The internal Zodiac Services operation benefited particularly from this trend, largely as a result of its international airline presence and its network of repair facilities, with particular emphasis on Asia. A new repair facility was opened in Tianjin (China) in August 2010.

NEW SIGNIFICANT FALL IN FINANCIAL DEBT

This fiscal year saw a further reduction in Group net financial debt, which totaled €514.4 million, compared with €654.5 million at the end of August 2009. The ratio of net financial debt to equity was 34%, compared with 52% at the end of August 2009, and the ratio of net financial debt to EBITDA was 1.7; a figure significantly lower than that set in the club deal covenant (3.5 at August 31, 2010).

The majority of this reduction in debt is accounted for by a further fall in working capital requirement, which totaled €605 million at the end of August 2010, compared with €639 million at the end of August 2009. Investment in intangible assets rose to €35.1 million, compared with €30.8 million, whilst investment in tangible assets fell to €52.5 million from the €64.8 million reported for 2008/2009.

It should be noted that during the fiscal year the Group secured a new €1 billion funding package in the form of a club deal to replace the syndicated loan negotiated in 2005. This new loan is repayable in full on June 27, 2014, and is subject to a single covenant relating to the year-end ratio of net financial debt to EBITDA for the fiscal years between 2010 and 2013. This ration is capped at 3.5 at August 31, 2010 and 2011, 3.25 at August 31, 2012 and 3 at August 31, 2013.

THE IMPACT OF ACQUISITIONS

Zodiac Aerospace announced its acquisition of three companies during the course of the 2009/2010 fiscal year: Quinson, Cantwell Cullen & Company and Sell. The Quinson and Cantwell Cullen & Company acquisitions were both finalized during the fiscal year.

The full-year consolidation of Quinson and Cantwell Cullen & Company is expected to add approximately €60 million to revenue in 2010/2011.

Sell will be consolidated over an 11-month period in the financial statements for 2010/2011, during which time it is expected to generate revenue of approximately €155 million.

The effect of recognizing the cost of acquisitions made as external growth transactions in the income statement in accordance with IFRS 3 (Revised) is a €2.4 million impact on Current Operating Income. These acquisition-related costs were previously included in the purchase price paid for the companies or assets concerned.

OUTLOOK FOR 2010/2011

The favorable trends seen in the market confirm the gradual recommencement of the aerospace industry cycle. In recent quarters, Zodiac Aerospace has demonstrated its ability to withstand the effects of the economic slowdown by maintaining robust organic growth and double-figure margins, at the same time as protecting its financial capabilities.

By virtue of strengthening its market positions through organic growth and recent acquisitions, and its flexible financial structure, the Group is ideally placed to benefit from the recovery now taking shape in ongoing aircraft programs, as well as the accelerating pace of production in new programs. Zodiac Aerospace will continue to apply its proven strategy of combined internal and external growth, whilst maintaining its ongoing commitment to boosting profitability.

Given the continued volatility of currency markets, the Group is continuing to apply its underlying policy of measures designed progressively to reduce its exposure to fluctuations in the €/$ exchange rate. In the short term, Zodiac Aerospace has hedged three-quarters of its estimated net transaction-related exposure to the €/$ exchange rate (including Sell) at an average rate of €1 = $1.28 for the forthcoming year.

Zodiac Aerospace has set itself the goal of boosting revenue by at least 15% in the 2010/2011 fiscal year (including the contribution from Cantwell Cullen & Company, Sell and Quinson), excluding new acquisitions. On the basis of a €/$ transaction exchange rate of €1 = $1.30 and sensitivity of 1.2 margin points per 10-cent rate variation in the €/$ exchange rate, the Group forecasts a current operating margin of between 12% and 13%. Excluding new acquisitions, the ratio of net financial debt to EBITDA should be similar to that reported for 2009/2010, underlining the capacity of the Group to make further acquisitions.

GOVERNANCE

The amount and extent of recommendations surrounding good corporate governance has grown very significantly since the 1990s. Your Supervisory Board is committed to complying with the rules contained in the AFEP/MEDEF code, at the same time as applying a reasonable standard of governance that reflects the special characteristics of a group of companies with 'longstanding reference shareholders'.

THE EXECUTIVE BOARD AND EXECUTIVE COMMITTEE

The Executive Board and Executive Committee meet every two months to appraise Group trends in terms of business mix, investments, mergers and acquisitions. The Executive Board and Executive Committee also review the current operating performance of each segment. Chaired by Olivier Zarrouati, the Executive Committee members are the Group's key functional and operational executives. At the end of the fiscal year, the Executive Committee had 9 members.

SUPERVISORY BOARD

The Supervisory Board supervises the running of the Company and the Group, and reports to its shareholders. The Supervisory Board appoints the Executive Board Chairman and members. It also supervises and guides the executive management of the Group.

COMPOSITION OF THE SUPERVISORY BOARD

Every member of the Supervisory Board has signed the "Supervisory Board Member Charter" introduced in February 1997, subsequently updated in 2006, which sets out all their rights and obligations (general and special rules).

The Supervisory Board currently comprises nine members:

Didier Domange (Chairman), Louis Desanges (Vice-Chairman), Marc Assa, Élisabeth Domange, Gilberte Lombard, Edmond Marchegay, Robert Maréchal, Marc Schelcher and the representative of Foncière, Financière et de Participations - FFP; two are "independent" (Marc Assa, Edmond Marchegay) within the meaning of the criteria set out in the AFEP/MEDEF code. They provide the Board with wide-ranging experience in terms of their own industries and the wider international business environment.

Two members are women.

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

FREQUENCY OF SUPERVISORY BOARD MEETINGS

During the fiscal year, the Board met on six scheduled occasions: September 23, November 19, 2009 and February 16, April 21 and June 28 and July 9, 2010.

The members of the Board were conscientious in their attendance of meetings, resulting in an attendance rate for the year of over 85%.

In addition to these formal meetings, a number of other meetings were also held in the form of conference calls.

SUPERVISORY BOARD OPERATION

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

COMMITTEES

In order to comply with official guidelines on corporate governance, your Supervisory Board formed three special committees in 1995 at the recommendation of its Chairman: an Accounts Committee, a Remuneration Committee and an Appointments Committee.

The Accounts and Remuneration Committees are both regulated by charters defining their roles, composition, number of meetings per year, resources, members' remuneration and the requirement for minutes to be produced following each meeting.

- The Accounts Committee met three times during the past fiscal year. It met twice to inspect the Group's half-year and consolidated full-year financial statements, and once to inspect audit procedures and methodology. The Committee comprises four Board members: Didier Domange (Chairman), Louis Desanges, Gilberte Lombard and the representative of Société Foncière, Financière et de Participations - FFP. Meetings are also attended by the Auditors and the Vice-President responsible for Administration and Finance.

- The Remuneration Committee usually meets once or twice in each fiscal year, and met three times during the last fiscal year. The four Committee members (Didier Domange (Chairman), Gilberte Lombard, Marc Assa and Edmond Marchegay) are responsible to the Supervisory Board for setting the remuneration paid to Executive Board and Executive Committee members, allocating share options to these executives within the terms authorized by the General Meetings of Shareholders, setting the remuneration paid to the Supervisory Board Chairman, and allocating the fees paid to Supervisory Board members.

- The Appointments Committee is not regulated by a charter, and meets only when required. It met five times during the last fiscal year. It has four members: Didier Domange (Chairman), Louis Desanges, Gilberte Lombard and Edmond Marchegay.
  This Committee is responsible for appointing Supervisory Board members and Group senior executives, as well as reviewing the composition of the Board.

The Supervisory Board is informed of all decisions and observations made by every Committee meeting.

REMUNERATION PAID TO SUPERVISORY BOARD MEMBERS

The Combined General Meeting held on January 8, 2008 increased to €200,000 the maximum amount of fees payable to Board members.

At its meeting of December 2, 2008, the Supervisory Board approved the proposal made by the Remuneration Committee to set the fees payable to individual directors in accordance with the following criteria:
- each member will be allocated the annual flat fee of €5,000;
- the introduction of an attendance bonus of €1,000 per meeting, subject to a maximum cap of €5,000;
- committee members will receive the following flat fees:
  • €4,000 for members of the Audit Committee,
  • €2,000 for members of the Remuneration Committee,
  • €0 for members of the Appointments Committee.

The Vice-Chairman will receive a fixed additional fee of €5,000.

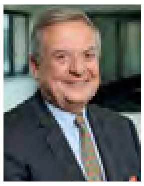
The Chairman will receive €68,000.

Executive Board

Olivier Zarrouati
CEO

Maurice Pinault
Member

Supervisory Board



Didier Domange
Chairman

Louis Desanges
Vice-Chairman

Marc Assa
Member

Élisabeth Domange
Member

Gilberte Lombard
Member

Edmond Marchegay
Member

Robert Maréchal
Member

Marc Schelcher
Member

Société Foncière, Financière et de Participations – FFP
Member

Management Team

Olivier Zarrouati*
CEO

Maurice Pinault*
Executive Committee Member
Vice-President, Development

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

Tom Mc Farland*
CEO, Cabin Systems Division

Yannick Assouad*
CEO, Aircraft Systems Segment

Christian Novella*
CEO, AeroSafety & Technology Segment

Mike Rozenblatt*
CEO, Cabin Interiors Segment

Gilles Debray
CEO, Zodiac Services

Adri Ruiter*
CEO, Zodiac Seats Division

Paul Verheul*
CEO, Galleys & Equipment Division

Pierre Antony Vastra
Vice-President, Communication and Investor Relations

** Member of the Executive Committee at August 31, 2010*

Statutory Auditors

Ernst & Young Audit

Fideuraf, a member of the Fiducial Network

EXECUTIVE AND SUPERVISORY BOARDS

Corporate appointments held by Executive Board members

Members	Date of appointment or reappointment	Company position held	Other positions or offices held
Olivier Zarrouati	November 15, 2007	CEO	Directorships: **GROUP COMPANIES:** **France:** Intertechnique, Sicma Aero Seat **Other countries:** Air Cruisers Company LLC (USA), Avox Systems Inc. (USA), C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), Esco (USA), Icore International Ltd. (UK), Mag Aerospace Industries Inc. (USA), Parachutes Industries of Southern Africa Pty (South Africa), Sicma Aero Seat Services (USA), Zodiac Aerospace UK Ltd. (UK), Zodiac US Corporation (USA)
Maurice Pinault	September 13, 2008	Executive Board Member	Directorships: **GROUP COMPANIES:** **France:** Adder, C&D Europe, ECE, Intertechnique, Sicma Aero Seat **Other countries:** C&D Aerospace Canada Co. (Canada), C&D Zodiac Inc. (USA), Evac AB (Sweden), MAG Aerospace Industries Inc. (USA), The Richards Corporation (USA), Zodiac Holding Sicma Aeroseat SL (Spain)

1. PERSONAL REMUNERATION PAID TO CORPORATE OFFICERS IN RESPECT OF THE 2009/2010 FISCAL YEAR

The Remuneration Committee recommended to the Supervisory Board (which adopted the recommendation on February 12, 2008) that, with effect from September 1, 2008, the fixed remuneration paid to the CEO (Olivier Zarrouati) should be €365,000 and that to Board Member Maurice Pinault should be €255,000. The remuneration paid to Board Member Jean-Louis Gerondeau (†) remained at €120,000.

Each Member of the Board also receives a variable payment, the amount of which is determined as follows:

Olivier ZARROUATI: 0 to 100% of the fixed remuneration amount to reflect the degree to which the Group net income target is met.

Maurice PINAULT: 0 to 25% of the fixed remuneration amount to reflect the degree to which the Group net income target is met, and 0 to 75% of the fixed remuneration amount to reflect the degree to which the Aircraft Systems Segment operating income target and used assets are met.

There is no separate pension plan in place for the corporate officers of Zodiac, or for its Executive Committee.

At the end of the fiscal year, a provision was in place to make a special payment in the event of departure by the Executive Board Chairman, as referred to below.

In accordance with the Code issued by the AFEP/MEDEF, of which Zodiac Aerospace is a member, the CEO, Mr. Zarrouati, has announced his decision to resign from his post with effect from December 1, 2009.

Given Mr. Zarrouati's significant length of service with the Group, the Supervisory Board meeting of November 19, 2009 adopted a proposal to set up a new appointment package for Mr. Zarrouati, containing the following commitments:

A severance payment in the event that Mr. Zarrouati is obliged to relinquish his position as a corporate officer (subject to performance-related conditions)

The contract provides for a severance payment to be made to Mr. Zarrouati under the following circumstances:

- the dismissal, non-renewal of contract or requested resignation of Mr. Zarrouati as a member or CEO of the Executive Board as the result of a change in control of the Company (within the meaning of Article L. 233-3 of the French Commercial Code),
- the dismissal, non-renewal of contract or requested resignation of Mr. Zarrouati as the result of any reorientation of the strategy previously supported and promoted by Mr. Zarrouati, whether or not as the result of a change in control.

In the interim, Mr. Zarrouati would also be entitled to receive this severance payment in the event that he is dismissed or is required to resign as a member or CEO of the Executive Board prior to his reappointment or in the event that these appointments are not renewed. This payment will be capped at an amount equivalent to 18 times the average gross monthly fixed and variable remuneration to which Mr. Zarrouati was entitled during the 12 months immediately preceding his departure.

Entitlement to receive this severance payment will be subject to, and conditional upon, the degree to which the Group targets on which the variable element of the remuneration paid to Mr. Zarrouati is based have been met in the 3 fiscal years immediately preceding the date of the relevant Board resolution, or during the period of appointment where the departure occurs within 3 years of appointment. However, the total amount to which Mr. Zarrouati will be entitled in respect of severance and no-competition payments (see below) may not exceed an amount equivalent to 24 times his average gross monthly fixed and variable remuneration during the 12 months immediately preceding his departure.

2. AMOUNT OF REMUNERATION PAID TO CORPORATE OFFICERS

A) SALARIES AND BENEFITS

	Fixed	Variable	Benefits in kind (vehicle)	Total
Jean-Louis Gerondeau †	30,000	-	1,155	31,155
Maurice Pinault	255,000	96,211	4,980	356,191
Olivier Zarrouati	365,000	301,826	4,500	671,326
Total	**650,000**	**398,037**	**10,635**	**1,058,672**

B) STOCK OPTIONS

	Jean-Louis Gerondeau †	Maurice Pinault		Olivier Zarrouati		
	04 plan	04 plan	07b plan	04 plan	07a plan (2)	07b plan
Options outstanding at August 31, 2009(1)	169,280	79,350	84,640	63,480	79,350	63,480
Options exercised in 2009/2010	169,280	-	-	-	-	-
Options outstanding at August 31, 2010	-	79,350	84,640	63,480	79,350	63,480
Exercise price (in euros) (1)	23.83	23.83	41.11	23.83	49.29	41.11
Expiry date	Feb. 12, 2012	Feb. 12, 2012	Dec. 3, 2015	Feb. 12, 2012	Feb. 13, 2015	Dec. 3, 2015

(1) Adjusted to reflect the impact of paying the extraordinary dividend in January 2008.
(2) Plan allocated to the 2006/2007 fiscal year.

3. DECLARATION OF COMPANY SHARE TRADING BY SENIOR MANAGEMENT AND SIMILAR PERSONS (AS GOVERNED BY ARTICLE 621-18-2 OF THE FRENCH LAW OF JULY 20, 2005 AND AMF REGULATIONS 222-15-2 AND 3 OF MARCH 20, 2006)

Fifty-seven (57) such transactions occurred during the period between September 1, 2009 and August 31, 2010. Details of all these transactions were registered on the appropriate AMF website, and may be viewed at: http://www.amf-france.org.

Appointments held by Supervisory Board members

Members	Date of appointment or reappointment	Date of appointment expiry	Company position held	Directors fees received in 2009/2010 (€000)	Other positions or offices held
Didier Domange	January 8, 2008	2013	- Supervisory Board Chairman - Accounts Committee Chairman - Remuneration Committee Chairman - Appointments Committee Chairman	133*	- Director of Sicma Aero Seat - CICOR representative on the Board of Directors of Banque Transatlantique - Chairman of the Supervisory Board of Fidoma
Louis Desanges	December 15, 2005	2011	- Supervisory Board Vice-Chairman - Accounts Committee Member - Appointments Committee Member	23	- Chief Executive of Omnium Delabordère - Member of the Supervisory Board of Altergie - Director of Ecod'Air El and Ecod'Air EA - Permanent representative of PhiTrust Partenaires on the Board of Wirecom. - Director of Compagnie Solaire du Gallion
Élisabeth Domange	December 15, 2005	2011	- Supervisory Board Member	11	- Farm manager - Member of the Supervisory Board of Fidoma
Gilberte Lombard	December 18, 2006	2012	- Supervisory Board Member - Accounts Committee Member - Remuneration Committee Member - Appointments Committee Member	19	- Central Director of HSBC France - Director of HSBC Assurances Vie - Director of Nobel and Financière d'Uzès - Director of Robertet
Robert Maréchal	January 12, 2009	2011	- Supervisory Board Member	12	
Marc Assa	January 11, 2010	2011	- Supervisory Board Member *Independent member***	16	- Director of AXA Luxembourg, BNP-Paribas Luxembourg, Good Year Luxembourg and BGL BNP Paribas - Chairman of the Board of Directors at CDC - Member of the Supervisory Board of Nora Systems in Germany

Members	Date of appointment or reappointment	Date of appointment expiry	Company position held	Directors fees received in 2009/2010 (€000)	Other positions or offices held
Marc Schelcher	January 12, 2009	2012	- Supervisory Board Member	11	
Edmond Marchegay	January 11, 2010	2011	- Supervisory Board Member - Remuneration Committee Member - Appointments Committee Member *Independent member* **	16	- Member of the Board of Directors at Société Industrielle et Financière de l'Artois (Groupe Bolloré) - Member of the Supervisory Board of Banque JP Hottinguer - Board member of the Real Estate and Services company of the CUI - Chairman of the Supervisory Board at Girard Agediss
Representative of FONCIÈRE, FINANCIÈRE ET DE PARTICIPATIONS (FFP)	December 18, 2006	2012	- Supervisory Board Member - Accounts Committee Member	18	- Chairman and CEO of FFP (SA) - Member of the Supervisory Board of PSA Peugeot Citroën, Hermes International and IDI Emerging Markets - Chairman and CEO of Simante SL - Director of FFC SA, FFC Construccion SA, B-1998, Faurecia, Sanef, Imerys, Holding Reinier, Établissements Peugeot Frères, Immeubles et Participations de l'Est, WRG - Waste Recycling Group Limited, Alpine Holding, Sofina and DKSH - Statutory representative of FFP and Chairman of Financière Guiraud SAS - Chief Executive of Rodom (SCI) and CHP Gestion (SCI)

* Total remuneration, including directors' fees.

** The independence of Board members was assessed at the Board meeting held on November 18, 2010. The Board found that length of service in-post as a member of the Supervisory Board does not compromise independence but, on the contrary, enables a detailed understanding of the Company, its business environment and its products, and that this knowledge constitutes a very important element of added value to the work done by the Board, and one that is particularly valuable in an industry with such a long economic cycle.

RISK MANAGEMENT

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

PROGRAM-RELATED RISKS

Local, regional and international economic conditions may have a medium-term impact on Group activities, and therefore the financial results of the Group.
These risks include:

a) Downturn in the aerospace industry cycle

The flow of orders for aircraft tends to be cyclical, and is driven by trends in passenger traffic, the rate at which airline fleets age and are replaced, equipment specification decisions and the financial health of airlines.
The Zodiac Aerospace Group believes that these cycles may affect the level of its business and have an unfavorable effect on its future financial position.
Unpredictable influences, such as terrorism, pandemics, natural and air disasters, may also have serious repercussions for air traffic and, therefore, for the aircraft equipment markets served by Zodiac Aerospace.
In 2010, approximately 80% of the Group's adjusted consolidated sales revenue was generated from civil aviation.

b) Market assessment

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

c) Reduction in military orders

A reduction in military expenditure or the postponement of certain programs could affect the military activities of Zodiac Aerospace. In 2010, approximately 10% of the Group's adjusted consolidated sales revenue was generated from military markets.
Furthermore, the Zodiac Aerospace Group has introduced procedures to ensure that all its activities are conducted in compliance with the Oslo agreement. The only contract affected expired at the end of 2010.

d) Competition and program delays

Zodiac Aerospace faces competition in all its markets.
The financial and program assumptions set by the Group have been incorporated into the process of preparing the budget and the Business Plan.

Problems encountered by some manufacturers in their programs may result in the revision of delivery schedules, and delays in new aircraft production schedules may affect the flow of sales revenue from the aerospace activities of Zodiac Aerospace.

The Group's production and assembly facilities are spread widely throughout the world. This minimizes the risk posed by accidental interruption of production at any given site.

PRODUCT LIABILITY

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

INTEREST RATE AND CURRENCY RISKS

Since the Zodiac Aerospace Group operates in the aerospace industry, it has significant exposure to fluctuations in the euro/dollar exchange rate. In 2009/2010 fiscal year, approximately 51% of Group sales revenue and 60% of its current operating income are generated in dollars by its US-based companies. In addition, approximately 20% of total Group sales revenue is billed in dollars by its European companies, and is therefore also exposed to euro/dollar exchange rate risks.

To limit the direct impact of fluctuations in the euro/dollar exchange rate, the Zodiac Aerospace Group is taking action to increase the percentage of dollar-denominated purchases made by its "euro" bases. This provides a "natural" hedge against the dollar rate. In the 2009/2010 fiscal year, approximately 21.7% of dollar sales generated by companies in the eurozone were "hedged" in this way. The Group also uses financial instruments to hedge the residual transaction exposure of its active and/or passive positions and, where necessary, its transaction dollar flow future positions. The majority of Group debt is subject to interest at a variable rate. Details of interest rate and currency risks are given in Note 2 to the consolidated financial statements.

COMMODITIES RISKS

The Group has no significant direct exposure to fluctuations in commodities and energy costs. Any indirect exposure results primarily from the business activities pursued by its customers, which may be affected by the price per barrel of oil, which is the case with airlines, for example. This may in turn pose a risk related to the solvency of airlines. As a result, the Group has no hedging policy in place for these 'products'.

INFORMATION SYSTEM RISKS

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

This increased dependence on shared Group information systems may pose risks in terms of data integrity and confidentiality, as well as the possibility of interruption to IT services. A broad range of resources are in place to counter these risks, including backup systems, data backup procedures and rebooting procedures. However, despite such safeguards, system failures could result in a loss of data, errors and/or delays prejudicial to the smooth running of the Company, and therefore its financial results. Long periods of testing prior to the live introduction of new systems, combined continued monitoring of a rigorous information systems policy (by the steering committee), are designed to ensure the required levels of reliability, confidentiality and availability.

EXTERNAL GROWTH RISKS

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

External growth requires the ability to ensure the effective integration of acquired companies and maximize the benefits of synergies. This ability has been developed by the Zodiac Aerospace Group over many years of successful acquisitions. Integration initiatives are the subject of regular project progress monitoring by the Executive Committees and segments.

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

INDUSTRIAL AND SAFETY RISKS

This fiscal year saw continued implementation of the Group-wide Risk Management Charter. This takes the form of ongoing efforts to improve the health and safety of Group employees, as well as the parallel implementation of initiatives to manage industrial risks and protect Group assets.

SAFETY

a) Reporting of work-related accidents and illnesses

During the fiscal year, the Group continued the process of reducing the Work-Related Accident risk to zero.

The Group has set itself three priority targets: to continue the process of identifying risks and introducing measures designed to reduce them, to analyze 100% of work-related accidents and continue with the deployment of measures to ensure the provision of working conditions that will prevent work-related illnesses.

Each site uses Group-wide systems to monitor progress towards achieving these targets. In this fiscal year, results were consolidated at national level as part of establishing an overview of risks. This overview will act as the basis for ensuring that each site takes the corrective and preventive action required to deliver continual improvement.

One of the measures introduced to obtain a feedback consists of a database hosted on the Group intranet. Details of all lost-time work-related accidents and work-related illnesses are uploaded to this database. All the Group's French sites contributed to this database during the fiscal year. All the resources introduced will be progressively extended to sites outside France, where they will be introduced in accordance with local legislation and regulations.

b) Reporting of safety issues
The safety report introduced during the previous fiscal year continues to provide a quarterly Group-wide overview of data relating to industrial risks and personal safety.
This report was introduced on all the Group's French sites during the fiscal year. One of its main benefits is to monitor the implementation of fire risk prevention initiatives introduced as a result of site inspections made by our insurer. It also monitors the number of work-related accidents reported, risk evaluation outcomes, the number of people receiving safety training and implementation of initiatives introduced as a result of the Group safety analysis conducted in the last fiscal year.
All the resources introduced will be progressively extended to sites outside France over the coming fiscal year, where they will be introduced in accordance with local legislation and regulations.

c) Property damage and operating losses

1. Partnership with insurers
As part on ensuring its continuity, the Group has intensified its management of industrial risks. Its priorities are to improve fire protection on its sites by acting on the inspection reports submitted by FM Insurance engineers, and to deploy a business continuity plan. Eighteen production units were classified as HPR (Highly Protected Risk) in 2009/2010, representing nearly one quarter of all Group sites (following the acquisition of Driessen). This classification is awarded by our insurer) and is based on the listing of sites inspected. The scope covered by this listing changes every year, thus generating different data from one fiscal year to the next. Working on the basis of the risk matrix prepared for each site in the 2008/2009 fiscal year, the Group has been able to reinforce implementation of prevention and protection measures on certain sites by introducing 3-year safety investment plans. Furthermore, this collaboration has enabled the Group to prioritize initiatives on those sites susceptible to natural disasters, such as earthquakes and flooding, where the levels of risk are likely to be higher.

This risk matrix includes the classification established by our insurer's local engineers. This classification (A* to E) provides an evaluation of the risk level associated with each site: sites classified as A have very high levels of protection, whilst those classified as E require significant upgrading in terms of protection. All sites classified as A, B or C are considered as low-risk sites.

RISK CLASSIFICATION

Classification	August 2008	August 2009	August 2010
A*	12	15	18
B	10	14	13
C	28	28	34
D	6	6	5
E	1	2	0
Total	57	65	70

** A = HPR (Highly Protected Risk)*

The scope of inspection has changed from 57 sites (at the end of the 2008 fiscal year) to 70 sites (at the end of this fiscal year).

There were no longer any 'E' category sites by the end of August 2010.
As a result, only 7% of sites are now classified at below 'C', with 93% above.

The Group has set itself the target of having 100% of its sites classified as A, B or C by the end of the next fiscal year.

2. Business Continuity Plan
The Group has continued to deploy Business Continuity Plans (BCPs). These BCPs evaluate the risks and methods involved in resuming internal and subcontracted production following a major disaster on one of our sites.

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

• Integrated worldwide programs
The Group has worked with leading insurers to set up a worldwide program covering its main risks of property damage, operating losses and public liability.

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

This cover was calculated using an assumed maximum level of risk, in agreement with the insurance company and its appraisers. There are lower limits for other types of more specific or localized risks, such as that of earthquakes in some regions where sites are installed.

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

- Public liability

All Group companies are covered under a worldwide public liability insurance program that covers their operating liability and product liability. Two such policies are in place: one for aerospace businesses, and the other for the Group's non-aerospace activities.

Cover is based on quantification of the risks that the Group can reasonably be expected to incur as a result of its business activities. The Group also has directors' and corporate officers' liability insurance.

- Shipping

The Group's shipping insurance policy covers damage to all goods in transit worldwide, regardless of shipping method (land, sea or air).

This program covers shipping risks up to a maximum of €3.7 million per claim.

• Local policies

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

COUNTERPARTY RISK MANAGEMENT

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

DERIVATIVES

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

These transactions are limited to organized markets and OTC transactions with premium-rated operators.

Details of the risks relating to exchange rates, interest rates and associated hedging instruments are given in Notes 2 A, B and C to the consolidated financial statements.

TEMPORARY FINANCIAL INVESTMENTS

Given its financial structure, any cash surpluses held by the Group are extremely short-term (less than one month). Such surpluses are invested in premium-rated stocks, and are negotiated with premium-rated banks.

CUSTOMER RECEIVABLES

At August 31, 2010, the Group had identified no significant counterparty risk remaining unprovisioned in its financial statements. The variety and multiplicity of the Group's sales and marketing networks limit both the risk and likelihood of customer receivables having a major impact on its consolidated financial statements. The only category of customers with the potential to pose a significant risk is that of airlines, which are specifically monitored in terms of their consolidated indebtedness using a process that may lead to the suspension of supplies until such time as the corresponding risk can be mitigated through the provision of suitable payment guarantees and/or through debt collection.

LIQUIDITY RISK MANAGEMENT

Group finance is managed centrally, and all Group company cash surpluses and capital requirements are invested with, or funded by, the parent company where legislation permits.

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

Details of the maturity dates of the hedging instruments used and available sources of funding are given in Notes 20.1 and 20.2 to the consolidated financial statements.

EXCEPTIONAL EVENTS AND LITIGATION

There are no exceptional events and instances of litigation other than those referred to in Note 22.2 to the consolidated financial statements.

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

INVESTOR INFORMATION

ZODIAC AEROSPACE SHARES

Zodiac Aerospace is listed on the Euronext Paris market:

- Code Euronext / ISIN: FR0000125684
- Code Memo: ZC

ZC LISTED NYSE EURONEXT

The Zodiac Aerospace share forms part of the Monthly Settlement Facility (SRD in French). Within the ICB classification, Zodiac Aerospace is part of sector 2700 – Industrial goods and Services, segment 2710 – Aeronautics and Defense.

The Zodiac Aerospace share is included in the following multi-sector benchmark indices: CAC Aerospace & Defense, CAC Industrials, CAC Mid&Small 190, CAC Mid100, CAC IT, CAC IT 20, NEXT 150, Dow Jones Euro Stoxx, Dow Jones Euro Stoxx Industrial, Dow Jones Global Industrials, Dow Jones Stoxx 600, Euronext Next 150, SBF 250, SBF 120, SBF 80.
In 1983, Zodiac was the first company to be listed on the Second Marché of the Paris Stock Exchange.
The Zodiac share (Zodiac Aerospace since January 12, 2009) was transferred to the Paris Monthly Settlement Market in May 1989.
Zodiac Aerospace has joined the NextPrime segment of Euronext, reflecting its commitment to provide a high level of financial information.

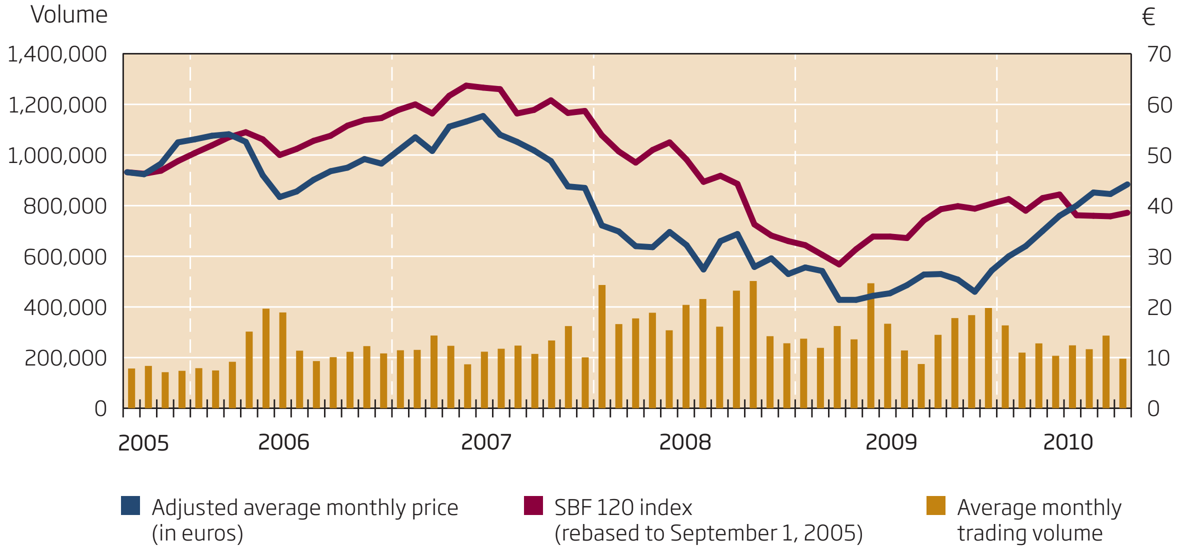
CAPITAL STOCK

At August 31, 2010, Zodiac Aerospace capital stock totaled €11,234,841.40, represented by 56,174,207 shares.

ZODIAC AEROSPACE SHARE PRICE MOVEMENTS

Zodiac has its own website: http://www.zodiacaerospace.com provides easy access to information for all shareholders.
In addition to a general overview of the Group and its business, the corporate website offers comprehensive financial and strategic information on the Zodiac Aerospace Group, as well as the real time share price.
This website enables users to download press releases, the annual report and historical market share prices.

5-year trend in the Zodiac Aerospace share price

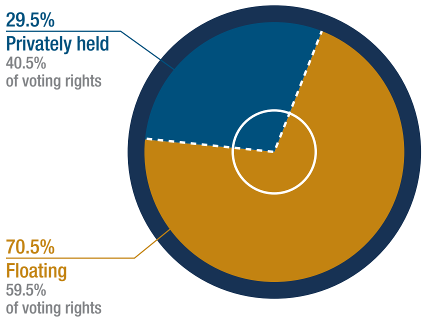


€2.80
in net earnings per share

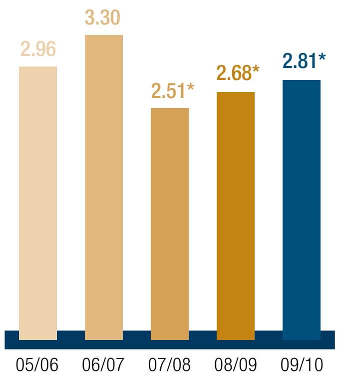
€1.00
net dividend per share proposed at the General Meeting of Shareholders

€47.43
share price at August 31, 2010

Capital stock
At August 31, 2010
(in percent)

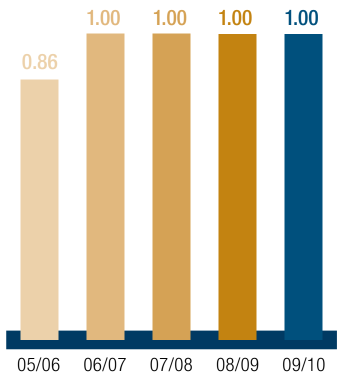


Net earnings per share
(in euros)



*Exc. Marine and IFRS 3

Net dividend per share
(in euros)



Stock market data

	2005/2006 fiscal year	2006/2007 fiscal year	2007/2008 fiscal year	2008/2009 fiscal year	2009/2010 fiscal year
High/Low (closing price) in euros					
- High	55.60	60.47	53.47	36.67	**47.89**
- Low	38.50	45.16	25.15	18.85	**22.41**
Price at August 31	47.43	53.00	34.30	26.46	**47.43**
Number of shares at August 31	55,260,445	55,583,047	55,667,704	55,708,078	**56,174,207**
Market capitalization at August 31 (€000)	2,621,003	2,945,901	1,909,402	1,474,036	**2,664,343**
Average daily traded volume					
- No. of shares	217,097	225,065	325,065	310,140	**270,555**
- Capital (€000)	10,395.55	12,101.74	11,694.00	8,118.14	**8,807.44**

STOCK OPTIONS

For many years, Zodiac Aerospace has awarded stock options to its executives and employees in France and abroad as an incentive, and to reward them for their loyalty to the Group by giving them the opportunity to gain from long-term increases in the Zodiac Aerospace share price. The Supervisory Board grants prior authorization for any stock option plan within the overall terms approved by the General Meeting of Shareholders. Options expire after a period of 8 years. They are granted without discount at 100% of the market value, and are exercised in tranches:

- annual share option awards may be exercised half at a time on consecutive anniversaries of the date of award;
- options awarded to Executive Board members under multi-year plans (every four years) may be exercised in quarters on each consecutive anniversary of the date of award.

This exercise period may differ where options are awarded to new members of the Executive Board between two separate four-year periods. Annual share option awards are granted in Quarter 1 of the fiscal year. In the 2009/2010 fiscal year, the annual awards were granted 15 trading days after publication of the 2008/2009 financial statements at an exercise price based on the average share price for the 10 trading days before and after the analysts' meeting of November 2009.

Individual share option awards are determined by the Executive Board. Share option awards granted to Executive Board members are approved by the Supervisory Board on the recommendation of the Remuneration Committee. In the 2009/2010 fiscal year, annual share options for 150,400 shares at €23.62 (being the average of the closing share price for the previous 20 days' trading) were awarded to 131 employees on December 10, 2009.
A total of 131,000 options at a price of €23.62 were awarded to new members of the Executive Board on December 10, 2009. 31,000 of these are included in the 150,400 referred to above.

SHARES HELD BY CORPORATE OFFICERS

	Number of registered shares held at August 31, 2010
Executive Board Members	
Maurice Pinault	439,000
Olivier Zarrouati	10
Supervisory Board Members	
Didier Domange	221,838
Louis Desanges	1,043,165
Marc Assa	597
Élisabeth Domange	1,664,319
Gilberte Lombard	500
Edmond Marchegay	500
Robert Maréchal	1,597,756
Marc Schelcher	430,480
Société Foncière, Financière et de Participations - FFP	3,303,329

SHAREHOLDER PACT

It should be noted that certain shareholders are bound by a collective retention agreement registered on December 21, 2005 and entered into in accordance with the provisions contained in Article 885 I bis of the French General Tax Code.
This agreement requires the signatories to retain a certain number of Zodiac shares for a period of 6 years from that date. This agreement, which also gives them a mutual preemption right over the shares concerned, was submitted to the Autorité des Marchés Financiers, which advertised it in its Avis 206C0107 of January 17, 2006.
Certain shareholders are also bound by a collective retention agreement registered on April 26, 2010 and entered into in accordance with the provisions contained in Article 787-B of the French General Tax Code and effective for 2 years from that date.
In order to consolidate the said agreements, the family shareholders have made almost all of the shares covered by the collective retention agreements referred to above subject to the provisions of a non-accessibility agreement dated September 17, 2010. This agreement covers approximately 26.8% of the shares and 36.2% of the exercisable voting rights of Zodiac Aerospace, and will remain in effect until April 26, 2012.
It should also be noted that the pact agreed between Foncière Financière et de Participation (FFP) and certain family shareholders on December 14, 2006, as modified with the addition of a new clause on September 25, 2009, was cancelled by mutual agreement between the parties on September 17, 2010. This cancellation had the effect of terminating concerted action between the parties.
The detailed contents of these pacts and Collective Retention Agreements (*Engagements Collectifs de Conservation*) are available on the AMF website at:
www.amf-france.org

POTENTIAL NUMBER OF SHARES AT AUGUST 31, 2010

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

THEORETICAL TOTAL NUMBER OF SHARES

	Shares issued (exc. own shares)	Maximum potential number of shares
Ordinary shares issued at August 31, 2010	53,394,207	56,174,207
Stock options	1,797,854	1,797,854
Maximum total number of shares	**55,192,061**	**57,972,061**

SHARE BUYBACK PROGRAM

At the General Meeting of January 11, 2010 the shareholders renewed the authorization previously granted to the Executive Board, acting under the terms of Articles L. 225-209 and subsequent of the French Commercial Code, to buy back ordinary shares of the Company up to a maximum of 10% of the total number of shares constituting its capital stock on the date of purchase. This authorization was granted for a period of 18 months, expiring on July 11, 2011.
In accordance with the provisions of Article L. 225-209, paragraph 2 of the French Commercial Code, the Executive Board reports that during the 2009/2010 fiscal year, your Company did not exercise the authorization granted by shareholders at the AGM of January 11, 2010.
However, your Company did exercise the authorization granted by the preceding AGM of January 8, 2008, and between February and September 2008, acquired shares with the eventual aim of using them in the form of share swaps, payments or other means of transaction as part of any future acquisitions. The total number of shares held for these purposes is 2,780,000, representing 4.95% of capital stock at August 31, 2010.

PRINCIPAL PROVISIONS OF THE COMPANY ARTICLES OF ASSOCIATION

Company name
Zodiac Aerospace

Registered office
61, rue Pierre Curie
78370 Plaisir

Legal form, nationality and governing law
French Limited (liability) company with Executive and Supervisory Boards, subject to current and future French legal and regulatory provisions.

Date of incorporation and duration
The Company was incorporated in 1910. The Company will be dissolved automatically on March 12, 2033, unless it is dissolved previously or its duration is extended.

Trade and companies registry
729 800 821 RCS Versailles
NAF (industry) code: 7010Z

Fiscal year
September 1 to August 31

Summary of corporate purpose (Article 3 of the Articles of Association)
- To research, fabricate, purchase, sell, lease and represent all types of equipment, made of any material, connected to marine and air navigation.
- To research, fabricate, purchase, sell, lease and represent all objects made of fabric, whether rubberized or not, including, but not limited to: pneumatic watercraft and equipment; balloons and other airborne devices; sports and camping gear; protective and other clothing; storage equipment; tents and hangars, whether pneumatic or not.
- To purchase, sell and use all patents for inventions relating to the purposes set forth in paragraphs 1 and 2 of this Article; to purchase, sell and use all associated licenses; and to research, develop and build all works, equipment and industrial facilities related thereto.
- To create or participate in creating all companies, partnerships, groups and, in general, to enter into any real or other property transactions or industrial or financial transactions related directly or indirectly to the aforesaid purpose, or to any similar or related purposes or purposes that may facilitate the application, implementation or development thereof, or that may enhance the position of the Company or its subsidiaries, whether in a material or intangible manner.

Distribution of earnings
Distributable earnings consist of net profit for the fiscal year, minus prior losses and those sums to be transferred to the legal reserve, plus any retained profit brought forward. These distributable earnings are made available to the Ordinary Annual General Meeting of Shareholders, which is solely responsible for resolving upon its application, and which may further resolve to distribute sums taken from the reserves to which it has access. Where this is the case, its resolution will expressly identify those reserve items from which such distribution will be made. It is specifically stated that dividend payments must be made from distributable earnings for the fiscal year in the first instance.
Excluding capital reductions, no distribution may be made to shareholders at any time when the equity of the company is, or would consequently fall, below the amount of capital plus reserves distributable by law.

CORPORATE GOVERNANCE

Executive Board

Management of the Company is provided by a Supervisory Board and an Executive Board of between two and seven members, all of whom are physical persons, who may or may not be employees of the Company and may or may not be shareholders in the Company.
Executive Board members are appointed by the Supervisory Board, which appoints one of their number as Chairman.
The Executive Board is appointed for a period of four years. In respect of third parties, the Executive Board is vested with the most extensive powers to act on behalf of the Company in all circumstances.
It exercises these powers within the full extent of the Company purpose, and subject to those expressly granted by law to the Supervisory Board and Shareholders' Meetings.
The Chairman of the Executive Board represents the Company in its dealings with third parties.

Supervisory Board

The Supervisory Board has at least three members and no more than twelve members [taken from amongst the shareholders], all of whom are appointed by, and may be dismissed by, the Ordinary General Meeting of Shareholders. Supervisory Board members are appointed for a period of six years.
The Supervisory Board provides permanent supervision of the Company management provided by the Executive Board, and provides the Executive Board with the prior authorizations required to conclude those transactions that the latter may not conclude without such authorization.
The Supervisory Board appoints the Executive Board and its Chairman.
The Supervisory Board may dismiss Executive Board members, and is responsible for setting their remuneration.

SHAREHOLDER MEETINGS AND VOTING RIGHTS

Shareholder meetings are convened, meet and pass resolutions subject those conditions imposed by law.
Any shareholder may attend Shareholder Meetings, whether in person or by proxy, as long as the share registers of the Company show the shares concerned to be registered either in the name of the shareholder or that of the shareholder's intermediary (subject to the applicable legal conditions), no later than midnight Paris time three working days prior to the date of the Shareholder Meeting.
Shareholders may be represented only by another shareholder or their spouse.
Proxies complying with the provisions set out in the current applicable regulations must be registered at the registered office no later than three days prior to the meeting.
In principle, each share provides entitlement to one vote.
However, a voting right equivalent to double that conferred on other shares is attributed to all fully paid-up shares for which evidence can be shown that the share register has contained an entry in the name of the same shareholder for at least four years.
The provisions of the French Commercial Code require that this double voting right legally lapses when a share is converted to a bearer share.
The double voting right will also legally lapse in the event of a share transfer where such transfer involves a change of ownership. Where transfers are made for the purpose of surety, usufruct or loan, the shares concerned will retain this right. Furthermore, shares transferred by way of inheritance, liquidation of communal property by spouses or deed of gift to a spouse or parent with entitlement to inherit will also retain the double voting right.

Declaration of a breach of statutory thresholds (Article 9 of the Articles of Association)

Any physical person or legal entity holding, or in a position potentially to hold, a proportion of Company capital stock equivalent to 2% of that capital stock will be required to notify the Company within 15 days of breaching one of the thresholds applying to the total number of Company shares held, whether directly or indirectly.

In the event that this obligation is not complied with, and further to a request recorded in the minutes of the General Meeting of Shareholders by one or more shareholders holding at least 5% of equity capital, those shares that exceed the 2% holding that should have been declared are stripped of voting rights in any shareholder meeting held within the two-year period following the date on which the notification position is regularized.

Identification of the holders of securities

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

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

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

LOCATION WHERE COMPANY DOCUMENTS MAY BE CONSULTED

The following Company documents may be consulted at the Company's Legal Department – 61, rue Pierre Curie – 78373 Plaisir:
- the Articles of Association;
- the annual reports;
- the corporate financial statements and consolidated financial statements of Zodiac Aerospace.

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

FINANCIAL STATEMENTS

2009-2010

FINANCIAL
MENTS

FOREWORD

This document is translated from the French "Rapport annuel 2009/2010".

In case of difficulty, refer to the French text.

CONSOLIDATED KEY FIGURES

	2009/2010	2008/2009	Change 09/10-08/09
Sales revenue	**€2,150.3m**	**€2,205.7m**	**-2.5%**
Number of employees [(1)]	16,945	17.477	-3.0%
Current operating income	€240.4m	€249.4m	-3.6%
Net income (after minority interests)	**€148.5m**	**€173.2m**	**-14.3%**
Earnings per share (after minority interests)	€2.80	€3.28	-14.6%
Proposed dividends [(2)]	€56.2m	€55.7m	-
Debt/Equity	0.34	0.52	-34.6%

(1) Average number of permanent employees on the payroll during the fiscal year.
(2) Exc. neutralization of treasury stock.

OTHER FINANCIAL INDICATORS

	2009/2010	2008/2009	Change 09/10-08/09
Profitability			
Operating margin	11.2%	11.3%	-0.9%
Net income (after minority interests)/Net equity at beginning of year[(3)]	10.6%	15.3%	-30.7%
Financial position			
Cash flow	€234.5m	€242.0m	-3.1%
Capital expenditure	€87.6m	€95.6m	-8.4%
Net equity after appropriation of net income	€1,495.0m	€1,255.2m	+19.1%
Net interest expense	€24.8m	€33.1m	-25.1%

(3) Net equity at beginning of year after incorporation of exchange rate fluctuations, capital increases and premiums for the fiscal year.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euros)		Aug. 31, 2010	Aug. 31, 2009
Goodwill	(notes 3.12 - 13.1 - 13.2)	1,095,352	995,910
Intangible assets	(notes 3.12 - 13.3 - 13.4)	241,197	201,428
Property, plant and equipment	(notes 3.13 and 14)	244,229	242,223
Investments in affiliates	(note 15)	569	526
Loans		529	549
Other non-current financial assets	(note 16)	11,887	9,109
Deferred tax assets	(note 11)	3,374	3,161
Total non-current assets	(note 3.11)	**1,597,137**	**1,452,906**
Inventories	(notes 3.15 and 17)	507,867	489,632
Current tax assets		22,158	68,340
Trade receivables	(note 3.16)	474,182	430,955
Advances to suppliers and employees		7,539	5,697
Other receivables		1,094	2,033
Prepaid expenses		10,641	9,521
Other financial assets:			
- negotiable securities		-	123
- loans and other current financial assets		248	243
Cash and cash equivalents	(note 18)	164,723	101,873
Total current assets		**1,188,452**	**1,108,417**
Held-for-sale assets	(note 14)	**12,855**	**-**
TOTAL ASSETS	(note 3.10)	**2,798,444**	**2,561,323**

CONSOLIDATED BALANCE SHEET

EQUITY AND LIABILITIES

(in thousands of euros)		Aug. 31, 2010	Aug. 31, 2009
Capital	(note 19)	11,235	11,142
Share premiums	(note 19)	84,076	73,342
Consolidated reserves and net income		1,379,998	1,257,241
Currency translation adjustments		12,990	(121,029)
Restatement of financial instruments and other fair value instruments		652	(468)
Net income		148,473	173,153
Treasury stock		(89,915)	(86,387)
Equity after minority interests		**1,547,509**	**1,306,994**
Minority interests:			
- in equity		1,111	1,451
- in currency translation adjustments		(53)	(169)
- in consolidated net income		(196)	(233)
Minority interests		**862**	**1,049**
Equity		**1,548,371**	**1,308,043**
Non-current provisions	(notes 3.17 and 21)	32,285	30,335
Non-current debt	(note 20)	511,655	512,892
Deferred taxes	(note 11)	75,201	48,059
Total non-current liabilities		**619,141**	**591,286**
Current provisions	(notes 3.17 and 21)	44,485	51,242
Current financial liabilities	(notes 18 and 20)	167,457	243,485
Accounts payable	(note 3.18)	223,387	173,585
Amounts owed to customers		31,404	28,836
Liabilities to employees and payroll liabilities	(note 3.19)	119,765	113,468
Current tax liabilities		16,195	27,213
Other payables		18,709	21,306
Deferred income		9,530	2,859
Total current liabilities		**630,932**	**661,994**
TOTAL EQUITY AND LIABILITIES		**2,798,444**	**2,561,323**

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)		Year ended Aug. 31, 2010	Year ended Aug. 31, 2009
Sales revenue	(notes 3.1 - 3.2 - 3.3)	2,150,320	2,205,696
Other revenues from operations		6,715	6,169
Purchases used in production		819,504	868,084
Personnel costs	(note 5)	697,153	707,305
External costs		302,274	288,721
Taxes other than income taxes		19,147	18,598
Depreciation and amortization	(note 3.6)	58,405	58,569
Charges to provisions		10,514	6,995
Changes in inventories of finished goods and work in progress		(9,033)	(13,675)
Other operating income and expenses	(note 7)	(571)	(509)
Current operating income	(note 3.4)	**240,434**	**249,409**
Non-current operating items	(note 8)	(9,147)	(21,555)
Operating income		231,287	227,854
Income from cash and cash equivalents		1,548	3,196
Cost of gross debt		(26,391)	(36,338)
Cost of net debt	(notes 3.8 and 9)	(24,843)	(33,142)
Other financial income and expenses	(notes 3.8 and 10)	(1,105)	(1,160)
Income taxes	(notes 3.9 and 11)	57,062	20,632
NET INCOME	(note 3.5)	**148,277**	**172,920**
Minority interest		(196)	(233)
Group share		148,473	173,153
Earnings per share (after minority interests)	(note 12)	**€2.80**	**€3.28**
Diluted earnings per share (after minority interests)	(note 12)	**€2.79**	**€3.27**

CONSOLIDATED NET INCOME STATEMENT

AND GAINS AND LOSSES RECOGNIZED DIRECTLY AS EQUITY

(in thousands of euros)	Year ended Aug. 31, 2010	Year ended Aug. 31, 2009
NET INCOME	**148,277**	**172,920**
Gains and losses recognized as equity before tax:		
- Currency translation adjustments	134,336	22,210
- Restatement of hedging derivative instruments	1,598	(6,978)
Tax on restatement of hedging derivative instruments	(550)	245
Total of gains and losses recognized directly as equity	**135,384**	**15,477**
Net income and gains and losses recognized directly as equity	**283,661**	**188,397**
Minority interest	(84)	(183)
Group share	283,745	188,580

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)		Year ended Aug. 31, 2010	Year ended Aug. 31, 2009
Operating activities:			
Net income		148,277	172,920
Depreciation, amortization and provisions		56,357	67,278
Capital gains		1,422	3,984
Deferred taxes [(1)]		26,010	(4,981)
Stock options		2,442	2,848
Cash flow		**234,508**	**242,049**
Net change in inventories		21,259	39,997
Net change in operating assets		37,148	39,280
Net change in liabilities [(1)]		35,226	(42,399)
Cash generated from operations		**328,141**	**278,927**
Investing activities:			
Acquisitions of non-current assets:			
- intangible assets		(35,077)	(30,788)
- property, plant and equipment		(52,546)	(64,791)
- other		(3,085)	(2,011)
Proceeds from disposals of fixed assets		1,684	1,903
Changes in receivables and payables relating to fixed assets		610	(441)
Acquisitions/disposals of entities, net of cash acquired		(64,901)	(18,755)
Cash generated from investments		**(153,315)**	**(114,883)**
Financing activities:			
Change in financial debts		(88,189)	(42,194)
Change in financial instruments		1,598	(713)
Changes in equity		10,827	750
Treasury stock		(3,528)	(4,899)
Ordinary dividends paid by parent company		(52,877)	(52,738)
Dividends paid to minority interest		(103)	-
Cash generated from financing		**(132,272)**	**(99,794)**
Currency translation adjustments, beginning of period		15,431	(1,890)
Net change in cash		**57,985**	**62,360**
Cash at beginning of period		**88,788**	**26,428**
Cash at end of period	(note 18)	**146,773**	**88,788**

(1) This amount includes the final adjustment of the tax payable on the disposal of shares in Marine on line "Acquisitions/disposals of entities, net of cash acquired".

STATEMENT OF CHANGE IN CONSOLIDATED EQUITY

(in thousands of euros)	Capital stock	Share premiums	Reserves	Net income	Currency translation adjustments	Treasury stock	Restatement of financial instruments	Equity after minority interests	Minority interests	Change in equity
BALANCE AT AUGUST 31, 2008	**11,134**	**72,601**	**795,381**	**511,346**	**(142,803)**	**(81,488)**	**6,265**	**1,172,436**	**1,240**	**1,173,676**
Currency translation adjustments			386		21,774			22,160	50	22,210
Restatement of financial instruments [1]							(6,733)	(6,733)		(6,733)
Income recognized directly in equity (a)			386		21,774		(6,733)	15,427	50	15,477
Net income for the year (b)				173,153				173,153	(233)	172,920
Total income recognized for the year (a) + (b)			386	173,153	21,774		(6,733)	188,580	(183)	188,397
Capital increase	8	741						749		749
Acquisition or disposal of own shares [2]						(4,899)		(4,899)		(4,899)
Valuation of options on stock options			2,848					2,848		2,848
Dividends		(52,738)						(52,738)		(52,738)
Other			511,364	(511,346)				18	(8)	10
Change of consolidation scope and capital increase on minority interests										
BALANCE AT AUGUST 31, 2009	**11,142**	**73,342**	**1,257,241**	**173,153**	**(121,029)**	**(86,387)**	**(468)**	**1,306,994**	**1,049**	**1,308,043**
Currency translation adjustments			205		134,019			134,224	112	134,336
Restatement of financial instruments [1]			(72)				1,120	1,048		1,048
Income recognized directly in equity (a)			133		134,019		1,120	135,272	112	135,384
Net income for the year (b)				148,473				148,473	(196)	148,277
Total income recognized for the year (a) + (b)			133	148,473	134,019		1,120	283,745	(84)	283,661
Capital increase	93	10,734						10,827		10,827
Acquisition or disposal of own shares [2]						(3,528)		(3,528)		(3,528)
Valuation of options on stock options			2,442					2,442		2,442
Dividends			(52,877)					(52,877)	(103)	(52,980)
Other			173,059	(173,153)				(94)		(94)
Change of consolidation scope and capital increase on minority interests										
BALANCE AT AUGUST 31, 2010	**11,235**	**84,076**	**1,379,998**	**148,473**	**12,990**	**(89,915)**	**652**	**1,547,509**	**862**	**1,548,371**

(1) The "Restatement of financial instruments" column reflects:
on the one hand, -€6,265,000 which refers to the fair value recognition of the Coast Investment (Waterpik) and Zodiac Marine Holding shares sold during the 2008/2009 fiscal year, and the other hand, the fair value of the interest rate hedge (see Note 2 – Interest rate risk management).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 0 - CHANGES TO THE CONSOLIDATION SCOPE

The Group has acquired:

• Hydraulic equipment specialist Quinson on May 31, 2010 at a cost of €7.2 million. This company reported revenue of €4 million in 2009 (see Table 1 below).

• Cantwell Cullen & Company, the Canadian market leader in component wiring protection, electrical wiring looms and protection for hydraulic systems used in aerospace, defense and industrial applications, on June 30, 2010 at a cost of CAD 65 million.

Cantwell Cullen & Company reported revenue of CAD 65 million (€49 million) in 2009.

The financial year of this family firm ended on December 31. The company has no systematic monthly or quarterly financial reporting procedure, and is not obliged to do so. As a result, this acquisition was recognized for the first time at August 31, 2010. The estimated items contained in the results for the period from June 30 to August 31, 2010 are not significant (see Table 2 below).

NOTE 1 - ACCOUNTING PRINCIPLES

A) Basis for preparation of financial statements

To comply with European Regulation 1606/2002 of July 19, 2002 on International Financial Reporting Standards (IFRS), the Zodiac Aerospace Group consolidated financial statements for the fiscal year ended August 31, 2010 have been prepared in accordance with IAS/IFRS and those IASB interpretations (SIC and IFRIC) applicable on August 31, 2010, as adopted by the European Union at that date. Comparative accounts for the previous year have been prepared in accordance with the same standards.

The consolidated financial statements of the Zodiac Aerospace Group have been prepared in accordance with IFRS, and approved by the Executive Board at its meeting of November 17, 2010. Amounts are expressed in thousands of euros unless otherwise indicated. The accounting principles and policies applied by the Group are described below.

MAIN EXCHANGE RATES USED IN CONSOLIDATION

	At august 31, 2010		At august 31, 2009	
	Balance sheet	Income statement	Balance sheet	Income statement
US dollar	1.2680	1.3690	1.4272	1.3513
Canadian dollar	1.3489	1.4311	1.5793	1.5884
South African rand	9.4044	10.2716	11.1136	12.2403
Pound sterling	0.8248	0.8737	0.8814	0.8673
Thai baht	39.6700	44.9484	48.5320	46.9416
Czech crown	24.8500	25.6372	25.3760	26.2440

B) Application of standards, amendments to standards and interpretations of standards prior to their mandatory application date

The Zodiac Aerospace Group has decided not to anticipate any standards, interpretations of standards, amendments of standards, revised versions of standards, application of which is compulsory for annual accounting periods commencing on or after January 1, 2010 and on or after November 1, 2009, i.e. after this Group fiscal year, which commenced on September 1, 2009.

The Zodiac Aerospace Group is in the process of identifying the potential impacts on the Group consolidated financial statements. At this stage of its analysis, the Group does not anticipate any significant impact on its consolidated financial statements. Nevertheless, the following amendments of standards are to be considered in greater detail:

• Amendment IAS 1R "Presentation of financial statements": classification of current/non-current debt;

• Amendment IAS 7 "Statement of cash flows": classification as investment flows;

Table 1 - Quinson: assets and liabilities acquired (values at May 31, 2010)

(in thousands of euros)	Assets		Liabilities
Property, plant & equipment and financial assets	143	Provisions	114
Inventories	758	Financial liabilities	177
Trade and other receivables	853	Advances to suppliers and employees	712
		Current tax liabilities	274

Table 2 - Cantwell Cullen & Company: assets and liabilities acquired (values at August 31, 2010)

(in thousands of euros)	Assets		Liabilities
Property, plant & equipment and intangible assets	519	Advances to suppliers, employees	
Inventories	11,075	and other payables	4,137
Trade and other receivables	7,368	Current tax liabilities	165

- Amendment IAS 36 "Impairment of Assets": allocation of goodwill to cash generating units as part of impairment testing;
- Amendment IAS 38 "Intangible assets": measurement in the context of business combinations;
- Amendment IAS 39 "Financial instruments";
- Amendment IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": disclosure requirements.

C) Options adopted by Zodiac Aerospace for preparing financial information under IFRS

OPTIONS ADOPTED BY THE GROUP WHERE STANDARDS OFFER OPTIONS FOR RECOGNITION AND MEASUREMENT

Certain International Accounting Standards offer options for the measurement and recognition of assets and liabilities.

In this respect and at this stage, the Group has opted:

- to use the amortized historical cost method for measuring its property, plant and equipment and intangible assets (IAS 38), and has therefore opted not to revalue its property, plant and equipment and intangible assets at each balance sheet date (IAS 16);
- to continue to apply the method of accounting for inventories at their initial cost, as determined by the "First In, First Out" method (IAS 2).

D) Use of estimates and assumptions

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

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

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

The significant accounting methods within which the Group is making estimates are as follows:

- Payments based on the Zodiac Aerospace share price

Payments made on the basis of the Zodiac Aerospace share price and recognized under IFRS 2 are affected by share price volatility and the yield assumptions adopted.

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

The valuation placed on pension obligations and other postemployment and long-term benefits in accordance with IAS 19 is affected most significantly by the assumptions made concerning the discount rate and the rate at which salaries increase.

- Impairment of goodwill

The impairment tests applied to goodwill are affected by the assumptions underpinning medium-term financial forecasts, in particular those related to exchange rate as well as the weighted average cost of Group capital used to discount future cash flows.

- Recoverability of deferred tax assets

The value of deferred tax assets, and particularly those arising as a result of brought forward negative tax balances, is affected by the assumptions adopted by the same medium-term financial forecasts used for goodwill impairment testing.

E) Consolidation principles

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

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

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

A list of consolidated subsidiary companies and holdings is given in Note 25.

N.B.: IN Services & Al Rumaithy Estab. is fully consolidated, since the Group has de facto a controlling interest in this company. Its parent company Intertechnique is entitled to appoint up to three of the five directors.

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

Disposals of companies during the fiscal year are recognized in the consolidated financial statements with effect from the date of loss of effective control.

Acquisitions of companies during the fiscal year are recognized in the consolidated financial statements with effect from the date on which effective control was gained, or the end-of-year date for acquisitions made during the final quarter of the year and where the impact on the Group balance sheet and income statement is not significant.

F) Translation of subsidiary company financial statements expressed in foreign currencies

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

- assets and liabilities: into euros based on the exchange rate at the period end;
- income statement: into euros based on the average exchange rate for each currency over the period.

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

The resulting translation adjustments are recognized as equity in the form of currency translation adjustments.

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

G) Foreign currency transactions

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

H) Property, plant and equipment and finance leases

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

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

In most cases, these useful lives are as follows:

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

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

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

I) Business combinations

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

The difference between the cost of acquisition, and the Group share of the fair value of the identifiable assets and liabilities of the acquired entity is recognized as goodwill if the difference is positive, and as income if it is negative.

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

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

Furthermore, in accordance with IFRS 3 (Revised) goodwill arising from the acquisition of minority interests is calculated either on the basis of the share of net assets acquired, or on the basis of their fair value.

In accordance with IFRS 3 (Revised):

- Acquisition costs are charged to the “non-current operating items” line of the income statement;
- Additional elements of the conditional purchase price have been estimated at their fair value and included in the cost of acquisition.

Additional elements of the conditional purchase price recognized in relation to the Quinson and Cantwell Cullen & Company acquisitions may be reviewed during the measurement period on the basis of additional information regarding the facts and circumstances prevailing on the date of acquisition. The provisions and deferred tax recognized on the date of first consolidation may be adjusted during the measurement period on the basis of additional information regarding the facts and circumstances prevailing on the date of acquisition.

J) Intangible assets

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

1 - INTANGIBLE ASSETS ACQUIRED SEPARATELY OR AS PART OF A BUSINESS COMBINATION

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

Intangible assets resulting from measurement of the assets of acquired entities (mainly brands) are recognized in the balance sheet at fair value, which is usually determined on the basis of external appraisal.

These intangible assets are amortized over their useful life, which does not exceed 20 years.

These amortized intangible assets are subject to impairment testing where there is an indication of impairment.

2 - INTERNALLY-GENERATED INTANGIBLE ASSETS

The majority of these assets refer to development expenditure.

Under the terms of IAS 38, “Intangible Assets”, development expenditure must be capitalized where the following can be demonstrated:

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

Where a Zodiac Aerospace Group company involved in a development program meeting these criteria is appointed by a customer to develop and market the product concerned, the corresponding development expenditure is capitalized up to the amount shown in the original development quotation. Any amount in excess of this quotation is recognized as expenditure, unless the need to make major modifications to the developed product results in revision of the selling price of the product concerned.

In the absence of any contractual guarantee from the customer to cover the development expenditure incurred, this expenditure (up to the limit referred to above) is capitalized.

Where development expenditure is funded by the customer under a contractually-separate arrangement, this expenditure is recognized under inventories (as work in progress) and is used in calculating the cost price of sales.

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

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

Other intangible assets are amortized on a straight-line basis over their useful life, taking into account the duration of any legal and regulatory protection.

At the balance sheet date, these intangible assets are subject to impairment testing if there is any indication that their carrying values may not be recoverable.

K) Financial assets

All the financial assets other than hedging derivatives shown in the balance sheet fall into the "loans and receivables" category defined by IAS 39.

These financial assets comprise investments in non-consolidated companies (associated companies), which are recognized as available-for-sale financial assets, loans, deposits and guarantees.

Unconsolidated investments are initially recognized at their acquisition cost, and measured at their fair value once fair value can be measured reliably.

None of these investments relate to listed companies.

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

Changes in fair value are recognized in equity, under a separate heading, until the shares are sold. Where it can be concluded that the impairment loss is permanent, this loss is recognized in the income statement.

Deposits, guarantees and loans are recognized at amortized cost. Impairment losses are recognized where there is objective evidence of impairment.

L) Inventories

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

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

M) Trade and other receivables

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

N) Cash and cash equivalents

Cash and short-term deposits recognized in the balance sheet comprise cash-in-bank, cash-on-hand and short-term deposits with an initial maturity period of less than three months.

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

O) Costs associated with capital increase

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

P) Treasury stock

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

Q) Provisions

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets," the Group recognizes provisions where it has an obligation to a third party as a result of a past event the settlement of which will probably give rise to an outflow of resources representing economic advantages for the Group and when the amount of the loss or liability can be measured reliably.

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

Provisions are discounted where the effect is significant.

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

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

R) Taxes

1 - CONTRIBUTION ÉCONOMIQUE TERRITORIALE (CET)

The 2010 French Finance Act introduced the Contribution Economique Territoriale (CET) as local business tax to replace the former Taxe Professionnelle (TP). The CET includes two new types of contribution:

- The CFE (Cotisation Financière des Entreprises), which remains in operating charges, since the methods used by its tax bases are very similar to those used to calculate real estate taxes;

- The CVAE (Cotisation sur la Valeur Ajoutée des Entreprises) is recognized as an operating expense inasmuch as its tax base depends on items that contribute to current operating income.

2 - DEFERRED TAXES

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

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

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

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

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

Deferred tax assets and liabilities are netted in three tax groupings: France, USA and The Netherland.

S) Financial liabilities and derivative financial instruments

1 - FINANCIAL LIABILITIES

Since September 1, 2005, financial liabilities have consisted primarily of current and non-current financial liabilities in respect of financial institutions. These liabilities are initially recognized at fair value, including any directly-related transaction costs. They are then measured at amortized cost, based on the effective interest rate.

2 - DERIVATIVE FINANCIAL INSTRUMENTS

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

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

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

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

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

There is no hedging policy for the balance sheets of foreign entities.

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

The Group is also exposed to the risk of fluctuations in the interest rates on borrowed funds, the majority of which originate in its syndicated loan, where most drawings are made at variable (euro and US dollar) interest rates. This exposure has been partially hedged using financial instruments for the 2010/2011 fiscal year (see Note 2).

T) Pension benefits and similar obligations

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

• In France, these commitments relate:

- chiefly to pensions governed by existing collective agreements or company agreements;

- and, to a lesser degree, the costs represented by long-service bonuses and awards.

• Outside France, the main obligations are the pension plans (defined benefit plan) of two US companies (Air Cruisers and Avox Systems).

1 - DEFINED BENEFIT PLANS

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

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

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

Any shortfall between the fair value of assets and the discounted value of obligations due under the plan concerned is provisioned to reflect accumulated actuarial variances and the cost of services provided, but not yet recognized as a profit or loss.

Pension plans are appraised annually by independent actuaries.

Actuarial gains and losses on these plans are recognized using the following method:

- the portion of actuarial gains and losses representing 10% at most of the higher of the present value of the pension obligation and the fair value of the pension funds is not recognized;
- the portion of actuarial gains and losses exceeding this 10% corridor is amortized on a straight-line basis over the residual period of service remaining to be completed by the employees concerned.

Past service costs are recognized immediately where the related benefits have already been permanently vested in the employees concerned. Where this is not the case, they are amortized over the remaining period of employment to be completed by the employees concerned in order to qualify definitively for vesting of the corresponding entitlements.

The cost of post-employment benefits is shown in the income statement as follows:

- current service costs (i.e. for the period) and past service costs (the portion amortized over the period) are included in personnel costs;
- the difference between the income from the expected return on plan assets and the charge reflecting the increase in the present value of the pension obligation is included in financial charges or income;
- any amortized actuarial gains or losses (resulting from application of the above corridor rule) are recognized as "Other operating income and expenses".

The full amount of provisions for post-employment benefits is recognized as "Non-current provisions" in the balance sheet.

2 - DEFINED CONTRIBUTION PLANS

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

U) Share-based payments

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

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

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

The application of this rule has an impact on expenses for the period, but has no effect on consolidated equity; the counter entry for this expense is an increase in equity of the same amount.

V) Revenues

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

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

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

W) Impairment of assets

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

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

Impairment testing entails comparing the carrying amount of an asset with its recoverable amount; the recoverable amount being defined as its fair value net of disposal costs or its value in use, whichever is the higher.

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

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

The cash-generating units and groups of cash-generating units identified by the Group within the meaning of IAS 36, "Impairment of Assets", mirror the functional organizational structure of the Group, by operating segment, or, for some of them, by product line.

At each balance sheet date, Group companies identify any events or circumstances that could result in an asset losing its value.

Such events or circumstances include significant long-term unfavorable changes affecting the finances of the Group (sales markets, sources of supply, index and/or cost trends, etc.) or its assumptions and targets (medium-term plan, profitability forecasts, market share, order book, regulations, litigation, etc.).

Where such events or circumstances exist, the recoverable value of the individual asset is estimated. Where its carrying value is higher than its recoverable value, the asset is treated as having lost value, and its carrying value is reduced to reflect its recoverable value by means of an impairment recognized in the income statement.

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

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

Where loss of value is proven, any impairment recognized as goodwill becomes permanent. For other assets, loss of value indices are analyzed on each subsequent balance sheet date, and where favorable changes have occurred in respect of estimates that previously resulted in an impairment, a loss of value writeback is recognized in the income statement for the fiscal year.

X) Held-for-sale assets and discontinued operations

A non-current asset, or group of assets and liabilities, is recognized as held for sale when the majority of its value will be recovered as the result of sale, rather than as a result of continued use.

For this definition to apply, the asset must be available for immediate sale and such a sale must be highly probable. At the balance sheet date, held-for-sale assets are measured at their carrying value, which is less than their fair value minus selling costs.

Y) IFRS financial information presentation principles

The Group has elected to segregate significant non-recurring items within its operating income.

The non-recurring portion is shown after the subtotal "Current operating income" under the heading "Non-current operating items". The resulting subtotal is "Operating income".

The total debt figure used by the Group for disclosure purposes is the sum of "Non current debt" and "Current financial liabilities", minus "Cash and cash equivalents".

The presentation of the balance sheet and income statement has been revised in accordance with IAS 1, "Presentation of financial statements".

On the balance sheet, assets and liabilities relating to the Group's operating cycle are classified as current.

All other assets and liabilities are classified as non-current.

As part of applying IAS 1 (Revised), the Group has chosen to present income and expenses recognized in two financial statements: an income statement and a statement of net income and gains and losses recognized directly in equity.

The first level of segment reporting is by business segment, reflecting the internal organizational structure of the Group. The business segments are as follows:

- AeroSafety & Technology Segment;
- Aircraft Systems Segment;
- Cabin Interiors Segment.

The second level of segment reporting is by geographic region. The Group's geographic regions are as follows:

- Europe;
- The Americas;
- Rest of the World.

The financial data presented for the purpose of segment reporting are subject to the same accounting rules as those applied when producing the Group financial statements.

Z) Earnings per share

The figure for earnings per share - as presented with respect to IFRS net income - is calculated in accordance with IAS 33, "Earnings Per Share".

The figure for basic earnings per share is calculated by dividing the net income attributable to equity holders of the parent by the weighted average number of common shares outstanding over the period. Treasury shares are deducted from the average number of shares outstanding.

Diluted earnings per share is calculated by dividing the Group's net income after minority interests, adjusted for dilutive instruments, by the weighted average number of shares outstanding over the period, adjusted for the potential number of dilutive common shares.

In accordance with the requirements of IFRS 3 (Revised), a "restated" net earnings per share figure is calculated for the Group to eliminate the effects of business disposals and the impact of the acquisition costs incurred as part of external growth transactions.

AA) Segment reporting

The segments previously presented in accordance with IAS 14 are consistent with the definition of those operating segments identified and grouped together in accordance with IFRS 8. Consequently, applying IFRS 8 has resulted in no changes being made in the presentation of segment information, and the allocation of goodwill to cash generating units remains unchanged.

The operational activities of the Group are structured and managed separately to reflect the nature of the products and services supplied. Each segment represents a strategic business area offering distinct products and serving distinct markets.

These segments are reflected in the internal reporting structure used by the Group management team in managing the business as a whole.

• AeroSafety & Technology Segment

This Group segment designs, develops, manufactures and markets:

- aircraft evacuation systems: escape chutes for airliners, emergency floats for helicopters, etc.;
- parachute and protection systems for the military and civil (sports parachute) markets;
- emergency arresting systems: retractable systems, nets, mechanical brakes and fabric brakes for military applications;
- cellular cement arrestor beds for civil aviation applications;
- elastomer-based systems and technologies;
- electrical interconnect systems;
- aerospace telemetry and telecommunication systems for military and civil markets;
- airbag cushions.

• Aircraft Systems Segment

This segment designs, develops, manufactures and markets:

- aircraft electrical power management systems;
- aircraft actuators, sensors and electric motors;
- aircraft on-board computers;
- aircraft and Formula 1 fuel systems;
- aircraft oxygen systems;
- aircraft hydraulic and control systems.

• Cabin Interiors Segment

This segment designs, develops, manufactures and markets the following (chiefly for civil aviation applications):

- passenger and crew seating;
- cabin equipment: water distribution, sanitary, refrigeration and other systems, trolleys, etc.;
- cabin systems: cabin interiors, galleys, toilets, baggage lockers, flight class dividers, etc.

With respect to customer portfolio concentration, the Group has no customer with which it conducts business accounting for more than 10% of total Group revenue.

NOTE 2 - MANAGEMENT OF FINANCIAL RISKS

A) Interest rate risk

Financing for all Group subsidiaries is centralized. At August 31, 2010, the majority of Group debt was exposed to fluctuations in Euribor.

In June 2010, the Group put in place interest rate hedges in the form of a one-year swap valued at €331.2 million, with a maturity of August 29, 2011. The average rate of these hedges is 0.72%

The fair value of the hedges used by the Group at August 31, 2010 was:

Swap	Nominal value	Within 1 year (in thousands of euros)	Over 1 year	M to M [1] (in thousands of euros)
EUR	331,200	331,200	-	(83)

(1) M to M = Marked to Market: market value. This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

On the basis of the net financial debt position of €514.4 million at August 31, 2010, a shift of 10 basis points in interest rates (excluding the effects of interest rate hedging) would have generated a €0.5 million shift in financial charges over a 12-month period.

B) Currency exchange rate risk

1. Hedging

Virtually all of the Group's exposure to currency risk in its business and manufacturing operations is in the form of exposure to the US dollar.

At August 31, 2010, the Group used the following hedging instruments to cover this exposure:

Currency futures sold	Nominal value	Within 1 year (in thousands of USD)	Over 1 year	M to M [2] (in thousands of euros)
USD	391,127 [1]	343,627	47,500	(2,461)

(1) i.e. €305,259,000.

Currency futures bought	Nominal value	Within 1 year (in thousands of euros)	Over 1 year	M to M [2] (in thousands of euros)
EUR	950	950	-	(16)

(2) M to M = Marked to Market: market value. This equates to the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Carrying value[1] (in thousands of euros)	Assets		Liabilities	
	Current	Non-current	Current	Non-current
Fair value hedges	242	-	3,355	-
Cash flow hedges	2,202	459	1,702	323

(1) These amounts are recognized in the "Cash and cash equivalents" line of the balance sheet.

The hedging derivatives used are instruments whose value is estimated using a measurement technique based on observable data to provide a second level of reliability. At August 31, 2010, cash flow hedges of $285 million were implemented to hedge 65% of our net exposure to fluctuations in the euro/dollar exchange rate (revenue - purchases) for 2010/2011. The impact on equity imposed by the fair value of these hedges was €965,000 at the year-end, of which €192,000 had a due date longer than one year.

The average dollar transaction rate for the fiscal year was 1.37 vs 1.30 the previous year. The impact on current operating income of a 10-cent fluctuation (from 1.37 to 1.47) would have been €25.1 million. The impact on current operating income of a 10-cent fluctuation in the dollar conversion rate (from 1.37 to 1.47) would have been €9.4 million.

The impact on operating income of the exchange rate hedges implemented during the 2009/2010 fiscal year (the difference between the average monthly €/$ exchange rate and the spot market price of the hedges concerned) was negative at -€3.4 million.

2. Exposure

The analysis of the Group's exposure to balance sheet exchange rate risks is based on the notional amounts of transactions denominated in a currency other than the reporting currency of the company concerned at the balance sheet date.

In this respect, the only significant currency used within the Group is the US dollar. The amounts involved are as follows:

(in millions of euros)	At August 31, 2010
Financial assets	246.5
Financial liabilities	173.5
Net position before management	73.0
Hedging derivatives	96.4
Future flow hedging	(23.4)

The analysis of the sensitivity of Group net income to the US dollar exchange rate risk measures the effect of a shift in the value of this currency on the net US dollar position. At August 31, 2010, an increase of 10% in the euro/dollar rate at the year-end would have increased Group net income by the amounts shown below. For the purposes of this analysis, all other variables, including interest rates, have been assumed unchanged:

(in millions of euros)	At August 31, 2010
Impact on net income (*)	1.1

(*) Based on an average corporate income tax rate of 33%.

C) Liquidity risk

(in thousands of euros)	Carrying value at the balance sheet date	Not yet due and overdue < 30 days, not impaired	Overdue by more than 30 days and not impaired on the balance sheet date					Overdue and impaired
					(number of days)			
			31-90	91-180	181-360	>361	Total	
Trade receivables at August 31, 2009	430,955	354,053	42,874	15,210	12,836	4,781	75,701	1,201
Trade receivables at August 31, 2010	474,182	392,520	46,214	18,368	8,263	7,020	79,865	1,797

The increase in trade receivables was 10% at the year-end rate.

At constant rate and same scope of consolidation, this increase equates to 1.9%, whereas organic revenue growth in Quarter 4 of 2009/2010 was 7.1% higher than in the same period of 2008/2009.

The total amount of outstanding receivables from airlines rose by 4.5%.

The revenues generated from the same airlines rose by 12.8% at constant rate.

Receivables from airlines represented 21% of all receivables at August 31, 2010, compared with 23% at August 31, 2009 at same scope of consolidation.

On a like-for-like basis, the amount of receivables overdue by more than 30 days and not impaired on the balance sheet date decreased by €1.3 million.

Future cash flows relative to financial liabilities

	2010/2011	2011/2012	2012/2013	2013/2014
Gross financial debt (€000)(1)	(173,605)	(24,099)	(24,099)	(553,705)
Interest rate hedging derivatives (€000)(2)	269	-	-	-
Trade payables (€000)	(222,957)	(430)		
Interest rate hedging derivatives - USD flows (in $000)	(221,592)	(23,000)		
Interest rate hedging derivatives - EUR flows (in €000)	162,561	17,798		
Interest rate hedging derivatives - CAD flows (in C$000)	9,676			

(1) Financial debt and interest flows based on an assumed interest rate of 3.50% constant throughout the period.

(2) Interest flows relative to interest rate swaps against 1-month Euribor, whose variable rate is estimated at 0.80 over the period concerned.

NOTE 3 - SEGMENT REPORTING

A description of the Group organizational structure, the factors used to identify its operating segments and the products and services supplied by those segments is contained in paragraph AA of Note 1 "Accounting principles".

A - INCOME STATEMENT ITEMS

Note 3.1 - Consolidated sales revenue by segment and by customer location

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	271,173	171,897	63,211	506,281
Aircraft Systems	334,843	167,039	62,155	564,037
Cabin Interiors	292,875	609,912	232,591	1,135,378
TOTAL	**898,891**	**948,848**	**357,957**	**2,205,696**
At August 31, 2010				
AeroSafety & Technology	256,233	175,300	77,656	509,189
Aircraft Systems	270,126	154,003	56,937	481,066
Cabin Interiors	269,506	565,514	325,045	1,160,065
TOTAL	**795,865**	**894,817**	**459,638**	**2,150,320**

Note 3.2 - Consolidated sales revenue by segment and by asset location

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	287,448	203,136	15,697	506,281
Aircraft Systems	428,569	105,260	30,208	564,037
Cabin Interiors	333,589	791,142	10,647	1,135,378
TOTAL	**1,049,606**	**1,099,538**	**56,552**	**2,205,696**
At August 31, 2010				
AeroSafety & Technology	278,941	205,800	24,448	509,189
Aircraft Systems	348,639	100,562	31,865	481,066
Cabin Interiors	356,973	789,669	13,423	1,160,065
TOTAL	**984,553**	**1,096,031**	**69,736**	**2,150,320**

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

(in thousands of euros)	Revenues including inter-segment	Inter-segment revenues	Consolidated revenues
At August 31, 2009			
AeroSafety & Technology	511,165	(4,884)	506,281
Aircraft Systems	572,305	(8,268)	564,037
Cabin Interiors	1,136,822	(1,444)	1,135,378
TOTAL	**2,220,292**	**(14,596)**	**2,205,696**
At August 31, 2010			
AeroSafety & Technology	515,220	(6,031)	509,189
Aircraft Systems	491,021	(9,955)	481,066
Cabin Interiors	1,161,722	(1,657)	1,160,065
TOTAL	**2,167,963**	**(17,643)**	**2,150,320**

Note 3.4 - Current operating income by segment and by asset location

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	26,586	32,731	418	59,735
Aircraft Systems	67,395	3,641	730	71,766
Cabin Interiors	11,604	104,857	1,099	117,560
Zodiac Aerospace	275	73	-	348
TOTAL	**105,860**	**141,302**	**2,247**	**249,409**
At August 31, 2010				
AeroSafety & Technology	34,591	26,820	1,894	63,305
Aircraft Systems	31,793	4,241	629	36,663
Cabin Interiors	30,719	110,894	2,309	143,922
Zodiac Aerospace	(3,413)	(43)	-	(3,456)
TOTAL	**93,690**	**141,912**	**4,832**	**240,434**

Note 3.5 - Net income by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2009					
Net income	36,106	47,020	74,578	15,216	**172,920**
At August 31, 2010					
Net income	42,812	26,237	96,116	(16,888)	**148,277**

Note 3.6 - Depreciation and amortization by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2009					
Depreciation and amortization	13,425	18,012	25,338	1,794	**58,569**
At August 31, 2010					
Depreciation and amortization	13,580	17,055	25,862	1,908	**58,405**

Note 3.7 - Asset impairment by segment

(in thousands of euros)	AeroSafety & Technology	Aircraft Systems	Cabin Interiors	Zodiac Aerospace	Total
At August 31, 2009					
Impairment (1)	2,420	-	-	-	**2,420**
At August 31, 2010					
Impairment (2)	313	-	-	-	**313**

(1) Impairment of the product lines produced by the AeroSafety & Technology CGU.

(2) Residual impairment of the "know-how" owned by the two "Airbags" subsidiaries closed in the UK and USA.

Note 3.8 - Cost of net financial debt and other financial income and expenses by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	(329)	777	(564)	(116)
Aircraft Systems	54	(466)	(110)	(522)
Cabin Interiors	(2,189)	(5,263)	(67)	(7,519)
Zodiac Aerospace	(25,726)	(419)	-	(26,145)
TOTAL	**(28,190)**	**(5,371)**	**(741)**	**(34,302)**
At August 31, 2010				
AeroSafety & Technology	(869)	228	(723)	(1,364)
Aircraft Systems	(1,266)	(326)	(451)	(2,043)
Cabin Interiors	1,242	(1,954)	(328)	(1,040)
Zodiac Aerospace	(21,939)	438	-	(21,501)
TOTAL	**(22,832)**	**(1,614)**	**(1,502)**	**(25,948)**

Note 3.9 - Income tax charge by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	3,416	12,640	44	16,100
Aircraft Systems	18,185	360	97	18,642
Cabin Interiors	(211)	33,121	233	33,143
Zodiac Aerospace	(46,191)	(1,062)	-	(47,253)
TOTAL	**(24,801)**	**45,059**	**374**	**20,632**
At August 31, 2010				
AeroSafety & Technology	6,573	10,590	231	17,394
Aircraft Systems	3,957	1,074	134	5,165
Cabin Interiors	7,171	38,022	98	45,291
Zodiac Aerospace	(11,108)	320	-	(10,788)
TOTAL	**6,593**	**50,006**	**463**	**57,062**

B - BALANCE SHEET ITEMS

Note 3.10 - Total assets by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	223,430	163,746	20,639	407,815
Aircraft Systems	652,540	86,789	23,621	762,950
Cabin Interiors	369,499	890,647	24,696	1,284,842
Zodiac Aerospace	105,633	83	-	105,716
TOTAL	**1,351,102**	**1,141,265**	**68,956**	**2,561,323**
At August 31, 2010				
AeroSafety & Technology	229,035	225,883	23,522	478,440
Aircraft Systems	661,538	91,263	25,947	778,748
Cabin Interiors	367,273	994,240	35,718	1,397,231
Zodiac Aerospace	143,990	35	-	144,025
TOTAL	**1,401,836**	**1,311,421**	**85,187**	**2,798,444**

Note 3.11 - Total non-current assets by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	77,094	72,053	7,967	157,114
Aircraft Systems	413,491	49,641	11,521	474,653
Cabin Interiors	193,501	568,744	10,751	772,996
Zodiac Aerospace	48,143	-	-	48,143
TOTAL	**732,229**	**690,438**	**30,239**	**1,452,906**
At August 31, 2010				
AeroSafety & Technology	77,347	113,809	8,747	199,903
Aircraft Systems	438,184	55,512	14,679	508,375
Cabin Interiors	190,997	634,463	12,701	838,161
Zodiac Aerospace	50,698	-	-	50,698
TOTAL	**757,226**	**803,784**	**36,127**	**1,597,137**

Note 3.12 - Intangible assets and goodwill by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	51,004	53,882	593	105,479
Aircraft Systems	362,547	41,632	6,340	410,519
Cabin Interiors	174,787	505,678	12	680,477
Zodiac Aerospace	863	-	-	863
TOTAL	**589,201**	**601,192**	**6,945**	**1,197,338**
At August 31, 2010				
AeroSafety & Technology	51,469	96,364	681	148,514
Aircraft Systems	384,572	47,178	7,012	438,762
Cabin Interiors	173,575	574,675	16	748,266
Zodiac Aerospace	1,007	-	-	1,007
TOTAL	**610,623**	**718,217**	**7,709**	**1,336,549**

Note 3.13 - Property, plant and equipment by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	23,937	17,527	6,902	48,366
Aircraft Systems	50,422	7,980	4,952	63,354
Cabin Interiors	17,371	58,767	10,611	86,749
Zodiac Aerospace	43,754	-	-	43,754
TOTAL	**135,484**	**84,274**	**22,465**	**242,223**
At August 31, 2010				
AeroSafety & Technology	23,795	16,607	7,821	48,223
Aircraft Systems	52,962	8,265	7,578	68,805
Cabin Interiors	16,268	54,833	12,490	83,591
Zodiac Aerospace	43,610	-	-	43,610
TOTAL	**136,635**	**79,705**	**27,889**	**244,229**

Note 3.14 - Capital expenditure by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	5,570	2,848	2,376	10,794
Aircraft Systems	27,871	2,196	1,987	32,054
Cabin Interiors	4,586	23,391	3,801	31,778
Zodiac Aerospace	19,417	-	-	19,417
TOTAL	**57,444**	**28,435**	**8,164**	**94,043**
At August 31, 2010				
AeroSafety & Technology	6,712	4,058	2,338	13,108
Aircraft Systems	34,214	1,588	4,420	40,222
Cabin Interiors	4,283	16,625	2,444	23,352
Zodiac Aerospace	12,887	-	-	12,887
TOTAL	**58,096**	**22,271**	**9,202**	**89,569**

Note 3.15 - Inventories by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	61,572	37,788	5,392	104,752
Aircraft Systems	130,809	18,319	2,398	151,526
Cabin Interiors	79,859	144,780	8,715	233,354
Zodiac Aerospace	-	-	-	-
TOTAL	**272,240**	**200,887**	**16,505**	**489,632**
At August 31, 2010				
AeroSafety & Technology	60,881	55,650	5,965	122,496
Aircraft Systems	121,742	16,347	3,377	141,466
Cabin Interiors	77,256	151,965	14,684	243,905
Zodiac Aerospace	-	-	-	-
TOTAL	**259,879**	**223,962**	**24,026**	**507,867**

Note 3.16 - Trade receivables by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	72,477	42,138	2,634	117,249
Aircraft Systems	90,935	13,289	5,831	110,055
Cabin Interiors	68,388	133,122	1,934	203,444
Zodiac Aerospace	179	28	-	207
TOTAL	**231,979**	**188,577**	**10,399**	**430,955**
At August 31, 2010				
AeroSafety & Technology	79,382	46,787	4,671	130,840
Aircraft Systems	91,738	15,542	5,158	112,438
Cabin Interiors	66,885	161,661	2,321	230,867
Zodiac Aerospace	10	27	-	37
TOTAL	**238,015**	**224,017**	**12,150**	**474,182**

Note 3.17 - Non-current and current provisions contingencies and losses by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	17,820	4,107	38	21,965
Aircraft Systems	25,227	1,267	-	26,494
Cabin Interiors	13,511	9,692	275	23,478
Zodiac Aerospace	9 567	73	-	9,640
TOTAL	**66,125**	**15,139**	**313**	**81,577**
At August 31, 2010				
AeroSafety & Technology	14,855	6,354	37	21,246
Aircraft Systems	26,772	1,623	-	28,395
Cabin Interiors	14,840	10,964	275	26,079
Zodiac Aerospace	968	82	-	1,050
TOTAL	**57,435**	**19,023**	**312**	**76,770**

Note 3.18 - Accounts payable by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	25,596	6,494	1,578	33,668
Aircraft Systems	36,065	4,601	680	41,346
Cabin Interiors	45,400	44,544	1,869	91,813
Zodiac Aerospace	6,740	18	-	6,758
TOTAL	**113,801**	**55,657**	**4,127**	**173,585**
At August 31, 2010				
AeroSafety & Technology	29,860	12,903	2,203	44,966
Aircraft Systems	49,004	5,276	1,528	55,808
Cabin Interiors	39,727	65,853	5,230	110,810
Zodiac Aerospace	11,744	59	-	11,803
TOTAL	**130,335**	**84,091**	**8,961**	**223,387**

Note 3.19 - Liabilities to employees and payroll liabilities by segment and region

(in thousands of euros)	Europe	Americas	Other	Total
At August 31, 2009				
AeroSafety & Technology	22,361	5,238	697	28,296
Aircraft Systems	40,257	2,616	651	43,524
Cabin Interiors	9,215	28,503	524	38,242
Zodiac Aerospace	3,406	-	-	3,406
TOTAL	**75,239**	**36,357**	**1,872**	**113,468**
At August 31, 2010				
AeroSafety & Technology	24,584	7,000	1,068	32,652
Aircraft Systems	33,848	2,842	964	37,654
Cabin Interiors	11,250	33,236	873	45,359
Zodiac Aerospace	4,100	-	-	4,100
TOTAL	**73,782**	**43,078**	**2,905**	**119,765**

NOTE 4 - REVENUES

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Sales of goods	1,992,664	1,981,181
Sales of services	157,656	224,515
Interest	813	2,757
Royalties	1,077	1,113
Dividends	10	-
TOTAL	**2,152,220**	**2,209,566**

NOTE 5 - PERSONNEL COSTS

Note 5.1 - Breakdown of costs

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Payroll and related expenses [1]	689,560	693,537
Profit-sharing	5,151	10,920
Stock options granted	2,442	2,848
TOTAL	**697,153**	**707,305**

(1) Including €172,000 in social security contributions related to stock options at August 31, 2009 and €51,000 at August 31, 2010.

Note 5.2 - Share-based payments

1) Stock options

The Combined Meetings of Shareholders held on December 9, 1997, December 16, 2002, December 16, 2004 and January 8, 2008 authorized the Executive Board to award stock options to employees of Group companies, and to do so on one or more occasions. The main features of these plans are as follows:

Year of plan inception	Subscription price in euros	Exercisable until	Number of options not exercised at August 31, 2010
November 22, 2002	19.97	November 22, 2010	23,192
November 21, 2003	23.83	November 21, 2011	102,318
February 12, 2004	23.83	February 12, 2012	274,790
November 24, 2004	29.24	November 24, 2012	181,108
November 25, 2005	44.66	November 25, 2013	166,047
November 30, 2006	46.64	November 30, 2014	170,550
February 13, 2007	49.29	February 13, 2015	79,350
December 3, 2007	41.11	December 3, 2015	142,969
December 3, 2007	41.11	December 3, 2015	275,080
December 4, 2008	29.36	December 4, 2016	132,050
December 10, 2009	23.62	December 10, 2017	150,400
December 10, 2009	23.62	December 10, 2017	100,000
TOTAL			**1,797,854**

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

Number of options	Aug. 31, 2010	Aug. 31, 2009
At September 1	**2,051,305**	**2,062,310**
Issued	250,400	144,700
Cancelled	(11,375)	(78,829)
Expired	(26,347)	(36,502)
Exercised	(466,129)	(40,374)
At August 31	**1,797,854**	**2,051,305**

Of the 250,400 options allocated during this fiscal year (in December 2009), 150,400 cannot be (half) exercised before December 10, 2010, with the remaining 100,000 being exercised as follows: 30,000 on February 12, 2010, 35,000 on February 12, 2011 and 35,000 on February 12, 2012.

The 466,129 options exercised in 2009/2010 resulted in the issue of 466,129 shares between September 1, 2009 and August 31, 2010, at an average allocation price of €23.23.

The weighted average fair value of the 150,400 options issued in December 2009 with an average life of 6 years is €9.39.

The binomial valuation model applied is based on the following key factors:
- share price on date of grant €27.10
- option exercise price €23.62
- estimated volatility 34.80%
- risk-free interest rate 2.89%
- estimated dividend yield 2.00%

The weighted average fair value of the 100,000 options issued in December 2009 with an average life of 8 years is €10.83.

The binomial valuation model applied is based on the following key factors:
- share price on date of grant €27.10
- option exercise price €23.62
- estimated volatility 35.80%
- risk-free interest rate 3.22%
- estimated dividend yield 2.00%

The expense recognized for the fiscal year in respect of share options granted before November 7, 2002 and not vested by January 1, 2005, as well as those granted after September 1, 2005, is €2,442,000, compared with €2,848,000 in the 2008/2009 fiscal year.

€172,000 in social security charges should be added to these amounts for 2008/2009 fiscal year and €51,000 for 2009/2010 fiscal year.

2) Share appreciation rights

The incentive plans in place at August 31, 2009 matured in the 2009/2010 fiscal year and were paid out. At August 31, 2010, the Zodiac Aerospace Group had no liabilities of this type.

3) Executive Board's Special Report on stock options

The detailed report is available to shareholders at the General Meeting.
Information on stock options held by corporate officers:
- no options were exercised in 2009/2010 ;
- no options were granted in 2009/2010.

Information on stock options held by Group employees:
- the ten largest stock options exercised in 2009/2010 totaled 284,047;
- the ten largest stock options granted in 2009/2010 totaled 146,500.

NOTE 6 - CHANGE IN INVENTORIES (1)

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Change in inventories recognized during the year	(18,975)	(28,495)
Inventory impairment charge recognized during the year	(11,773)	(19,846)
Reversals of inventory impairment during the year	9,483	9,451
TOTAL	**(21,265)**	**(38,890)**

(1) Inventories of raw materials, work in progress, goods and finished products.

NOTE 7 - OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Gain/(loss) on sale of non-current assets	(54)	(407)
Restructuring costs	(240)	-
Other	(277)	(102)
TOTAL	**(571)**	**(509)**

NOTE 8 - NON-CURRENT OPERATING ITEMS

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Restructuring costs(1)	(5,013)	(10,519)
Costs related to the transfer from the Issy-les-Moulineaux site to Plaisir	(362)	(2,100)
Impairment(2)	(313)	(2,420)
Litigation	-	(100)
Suspension of the pension plan for Avox Systems (US)	-	(1,472)
Amortization of intangible assets(3)	(1,020)	(1,274)
Income from the disposal of shares in Zodiac Marine Holding and Coast Investment	-	(5,138)
Acquisition(4)	(2,439)	-
Other	-	1,468
TOTAL	**(9,147)**	**(21,555)**

(1) This item comprises the costs involved in closing the sites at Liberty (USA/AeroSafety & Technology) (€938,000) and Rungis (ECE, France/Aircraft Systems) (€1,777,000), restructuring of the "Actuators" business (€1,439,000) and other restructuring operations (€859,000).

(2) Impairment applied to the Aerosafety & Technology CGU product lines at August 31, 2009 and residual impairment at August 31, 2010 of the "know-how" owned by the two "Airbags" subsidiaries closed in the UK and USA.

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

(4) Cost of acquiring securities or assets as part of external growth transactions (under the terms of IFRS 3 (Revised)). At August 31, 2010, this figure referred to the Quinson, Cantwell Cullen & Company and Sell acquisitions.

NOTE 9 - COST OF NET DEBT

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Financial income	813	2,757
Foreign exchange gains/(losses)	1,035	(192)
Difference between currency spot and forward rates	(300)	631
Income/(expenses) related to cash and cash equivalents	**1,548**	**3,196**
Cost of gross debt	**(26,391)**	**(36,338)**
TOTAL	**(24,843)**	**(33,142)**

NOTE 10 - OTHER FINANCIAL INCOME AND EXPENSES

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Dividends	10	-
Net charges to provisions	(3)	14
Net accretion expense on pension obligations (net of returns)	(1,112)	(1,174)
TOTAL	**(1,105)**	**(1,160)**

The cost of gross debt fell by €9.9 million as a result of the decrease seen in the average use made of our lines of credit and the cost of our resources. The average cost of our borrowing for the period was 3.13% compared with 3.60% in the previous year. Our total cost of debt, including sundry banking charges, was 3.47%, compared with 3.97% in the previous year.

NOTE 11 - INCOME TAXES

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
1) Balance sheet		
Deferred taxes:		
Deferred tax assets	3,374	3,161
Deferred tax liabilities	75,201	48,059
Net deferred taxes	**(71,827)**	**(44,898)**
Breakdown of net amount by category:		
Employee benefits	17,710	20,054
Depreciation of inventories, stocks and associated general expenditure	17,304	17,053
Intercompany inventory profit	15,903	14,446
Development costs	(70,531)	(57,954)
Goodwill	(66,256)	(50,247)
Cancellation of regulated provisions	(4,123)	(3,889)
Other	18,166	15,639
Net deferred taxes	**(71,827)**	**(44,898)**
2) Income statement		
Deferred taxes and taxes payable:		
- deferred taxes	19,655	(4,981)
- taxes payable	37,407	25,613
Total tax (1)	**57,062**	**20,632**
3) Unrecognized tax credits or tax losses (2)	**6,694**	**7,115**

(1) At August 31, 2009, this amount included €1,339,000 recognized in respect of a tax audit at IN-LHC company.

(2) This amount includes €335,000 to be used by August 31, 2011.

Effective tax rate

(in thousands of euros)	Aug. 31, 2010
Pre-tax income	205,339
Tax rate	34.43%
Theoretical tax	70,698
Incidence of reduced-rate risk	(142)
Impact of tax rates in countries other than France (1)	452
Disposals of equity holdings	(1,209)
Tax credit for research and training	(14,122)
Other	1,385
Consolidated income tax	**57,062**
Effective tax rate	**27.79%**

(1) Including production tax credit in the US.

NOTE 12 - EARNINGS PER SHARE

		Aug. 31, 2010	Aug. 31, 2009
Numerator (in thousands of euros):			
Net income after minority interests	(a)	148,473	173,153
Denominator:			
Weighted average number of shares for the fiscal year	(b)	53,052,543	52,788,301
Stock subscription and purchase options		212,690	103,479
Diluted weighted average number of shares for the fiscal year	(c)	53,265,233	52,891,780
Net earnings per share (€)	**(a) / (b)**	**2.80**	**3.28**
Diluted net earnings per share (€)	**(a) / (c)**	**2.79**	**3.27**
Net earnings per share - restated (€) (1)		**2.81**	**2.68**
Diluted net earnings per share - restated (€) (1)		**2.79**	**2.68**

(1) Excluding the impact of the Marine segment disposal and acquisition costs net of tax (IFRS 3) for 2009/2010.

NOTE 13 - INTANGIBLE ASSETS AND GOODWILL

Note 13.1 - Goodwill: gross

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Changes (1)	Other	Balance at Aug. 31, 2010
Goodwill	1,103,201	69,885	34,325	-	13	1,207,424

(1) Within a period of one year following the acquisition.

Note 13.2 - Goodwill: impairment

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Changes	Impairment	Other	Balance at Aug. 31, 2010
Goodwill	107,291	4,447	-	-	334	-	112,072
Net goodwill	**995,910**	**-**	**-**	**-**	**-**	**-**	**1,095,352**

Net goodwill is broken down as follows:

(in millions of euros)	Aug. 31, 2010 Gross	Aug. 31, 2010 Impairment	Aug. 31, 2010 Net	Aug. 31, 2009 Net
CGU:				
AeroSafety & Technology :				
- AeroSafety	103.9	8.7	95.2	59.2
- Technology	49.6	13.6	36.0	36.4
Aircraft Systems (1)	361.3	40.0	321.3	311.0
Cabin Interiors :				
- Cabin (2)	611.2	24.8	586.4	534.9
- Seats	81.4	25.0	56.4	54.4
TOTAL	**1,207.4**	**112.1**	**1,095.3**	**995.9**

(1) Includes €255.4 million in respect of Intertechnique at August 31, 2010.
(2) Includes €344.7 million in respect of C&D and €125.0 million in respect of Monogram at August 31, 2010.

The impairment tests described in paragraph W of note 1 "Accounting principles" have been applied.

The recoverable value of CGUs, which is equivalent to their value in use, is determined by applying:

- a discount rate equivalent to the Group's weighted average cost of capital. This rate is 8.5% for all CGUs, with the exception of "Airbags", which is subject to a rate of 10%.

- cash flows determined on the basis of 4-year plans. Beyond this period, flows are extrapolated by applying a forecast growth rate for the markets concerned, with the exception of "Airbags", which is subject to a zero rate. These cash flows are taken from the business plans prepared by the Executive Board and reviewed by the Supervisory Board.

- aircraft manufacturer forecasts (where available) and forecasts from other external sources (e.g. passenger traffic forecasts).

- a euro/dollar exchange rate of 1.30.

The profitability assessment was made on the basis of those key assumptions that exert the greatest influence on profitability:

- 0.10 change in the euro/dollar exchange rate;

- 0.5% change in the discount rate applied.

Taken separately or cumulatively, these changes in assumption do not result in any loss of value.

Equally, separate application of the following assumptions does not result in any loss of value:

- application of a euro/dollar exchange rate of 1.50 for the full period under consideration;

- application of a discount rate of 11%.

Note 13.3 - Intangible assets: gross

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other	Balance at Aug. 31, 2010
Set up costs	45	2	-	-	-	-	47
Development costs (1)	187,718	10,418	-	32,623	-	-	230,759
Patents and trademarks	36,932	456	-	251	(17)	(69)	37,553
Business (2)	2,138	-	-	-	(2,125)	(13)	-
Certifications and other	45,576	973	6,522	3,178	(1,160)	717	55,806
TOTAL	**272,409**	**11,849**	**6,522**	**36,052**	**(3,302)**	**635**	**324,165**

(1) Costs incurred essentially in respect of the A380, B787, A400M, A350, G250 and G650 programs. These items of expenditure may relate to refundable advance payments, which are not subject to additional capitalization. Development costs retained in net operating income - after capitalization and billing to customers and excluding amortization of capitalized development costs - totaled €106,944,000 in 2009/2010, compared with €111,228,000 in 2008/2009, reflecting a decrease of 4%. This decrease is due essentially to a €9.8 million increase in design and development costs billed.
(2) The majority of the business net value recognized at August 31, 2009 (€14,000) referred to goodwill, and was reclassified into the goodwill item at August 31, 2010.

Note 13.4 - Intangible assets: amortization

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other	Balance at Aug. 31, 2010
Set up costs	14	-	-	11	-	-	25
Development costs(1)	24,344	1,990	-	6,306	-	-	32,640
Patents and trademarks	11,084	411	-	585	(17)	(6)	12,057
Business(2)	2,124	-	-	-	(2,124)	-	-
Certifications and other	33,415	689	152	5,019	(1,154)	125	38,246
TOTAL	**70,981**	**3,090**	**152**	**11,921**	**(3,295)**	**119**	**82,968**
Net value of intangible assets	**201,428**	**8,759**	**6,370**	**24,131**	**(7)**	**516**	**241,197**

(1) Costs incurred essentially in respect of the A380, B787, A400M, A350, G250 and G650 programs. These items of expenditure may relate to refundable advance payments, which are not subject to additional capitalization. Development costs retained in net operating income - after capitalization and billing to customers and excluding amortization of capitalized development costs - totaled €106,944,000 in 2009/2010, compared with €111,228,000 in 2008/2009, reflecting a decrease of 4%. This decrease is due essentially to a €9.8 million increase in design and development costs billed.

(2) The majority of the business net value recognized at August 31, 2009 (€14,000) referred to goodwill, and was reclassified into the goodwill item at August 31, 2010.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

The Group has classified three buildings as "Held-for-sale assets":

a) a net amount of €10,964,000 for its premises at Issy-les-Moulineaux (Hauts-de-Seine, France), following the transfer of activity to Plaisir (Yvelines, France). The process of selling these premises is underway.

b) a net amount of €990,000 for an AeroSafety & Technology segment production building at Liberty (USA), which was closed in 2009/2010. The process of selling this building is underway.

c) a net amount of €901,000 for a Cabin Interiors segment production building at Rockford (USA), which was closed in 2009/2010. The process of selling this building is underway.

There is no liability or equity-related item relating to these assets.

Note 14.1 - Property, plant and equipment: gross

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other	Balance at Aug. 31, 2010
Land and land development	19,873	643	-	73	(3)	-	20,586
Buildings and improvements	172,992	7,830	12	13,678	(2,323)	10,188	202,377
Equipment, furnishings, fixtures and other items	437,404	23,072	2,232	30,421	(17,240)	6,084	481,973
Assets under construction	38,843	717	-	9,503	(185)	(37,106)	11,772
TOTAL	**669,112**	**32,262**	**2,244**	**53,675**	**(19,751)**	**(20,834)**	**716,708**

(1) Buildings: €19,909,000 of this item has been reclassified as "Held-for-sale assets".

Note 14.2 - Property, plant and equipment: depreciation

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in consolidation scope	Increases	Reductions	Other	Balance at Aug. 31, 2010
Land and land development	1,376	53	-	60	-	-	1,489
Buildings and improvements	102,600	3,851	-	10,926	(2,198)	(7,298)	107,881
Equipment, furnishings, fixtures and other items	322,913	15,337	1,817	39,487	(16,276)	(169)	363,109
TOTAL	**426,889**	**19,241**	**1,817**	**50,473**	**(18,474)**	**(7,467)**	**472,479**
Net value of property, plant and equipment	**242,223**	**13,021**	**427**	**3,202**	**(1,277)**	**(13,367)**	**244,229**

(1) Buildings: €7,054,000 of this item has been reclassified as "Held-for-sale assets".

Finance leases

Property, plant and equipment includes the following leased assets:

(in thousands of euros)	Aug. 31, 2010
Equipment, furnishings, fixtures and other items	
Gross value	1,716
Accumulated depreciation	715
Net carrying value	**1,001**
Due within 1 year	613
Due in 1-5 years	-
Due in over 5 years	-
Future minimum payments	**613**

NOTE 15 - INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

These include equity investments made by the Zodiac Aerospace Group in a number of non-consolidated companies.

NOTE 16 - OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets are mainly deposits.

NOTE 17 - INVENTORIES

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Raw materials	335,281	316,018
Work in progress	123,460	109,277
Finished products and goods	143,252	148,467
Gross total	**601,993**	**573,762**
Provisions for impairment	**94,126**	**84,130**
TOTAL	**507,867**	**489,632**

No inventory items have been offered as collateral for liabilities.

NOTE 18 - CASH

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Cash and cash equivalents	**164,723**	**101,873**
Negotiable securities	**-**	**123**
Current financial liabilities	(167,457)	(243,485)
Commercial paper and other lines of short-term credit	148,000	-
Current portion of long-term loans and reimbursable advances	1,507	230,277
Banks	**(17,950)**	**(13,208)**
Net cash	**146,773**	**88,788**

NOTE 19 - CAPITAL

	Number of shares (thousands)	Common shares (in thousands of euros)	Share premiums (in thousands of euros)	Total (in thousands of euros)
At August 31, 2008	**55,668**	**11,134**	**72,601**	**83,735**
Premium-related costs	-	-	-	-
Options exercised	40	8	741	749
Dividends	-	-	-	-
At August 31, 2009	**55,708**	**11,142**	**73,342**	**84,484**
Premium-related costs	-	-	-	-
Options exercised	466	93	10,734	10,827
Dividends	-	-	-	-
At August 31, 2010	**56,174**	**11,235**	**84,076**	**95,311**

NOTE 20 - DEBT

Note 20.1 - Breakdown of debt

(in thousands of euros)	Interest rate (1)	Maturity	Aug. 31, 2010	Aug. 31, 2009
A. Non-current financial debt				
Confirmed syndicated loan (EUR)	3.390	(3)	450,000	486,000
Confirmed syndicated loan (USD)		(3)	-	7,025
Confirmed syndicated loan (CAD)	2.277	(3)	46,061	-
Syndicated loan costs			(7,022)	(2,814)
Non-current portion of other borrowings and unconfirmed loans	NS	(4)	22,616	22,681
Total (2)			**511,655**	**512,892**
B. Current financial liabilities				
Commercial paper (EUR)	0.577		148,000	-
Confirmed syndicated loan (EUR)		(3)	-	228,875
Current portion of amounts due to banks other borrowings and unconfirmed loans	NS	(5)	19,457	14,610
Total	-		**167,457**	**243,485**
TOTAL	-		**679,112**	**756,377**

(1) Average interest rate over the fiscal year, excluding amortization of syndicated loan origination fees.

(2) Maturities and breakdown of loans and confirmed lines of credit by currency (equivalents in thousands of euros at August 31, 2010):

2011/2012	795	Euro (EUR)	465,331
2012/2013	672	US dollar (USD)	222
2013/2014	489,638	Canadian dollar (CAD)	46,061
After 2014	20,550	Other	41

(3) Last June, the Group signed a new €1 billion "Club deal" funding agreement to replace the 2005 syndicated loan of €929 million, of which €238 million was repayable on June 11, 2010, and €691 million was repayable on June 14, 2011. This new 4-year revolving credit agreement expires in full in June 2014.

(4) The majority post-2014.

(5) 1-3 months renewable.

Note 20.2 - Covenants

The Group is bound by only one bank covenant; the "Debt/EBITDA" ratio, as defined in the loan agreement.

This covenant, which relates to the "Club deal", must be 3.5 or less at the end of each fiscal year until August 31, 2011, then 3.25 at August 31, 2012 and 3.00 at August 31, 2013. This covenant was complied with at August 31, 2010. Failure to comply with its conditions could result in the obligation to repay the loan early and in full.

NOTE 21 - PROVISIONS

(in thousands of euros)	Opening balance at Aug. 31, 2009	Translation adjustments	Change in scope	Changes during the year: Charges	Reversals (used provisions)	Reversals (unused provisions)	Other	Balance at Aug. 31, 2010
Medical cover for US pensioners	3,471	436	-	193	-	-	-	4,100
Lump-sum retirement benefits	25,352	-	91	2,814	(1,846)	-	-	26,411
Other	1,512	-	-	285	(14)	(9)	-	1,774
Total non-current	**30,335**	**436**	**91**	**3,292**	**(1,860)**	**(9)**	**-**	**32,285**
Guarantees	26,387	1,085	23	7,152	(4,251)	(2,300)	(285)	27,811
Litigation and insurance deductibles	3,587	182	-	1,776	(2,161)	(122)	212	3,474
Restructuring and diversification (1)	6,963	107	-	3,096	(3,277)	(247)	(1,738)	4,904
Taxes	9,288	94	-	645	(5,993)	(2,568)	-	1,466
Other (2)	5,017	217	-	3,098	(1,081)	(532)	111	6,830
Total current	**51,242**	**1,685**	**23**	**15,767**	**(16,763)**	**(5,769)**	**(1,700)**	**44,485**
TOTAL	**81 577**	**2,121**	**114**	**19,059**	**(18,623)**	**(5,778)**	**(1,700)**	**76,770**

(1) The "Other" column includes a €1.6 million provision for the relocation to Plaisir, which has been reclassified as personnel debt.

(2) Other provisions relate mainly to provisions for losses to completion and penalties on sundry commercial agreements.

Provisions for guarantees:

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

Provisions for employee benefits - post-employment benefits:

1. DEFINED-CONTRIBUTION PENSION AND MEDICAL INSURANCE PLANS

All French employees are covered by defined-contribution plans. These plans are managed by the government.

The Group's only obligation is to make the contributions required to finance these benefits, which are calculated as a percentage of salaries paid.

The annual expense incurred as a result of defined contribution plans was €42 million.

2. DEFINED-BENEFIT PENSION AND MEDICAL INSURANCE PLANS

2.1 France

In accordance with the law and the applicable collective bargaining agreements, the Group is required to pay lump-sum retirement benefits to its French employees in the form of a one-time payment due when the employee retires. Under these plans, employees become eligible for retirement benefits when they reach age 65. The Group does not fund these commitments in advance.

The present value of the pension obligation, the service cost over the period and past service costs have been calculated using the Projected Unit Credit Method (see Paragraph T of Note 1, "Accounting principles"). The Group has adopted the following main actuarial assumptions:

Assumption range	2009/2010	2008/2009
Discount rate	3.96%	4.41%
Expected return on plan assets	None	None
Expected rates of salary increase	2.5% - 3%	2.5% - 3%
Employee turnover rate	30-52 y. = 3% p.a. > 52 y. = 0% p.a.	30-52 y. = 3% p.a. > 52 y. = 0% p.a.

The INSEE TV-TD 04-06 mortality table is used.

The discount rate used is based on the average of Iboxx AA and AAA 10+.

2.2 USA

The Group has only two defined benefits plans in place: one at Air Cruisers and the other at Avox Systems, both of which were "frozen" prior to August 31, 2009.

Under these plans, employees become eligible for retirement benefits when they reach an age between 60 and 65. The Group is bound by obligations to fund these plans.

The present value of the pension, the service cost over the period and past services costs have been calculated using the Projected Unit Credit Method (see Paragraph T of Note 1, "Accounting principles").

The most recent actuarial valuations of the plan assets and of the present value of the pension obligations were carried out on the dates and by the actuarial firms shown below:

Subsidiary	Date of most recent valuation	Actuarial firm
Air Cruisers Systems	October 4, 2010	New York Life Retirement Plan Services
Avox Systems	August 31, 2010	First Niagara Benefits Consulting

The main actuarial assumptions are as follows:

Assumption range	2009/2010	2008/2009
Discount rate	5.70%	6.30%
Expected return on plan assets	8.00%	8.00%

The actual asset yield for the 2009/2010 fiscal year was 7.35%.

These assets were invested as follows:

- 60% in equities and 40% in bonds at Air Cruisers;
- 56% in equities, 35% in bonds and 9% in real estate income at Avox Systems.

3. CHANGE IN THE FINANCIAL STATUS OF DEFINED-BENEFIT PLANS

3.1 Net pension charge recognized in the income statement

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Current service costs	1,814	1,875
Interest expense (accretion)	2,480	2,605
Expected return on plan assets	(1,144)	(1,430)
Amortization of actuarial gains and losses	209	61
Amortization of past service costs	(91)	-
Plan settlements	-	-
Plan curtailments	-	-
Total charge for the year	**3,268**	**3,111**

3.2 Reconciliation of the amount recognized in the balance sheet

The reconciliation between the actuarial liability net of the fair value of plan assets and the provision recognized in the consolidated balance sheet is shown below:

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Actuarial liability arising on funded plans	25,972	20,450
Fair value of funded plans	(16,686)	(14,485)
Deficit (surplus) on funded plans	**9,286**	**5,965**
Actuarial liability arising on non-funded plans	31,147	25,777
Unrecognized actuarial gains and losses	(7 ,897)	(4,943)
Past service costs to be recognized	(2,025)	2,024
Cap on contingent assets	-	-
Provisioned in the balance sheet	**30,511**	**28,823**

3.3 Change in the actuarial liability of funded and non-funded plans

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Actuarial liability at the start of the fiscal year	**46,227**	**47,027**
Cost of services provided during the period	1,814	1,875
Interest expense	2,480	2,605
Actuarial gains and losses	2,717	41
Currency translation adjustments	2,819	589
Benefits paid	(2,988)	(3,255)
Cost of past services	3,958	(2,029)
Plan settlement	-	(626)
Change in scope and other influences	91	-
Actuarial liability at the end of the fiscal year	**57,118**	**46,227**

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

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Fair value at the start of the fiscal year	**(14,485)**	**(16,459)**
Expected return on plan assets	(1,144)	(1,430)
Actuarial gains and losses	(93)	3,113
Employer contributions and benefits paid	866	967
Currency translation adjustments	(1,831)	(676)
Fair value at the end of the fiscal year	**(16,687)**	**(14,485)**

NOTE 22 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Note 22.1 - Off-balance sheet commitments

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
Commitments given		
Long-term leases(1)	97,373	76,337
Actuarial gains and losses on employee benefit obligations(2)	6,351	1,840
Other guarantees given(3)	7,502	5,174
Collateral	-	535,673
Commitments received under contracts	**296**	**562**

(1) This amount includes commitments on revocable and irrevocable leases.
(2) Net of deferred taxes.
(3) Including a €4,820,000 guarantee issued by Zodiac Aerospace in favor of the Federal Insurance Company (CHUBB) as security for performance bonds issued by this insurer to certain customers of our company ESCO to underwrite fulfillment of its commercial contracts (installation of arresting barriers and systems for civil and military aircraft). The total usable guarantee issued by Zodiac Aerospace in this respect is $10 million.

N.B.: Zodiac Aerospace has also:

- posted a guarantee bond at the Amsterdam commercial court to cover the consolidated debts of the Driessen Group holding company and its Dutch subsidiaries to avoid the need to submit Dutch GAAP consolidated financial statements for the Driessen sub-group. This guarantee may not exceed €10 million;
- provided a guarantee for a customer of its Sicma Aero Seat subsidiary as part of securing the contract to supply a significant volume of seats for Sicma Aero Seat and the Group. This guarantee expires on December 31, 2015.

Operating lease commitments

(in thousands of euros)	Aug. 31, 2010	Aug. 31, 2009
- Within 1 year	23,504	20,355
- 1 to 5 years	67,588	45,636
- Over 5 years	6,281	10,346
Minimum payments	97,373	76,337
Future minimum subletting revenues receivable at year-end (irrevocable contracts)	-	-

Note 22.2 - Contingent assets and liabilities

There were no identifiable contingent assets at August 31, 2010.

Only one contingent liability was identified at that date.

It concerns litigation relating to a chemical pollution incident identified subsequent to the Group's acquisition of a US company. The cause of the pollution dates from a time prior to the date of acquisition. The financial consequences of this pollution are covered under the terms of a contractual guarantee made by the vendor to the Zodiac Aerospace Group. This guarantee has been taken over by the successor to the vendor.

In March 2009, the Group learned of the successor's bankruptcy, and was advised by its lawyers that, as a result of this eventuality, there was a contingent risk liability that could pass to the Zodiac Aerospace Group.

If this liability were to pass to our Group, estimates suggest that our US subsidiary would be liable to meet approximately 0.10% of the clean-up costs involved. The uncertainty regarding the transfer of liability to the Zodiac Aerospace Group and the estimated total cost of cleaning up the polluted area means that it is not currently feasible to determine whether or not these circumstances will result in a cash outflow, and how much cash would be involved should this prove to be the case.

NOTE 23 - INFORMATION ON RELATED PARTIES

1.1 Relationships with subsidiaries and affiliates

The Group issued no invoices during the 2009/2010 fiscal year.

1.2 Transactions with executives and officers

a) Salaries and benefits

(in euros)	Fixed	Variable	Benefits in kind (vehicle)	Total
Jean-Louis Gerondeau †	30,000	-	1,155	31,155
Maurice Pinault	255,000	96,211	4,980	356,191
Olivier Zarrouati	365,000	301,826	4,500	671,326
TOTAL	**650,000**	**398,037**	**10,635**	**1,058,672**

The compensation payable in the event of termination of contract is described in the "Executive and Supervisory Boards" section of the annual report.

b) Stock options

	Jean-Louis Gerondeau †	Maurice Pinault		Olivier Zarrouati		
	04 plan	04 plan	07b plan	04 plan	07a plan(1)	07b plan
Options outstanding at Aug. 31, 2009	169,280	79,350	84,640	63,480	79,350	63,480
Options exercised in 2009/2010(2)	169,280	-	-	-	-	-
Options outstanding at Aug. 31, 2010	-	79,350	84,640	63,480	79,350	63,480
Exercise price (in euros)	23.83	23.83	41.11	23.83	49.29	41.11
Expiry date	Feb. 12, 2012	Feb. 12, 2012	Dec. 3, 2015	Feb. 12, 2012	Feb. 13, 2015	Dec. 3, 2015

(1) Plan allocated to the 2006/2007 fiscal year.
(2) Options exercised by the Gerondeau estate.

1.3 Remuneration paid to Executive Committee members

The Executive Committee had 7 members in the 2008/2009 fiscal year and 9 in the 2009/2010 fiscal year.

The amount paid to these members was €2,283,000 in fixed remuneration and €1,468,000 in variable remuneration: a total of €3,751,000, including the remuneration paid to Executive Board members (a detailed breakdown can be found in the note specific to executive remuneration). The corresponding figures for the previous fiscal year were €1,652,000 and €1,092,000 respectively: a total amount of €2,744,000.

The variable element is calculated as follows:

- 0 to 175% of fixed salary to reflect the degree to which the operating profit and capital employed targets are met;
- 0 to 100% of fixed salary to reflect the degree to which the net income target is met.

New Executive Committee members were granted a total of 131,000 stock options during the fiscal year.

NOTE 24 - POST YEAR-END EVENTS

On July 5, 2010, Zodiac Aerospace signed an agreement with Premium Aircraft Interiors Group (PAIG) for the 100% acquisition of its Sell subsidiary (Germany). Subject to anti-trust regulatory approval, this €213 million transaction was finalized on September 30.

Sell is one of the world's leading designers and manufacturers of aircraft galleys and electrical galley equipment, and a leading supplier of associated services to the commercial aviation industry. The company generates annual revenue of approximately €170 million.

There were no other significant post year-end events.

NOTE 25 - LIST OF CONSOLIDATED COMPANIES AT AUGUST 31, 2010

Fully consolidated companies	Country	% ownership
Zodiac Aerospace	France	Parent company
Adder SAS	France	100.00
Aérazur	France	100.00
Aerodesign de Mexico SA	Mexico	100.00
Air Actuators Singapore	Singapore	100.00
Air Cruisers	USA	100.00
Amfuel	USA	100.00
Avox Systems	USA	100.00
Cantwell Cullen & Company	Canada	100.00
C&D Aerospace Canada Co	Canada	100.00
C&D Brasil Limitada	Brazil	100.00
C&D Zodiac Inc.	USA	100.00
C&D Europe	France	100.00
Driessen Aerospace CZ SRO	Czech Republic	100.00
Driessen Aerospace Group NV	Netherlands	100.00
Driessen Aerospace USA Inc.	USA	100.00
Driessen Aircargo Equipment BV	Netherlands	100.00
Driessen Aircargo Equipment Ltd	Thailand	100.00
Driessen Aircargo Equipment USA Inc.	USA	100.00
Driessen Aircraft Interior Systems (Thailand) Ltd	Thailand	100.00
Driessen Aircraft Interior Systems Europe BV	Netherlands	100.00
Driessen Aircraft Interior Systems Inc.	USA	100.00
Driessen Aircraft Interior Systems USA Inc.	USA	100.00
Driessen Global Services BV	Netherlands	100.00
Driessen Services Bahrain	Bahrain	51.00
Driessen Services Brussels BV	Belgium	100.00
Driessen Services Inc.	USA	100.00
Driessen Services Singapore Ltd	Singapore	100.00
DSF Wartung und reparatur von Flugzeugeinrichtingen GmbH	Germany	100.00
E Dyer Engineering Ltd	UK	100.00
ECE	France	100.00
Engineered Arresting Systems Corp.	USA	100.00
Evac AB	Sweden	100.00
Evac GmbH	Germany	100.00
Evac LTDA	Brazil	100.00
Evac Shangai ETC	China	100.00
Gat-In-Es	France	100.00
Icore International Inc.	USA	100.00
Icore International Ltd	UK	100.00

Fully consolidated companies	Country	% ownership
IDD Aerospace Corp.	USA	100.00
Immobilière Galli	France	100.00
IN Services & Al Rumaithy Estab.	UAE	49.00
IN Snec Holding	France	100.00
IN-Flex	France	100.00
IN-LHC	France	100.00
IN Services Asia	Hong Kong	100.00
Intertechnique	France	100.00
Monogram Aerospace Industries	USA	100.00
Parachutes Industries Southern Africa	South Africa	100.00
Pioneer	USA	100.00
Precilec	France	100.00
Quinson	France	100.00
Sicma Aero Seat	France	100.00
Sicma Aero Seat Services	USA	100.00
Société Aéronautique Marocaine de Décolletage Industriel	Morocco	100.00
The Richards Corp.	USA	100.00
Weber Aircraft	USA	100.00
Zodiac Aerospace Maroc	Morocco	100.00
Zodiac Aerospace Tianjin Pte Ltd	China	100.00
Zodiac Aerospace UK Ltd	UK	100.00
Zodiac Automotive Tunisie	Tunisia	100.00
Zodiac Automotive Division	France	100.00
Zodiac Automotive España SL	Spain	100.00
Zodiac Automotive UK	UK	100.00
Zodiac Cabin	France	100.00
Zodiac Cabin Controls GmbH	Germany	100.00
Zodiac Data Systems GmbH	Germany	100.00
Zodiac Data Systems Inc.	USA	100.00
Zodiac Data Systems Ltd	UK	100.00
Zodiac Data Systems SAS	France	100.00
Zodiac Engineering	France	100.00
Zodiac Equipments Tunisie SARL	Tunisia	100.00
Zodiac Holding Airbag España SL	Spain	100.00
Zodiac Holding Sicma Aeroseat SL	Spain	100.00
Zodiac Seats Services Middle East	UAE	100.00
Zodiac Seats Tunisie SARL	Tunisia	100.00
Zodiac Services America LLC	USA	100.00
Zodiac Services Asia	Singapore	100.00
Zodiac Services Europe	France	100.00
Zodiac US Corporation	USA	100.00

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In accordance with the terms of our appointment by your Annual General Meetings, we hereby submit our report for the year ended August 31, 2010, regarding:

- our audit of the consolidated financial statements of Zodiac Aerospace, as appended to this report;
- the justification of our assessments;
- the specific verification required under French law.

The consolidated financial statements have been prepared by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have conducted our audit in accordance with professional standards applicable in France. These standards require that we carry out procedures to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit includes examining, by means of spot checks and other selection methods, those items supporting the amounts and disclosures shown in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of all the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present, in all material respects, a fair view of the assets and financial position and results of operations for the entity consisting of the companies included within the consolidated group in accordance with International Financial Reporting Standards, as adopted in the European Union.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

- Note 1-J of the Notes to the consolidated financial statements describes the accounting rules and methods applied in recognizing development costs incurred for multi-year programs on the asset side of the balance sheet. In conducting our assessment of the accounting rules and principles applied by your Group, we have verified the accounting methods indicated above to ascertain that they were reasonable and correctly applied.

- Notes 1-I and 1-W of the Notes to the consolidated financial statements describe the accounting rules and methods applied to valuing goodwill. In conducting our assessment of the accounting rules and principles applied by your Group, we verified the accounting methods described in the Notes to the financial statements to ascertain that they were reasonable and correctly applied, as well as to ascertain the reasonable nature of the information used to determine carrying values.

Our assessments were made in the context of our audit of the consolidated financial statements, taken as a whole, and therefore assisted us in reaching our unqualified opinion as expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with French standards, we have also reviewed the information contained in the Group's management report.

We have no comments to report with respect to the fair presentation and consistency of such information with the consolidated financial statements.

Paris-La Défense, December 17, 2010

The Statutory Auditors

Fideuraf	Ernst & Young Audit
a Member of the Fiducial Network	Laurent Miannay
Jean-Pierre Boutard	

FEES PAID BY THE GROUP TO STATUTORY AUDITORS
AND TO MEMBERS AFFILIATED WITH THEIR GROUPS

	Ernst & Young				Fideuraf				Breakdown			
									Ernst & Young	Fideuraf	Ernst & Young	Fideuraf
	Amount (excl. tax)		%		Amount (excl. tax)		%		%		%	
(in thousands of euros)	2010	2009	2010	2009	2010	2009	2010	2009	2010		2009	
Audit												
Auditing of the financial statements, and certification and inspection of the corporate and consolidated financial statements:												
- Issuer	173	173	7.0%	7.5%	112	106	100%	100%	60.7%	39.3%	62.0%	38.0%
- Fully consolidated subsidiaries	2,175	1,956	87.6%	85.3%	-	-	-	-				
inc. international network coordination	*110*	*110*	*4.4%*	*4.8%*	-	-	-	-				
Other duties and services directly related to the appointment of the statutory auditor:												
- Issuer	-	-	-	-	-	-	-	-				
- Fully consolidated subsidiaries	85	119	3.4%	5.2%	-	-	-	-				
Sub-total	2,433	2,248	98.0%	98.0%	112	106	100%	100%	-	-	-	-
Other services provided by the networks to fully consolidated subsidiaries												
Legal, tax, personnel-related	42	12	1.7%	0.5%	-	-	-	-				
Other	8	34	0.3%	1.5%	-	-	-	-				
Sub-total	50	46	2.0%	2.0%	-	-	-	-	-	-	-	-
TOTAL	**2,483**	**2,294**	**100%**	**100%**	**112**	**106**	**100%**	**100%**	**-**	**-**	**-**	**-**

ZODIAC AEROSPACE PARENT COMPANY FINANCIAL STATEMENTS

(EXTRACT)

BALANCE SHEET

ASSETS

(in thousands of euros)	Gross	Depreciation, amortization and impairment	Net at Aug. 31, 2010	Net at Aug. 31, 2009
Intangible assets	12,266	4,237	8,029	3,677
Property, plant and equipment	17,079	9,241	7,838	6,276
Long-term investments	1,460,670	-	1,460,670	1,432,032
Total non-current assets	**1,490,015**	**13,478**	**1,476,537**	**1,441,985**
Operating receivables	3,339	-	3,339	48,223
Other receivables				
Other debtors and loans to subsidiaries	284,432	-	284,432	301,251
Cash and cash equivalents	78,500	-	78,500	10,192
Prepaid expenses	2,305	-	2,305	1,989
Total current assets	**368,576**	**-**	**368,576**	**361,655**
TOTAL ASSETS	**1,858,591**	**13,478**	**1,845,113**	**1,803,640**

EQUITY AND LIABILITIES

(in thousands of euros)	Net at Aug. 31, 2010	Net at Aug. 31, 2009
Capital	11,235	11,142
Share premiums	129,435	118,700
Revaluation adjustments	252	252
Legal reserve	1,114	1,113
Reserve for long-term capital gains	-	-
Other reserves	23,837	23,838
Retained earnings	519,631	527,405
Net income for the year	57,346	45,104
Regulated provisions	309	296
Total equity	**743,158**	**727,850**
Provisions for contingencies and losses	**968**	**9,566**
Financial debt	1,083,536	1,045,912
Operating liabilities	17,251	17,039
Other liabilities	200	3,273
Total liabilities	**1,100,987**	**1,066,224**
TOTAL EQUITY AND LIABILITIES	**1,845,113**	**1,803,640**

INCOME STATEMENT

(in thousands of euros)	Year ended Aug. 31, 2010	Year ended Aug. 31, 2009
Revenue from operations		
Sales revenue	28,421	30,340
Other revenues	5	-
	28,426	**30,340**
Operating expenses		
Raw materials, supplies used in production and other external expenses	20,868	18,341
Taxes other than income taxes	815	885
Personnel expenses	10,936	10,595
Depreciation and amortization	3,353	3,178
	35,972	**32,999**
Operating income	**(7,546)**	**(2,659)**
Financial income		
Income from equity investments	62,291	39,444
Other interest and similar income	7,299	11,582
Currency gains	515	43
Reversals of provisions	16,352	86,330
	86,457	**137,399**
Interest and similar expenses		
Interest expense	24,138	34,543
Currency losses	-	65
Allocations and other financial charges	29	17,201
	24,167	**51,809**
Net financial income	**62,290**	**85,590**
Income before tax and exceptional items	**54,744**	**82,931**
Exceptional income		
Management operations	-	-
Capital transactions	15	406
Reversals of provisions	350	88
	365	**494**
Exceptional charges		
Management operations	376	-
Capital transactions	1,233	96,782
Amortization and provisions	291	1,268
	1,900	**98,050**
Net exceptional profit/loss	**(1,535)**	**(97,556)**
Income tax	**(4,137)**	**(59,729)**
TOTAL INCOME	**115,248**	**168,233**
TOTAL EXPENSES	**57,902**	**123,129**
NET INCOME FOR THE YEAR	**57,346**	**45,104**

RESOLUTIONS

TO BE SUBMITTED TO SHAREHOLDERS AT THE COMBINED GENERAL MEETING OF JANUARY 10, 2011 CONVENED TO VOTE ON THE FINANCIAL STATEMENTS FOR THE 2009/2010 FISCAL YEAR

ORDINARY BUSINESS

FIRST RESOLUTION

Approval of the annual financial statements of Zodiac Aerospace for the fiscal year ended August 31, 2010.

Having familiarized themselves with the financial statements of Zodiac Aerospace (the "Company") for the fiscal year ended August 31, 2010, and having heard the reading of the reports presented by the Executive Board, the Supervisory Board and the Statutory Auditors concerning the financial statements for the fiscal year ended August 31, 2010, the report of the Supervisory Board Chairman on the conditions governing the preparation and organization of the work done by the Board and the internal control procedures implemented by the Company, and the report produced by the Statutory Auditors concerning this report, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders approve the financial statements for the fiscal year as presented, reflecting net income of €57,345,558.40. The Shareholders thereby approve the transactions reflected in these financial statements and summarized in these reports.

Furthermore, and in accordance with the provisions of Article 223 quater of the French General Tax Code, the Shareholders give their formal agreement that the corporate financial statements for the past fiscal year include no extravagant expenditure or non-tax-deductible expense, as defined in Article 39-4 of the said Code.

Consequently, the Shareholders grant the members of the Executive Board and Supervisory Board full and unqualified discharge for their management during the past fiscal year.

SECOND RESOLUTION

Approval of the consolidated financial statements of the Zodiac Aerospace Group for the fiscal year ended August 31, 2010.

Having familiarized themselves with the financial statements of the Company for the fiscal year ended August 31, 2010, and having heard the reading of the report concerning the management of the Group as included in the report of the Executive Board, the report of the Supervisory Board Chairman on the conditions governing the preparation and organization of the work done by the Board and internal control procedures, and the report produced by the Statutory Auditors concerning this report, and the reports of the Supervisory Board and Statutory Auditors concerning the consolidated financial statements for the fiscal year ended August 31, 2010, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders approve the consolidated financial statements for the fiscal year as presented, reflecting net income (Group share) of €148,473,000.

The Shareholders also approve the transactions reflected in these financial statements and summarized in these reports.

Consequently, the Shareholders grant the members of the Executive Board and of the Supervisory Board full and unqualified discharge for their management during the past fiscal year.

THIRD RESOLUTION

Allocation of earnings – Setting the amount of the dividend at €1 per share.

Having familiarized themselves with the reports presented by the Executive Board and the Supervisory Board, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders duly note that the balance sheet for the year ended August 31, 2010 reflects distributable earnings of €57,345,558.40 and agree to the proposal tabled by the Executive Board to allocate these earnings as follows:

Distributable earnings for the period	€57,345,558.40
Appropriation to the legal reserve	(€9,322.58)
Retained earnings available for distribution	€519,630,954.52
Distributable earnings	**€576,967,190.34**
Distribution of a dividend of €1 for each of the 56,174,207 shares (*)	(€56,174,207.00)
Appropriation of the balance to Retained Earnings	€520,792,983.34

(*) This amount relates to all those shares issued by the Company at August 31, 2010; it will be adjusted to reflect the number of treasury shares held by the Company on the dividend payment date.

The Shareholders resolve to pay a dividend of €1 per share for each of the 56,174,207 ordinary shares making up the total capital stock of the Company at August 31, 2010. The total dividend payable is therefore €56,174,207, on the

Dividends distributed in respect of the three preceding fiscal years		Fiscal year ended August 31, 2009	Fiscal year ended August 31, 2008	Fiscal year ended August 31, 2007
Total number of shares(1)		55,708,078	55,667,704	55,529,604
Dividend distributed per share	Ordinary dividend:	€1	€1	€1
	Extraordinary dividend:	-	-	€2
Total amount of distribution(2)	Ordinary dividend:	€55,708,078	€55,667,704	€55,529,604
	Extraordinary dividend:	-	-	€111,166,094

(1) Number of shares granting entitlement to dividend payment (after deduction, where necessary, of treasury shares held on the dividend payment date).

(2) Amount eligible for the 40% allowance referred to in Article 158-3-2° of the French General Tax Code, and applicable to private individuals resident in France for tax purposes. For dividends distributed after January 1, 2008, private individuals resident in France for tax purposes may opt for a standard levy at source of 18% of the gross dividend amount (recipients must notify the paying institution of their intention to exercise this option).

basis that the amount in respect of dividends unpaid on treasury shares held by the Company on the dividend payment date will be appropriated to retained earnings.

This dividend will be paid in cash on January 17, 2011.

Where this dividend is subject to the progressive personal income tax rate schedule (barème progressif) imposed on private individuals resident in France for tax purposes (Article 158-3-2° of the French General Tax Code), only 60% will be distributed. Optionally, such beneficiaries may elect for these dividends to be subject to a standard levy at source of 18% (Article 117 quater of the French General Tax Code) by notifying the dividend paying institution of their intention to take up this option on or before the dividend payment date. Furthermore, dividends distributed to private individuals where the shares concerned are not held as part of a share savings plan (PEA) are subject to deduction of social security contributions in respect of distributions made after January 1, 2008.

In accordance with Article 243 bis of the French General Tax Code, the table above shows the dividends distributed in respect of the three preceding fiscal years.

FOURTH RESOLUTION

Approval of the regulated agreements covered by Article L. 225-86 of the French Commercial Code and described in the Statutory Auditors' special report.

Having familiarized themselves with the report presented by the Executive Board and the Statutory Auditors' special report on related-party agreements and commitments covered by Article L. 225-86 and subsequent of the French Commercial Code, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders hereby approve this report and the agreements and commitments it contains, and formally state, where applicable, that no such agreement or commitment entered into in prior years remained in effect during the past fiscal year.

FIFTH RESOLUTION

Approval of the agreements and commitments covered by Article L. 225-90-1 of the French Commercial Code as described in the Statutory Auditors' Special Report.

Having heard the reading of the report presented by the Executive Board and the Statutory Auditors' special report on related-party agreements and commitments covered by Article L. 225-86 and subsequent of the French Commercial Code, and voting in accordance with the quorum and majority required for transacting ordinary business, the Shareholders hereby approve this report and the conditional agreements covered by Article L. 225-90-1 of the French Commercial Code entered into by the Company in respect of the cessation of appointment of Mr. Olivier Zarrouati as CEO of the Executive Board.

SIXTH RESOLUTION

Authorization of the Executive Board to buy and sell the Company's own shares.

Having familiarized themselves with the reports presented by the Executive Board and the Supervisory Board, and voting in accordance with the quorum and majority requirements for transacting ordinary business, the Shareholders authorize the Executive Board, for a period of eighteen months, and in accordance with Articles L. 225-209 and subsequent of the French Commercial Code, and in compliance with the terms and conditions contained in Articles 241-1 to 241-6 of the Autorité des Marchés Financiers' General Regulations and of European Regulation 2273/2003 of December 22, 2003, to buy the Company's own shares for the following purposes:

(i) to allot them or sell them (i) under the provisions of Articles L. 225-179 and subsequent of the French Commercial Code; or (ii) under the terms of an employee stock ownership or share savings plan; or (iii) pursuant to the provisions of Articles L. 225-197-1 and subsequent of the French Commercial Code; or

(ii) to ensure that liquidity is provided for the shares on the equity market by an investment services provider under a liquidity contract that complies with the Code of Conduct recognized by the Autorité des Marchés Financiers; or

(iii) subsequently to deliver the shares in exchange, payment or otherwise as part of any acquisition, subject to a maximum equivalent to 5% of the Company's capital stock; or

(iv) to deliver the shares further to the exercise of rights attached to negotiable securities giving the right to allotment of shares in the Company by redemption, conversion, exchange, presentation of a warrant or any other means; or

(v) to cancel the shares by decreasing the capital stock, subject to the adoption of the 14th resolution submitted to this General Meeting of Shareholders ; or

(vi) to implement any market practice accepted by the Autorité des Marchés Financiers, and more generally, to conduct any other transaction that complies with the applicable regulations.

The number of shares purchased may not exceed 10% of the Company's capital stock upon completion of such purchases, bearing in mind that this percentage shall apply to capital stock adjusted to reflect transactions that may affect it after the date of this Meeting.

The Executive Board may buy, sell, exchange or transfer shares on one or more occasions, at any time, within the limits authorized by the applicable laws and regulations and subject to the provisions of Article 631-6 of the General Regulations of the Autorité des Marchés Financiers, and by all means, either on- or off-market.

The maximum amount of funds that may be allocated to the share buyback program is one hundred and fifty million euros (€150,000,000).

The Shareholders grant the Executive Board all powers, including the power of delegation, to conduct these transactions and in particular to place all stock market orders, enter into all agreements, complete all formalities and make all declarations to all relevant organizations, and make any adjustments provided for by applicable regulations in the event that shares are purchased at a price higher than the stock market price and more generally, to do what is necessary.

This authorization supersedes any remaining authorization granted by the 5th resolution adopted at the Combined General Meeting of January 11, 2010.

SEVENTH RESOLUTION

Supervisory Board reappointment.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, renew the appointment of Mr. Marc Schelcher as Supervisory Board Member for a term of two years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2012.

EIGHTH RESOLUTION

Appointment of Mrs. Laure Hauseux as Supervisory Board Member.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, decide to appoint Mrs. Laure Hauseux as Supervisory Board Member for a term of six years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2016.

NINTH RESOLUTION

Appointment of Mr. Vincent Gerondeau as Supervisory Board Member.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, decide to appoint Mr. Vincent Gerondeau as Supervisory Board Member for a term of six years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2016.

TENTH RESOLUTION

Appointment of Mr. François Calvarin as Supervisory Board Member.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, decide to appoint Mr. François Calvarin as Supervisory Board Member for a term of six years expiring at the end of the Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2016.

ELEVENTH RESOLUTION

Appointment of a new Substitute Statutory Auditor.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, appoint SAREX, domiciled at 67, boulevard du Point du Jour, 06700 Saint-Laurent-du-Var, and registered under number 307 516 252 in the companies registry of Antibes, as the new Substitute Statutory Auditor to replace Mr. Jean Martin, whose appointment has expired and whose name is no longer included in the official list of Auditors. This new appointment is made for the remaining period of the previous appointment, i.e. until the end of the Ordinary Annual General Meeting convened to approve the financial statements for the fiscal year ending August 31, 2011.

TWELFTH RESOLUTION

Ratification of the decision to relocate the Company registered office.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, resolve, in accordance with the provisions contained in Article 5 of the Company's Articles of Association, to ratify the decision reached under the terms of the resolution adopted by the Supervisory Board meeting of April 21, 2010, to relocate the Company registered office to 61 rue Pierre Curie, 78370 Plaisir, with effect from May 17, 2010.

Consequently, the Shareholders also approve the change made to Article 5 of the Company's Articles of Association by the CEO of the Executive Board.

THIRTEENTH RESOLUTION

Setting the amount to be paid in respect of directors' fees.

The Shareholders, voting in accordance with the quorum and majority requirements for transacting ordinary business, agree to set €400,000 as the total amount of directors' fees to be allocated to Supervisory Board members with effect from the fiscal year commencing September 1, 2010. The same amount will apply in subsequent years until such time as shareholders adopt an alternative resolution.

EXTRAORDINARY RESOLUTIONS

FOURTEENTH RESOLUTION

Authorization of the Executive Board to reduce the capital stock by canceling shares purchased by the Company as part of its share repurchase program.

Subject to approval of the 6th resolution above, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, the Shareholders authorize the Executive Board, in accordance with Article L. 225-209 of the French Commercial Code, to cancel, in one or several transactions, to a maximum of 10% of the capital and per twenty-four month period, all or part of the shares acquired by the Company and to reduce the capital stock in proportion to such cancelation.

For this purpose, the Shareholders grant all powers to the Executive Board to determine the final amount of the capital decrease, to determine the terms and conditions of such capital decrease and duly to record its completion, to amend the Articles of Association to reflect the use of this authorization, take all resulting action, complete all necessary formalities, and, more generally, to do what is necessary.

This authorization cancels and supersedes as from this day and for the part not used, any previous authorization having the same purpose, in particular the one granted by the Shareholders in the 10th resolution adopted at the Combined General Meeting held on January 11, 2010.

FIFTEENTH RESOLUTION

Delegation of authority for the Executive Board to increase nominal capital stock by a total of five million (5,000,000) euros by means of a rights issue of ordinary shares and/or other negotiable securities giving access to equity.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129, L. 225-129-2 and L. 228-91 of the French Commercial Code:

1. delegate to the Executive Board, with an option of delegation to another legally-entitled person, the authority to increase capital stock on one or more occasions in the proportions, at the times and in accordance with the methods it may decide, by means of a shareholder rights

issue of Company shares or negotiable securities - including detachable warrants - conveying immediate or eventual access to a portion of the Company's capital stock, subscription for which may be in cash or by offsetting against receivables. It is specifically stated that authority to issue preference shares is excluded from this delegation;

2. resolve that total amount of the capital increases that may be made immediately and/or at a later date as a result of this delegation may not exceed five million (5,000,000) euros in terms of nominal share value, on the basis (a) that this overall upper limit on capital increase applies jointly to the 15th, 20th and 21st resolutions of this Meeting and that the total nominal amount of capital increases made under the terms of these resolutions and those of the 17th, 18th and 19th resolutions will also be included in this overall upper limit, and (b) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued as part of new financial transactions required by law to protect the rights of bearers of negotiable securities giving access to equity;

3. resolve that the negotiable securities issued under these arrangements to provide access to ordinary shares in the Company may specifically take the form of negotiable debt securities or be associated with the issue of such securities. They may specifically take the form of subordinated or non-subordinated debt, whether fixed term or perpetual, issued either in euros, in other currencies or in any monetary unit referenced against a basket of currencies.

The total nominal amount of negotiable debt securities giving access to equity issued in this way may not exceed three hundred million (300,000,000) euros or equivalent value, on the date of the decision to issue in any other currency, or in any monetary unit referenced against a basket of currencies, on the basis that this amount applies jointly to all negotiable debt securities issued under the delegation granted to the Executive Board by this Meeting under the terms of the 15th, 17th, 18th and 19th resolutions.

Loans giving access to the Company's ordinary shares may be subject to a fixed and/or floating rate of interest, with or without capitalization, and be repayable with or without premium or impairment. Such shares may be purchased in the stock market or as the result of a bid or exchange made by the Company.

4. resolve the following in the event that the Executive Board uses the powers hereby delegated:

(a) that shareholders have an irrevocable preferential right proportional to their shareholding to purchase ordinary shares and negotiable securities issued under the terms of this resolution;

(b) that the Executive Board will have the additional option to grant shareholders an irrevocable subscription right proportional to their entitlement up to the limit of their request;

(c) that where irrevocable subscriptions and, where applicable, revocable subscriptions, have not accounted fully for the issue, the Executive Board may, subject to compliance with the relevant legal conditions, and in whichever order it sees fit, use one or other of the powers set out in Article L. 225-134 of the French Commercial Code, one of which is to make a total or partial public offering of the shares and/or negotiable securities not subscribed;

5. formally state that in the event of this delegation of authority being used, the decision to issue negotiable securities giving access to equity will result in the legally binding and express relinquishment by the shareholders of their preferential entitlement to subscribe to the equity shares to which these negotiable securities may confer entitlement, in favor of the holders of negotiable securities that may be so issued;

6. formally state that this delegation of authority confers all powers on the Executive Board to implement this delegation in accordance with the applicable legal conditions, and more specifically to:

- decide the amount of issue, the issue price and the amount of any issue premium that may be requested;
- set the issue dates and methods, and the nature, form and characteristics of the shares to be created;
- set the method of payment for the shares and/or securities issued or to be issued;
- set, where necessary, the methods to be used when exercising the rights conferred by the securities issued or to be issued and, moreover, to set the date, including retrospectively, from which the new shares will become effective, and to set all other conditions and methods required to achieve the issue;
- put in place the option to suspend exercise of the rights conferred by these securities for a maximum period of three months;
- use its sole initiative to debit the costs involved in realizing the capital stock increase from the amount of any related premium, and to deduct from this amount the sums required to ensure that the legal reserve is equivalent to one tenth of the new capital stock on completion of each increase;
- enter into any agreement, recognize each capital increase, make the corresponding changes to the Articles of Association and complete all necessary formalities and declarations required to ensure the success of these issues;

7. set the validity period for this delegation at twenty-six (26) months from today;

8. resolve that, with effect from today, this delegation supersedes any unused portion of any prior delegation granted for the same purpose, particularly the delegation granted under the terms of the 12th resolution adopted by the Annual General Meeting of January 12, 2009.

SIXTEENTH RESOLUTION

Delegation of authority for the Executive Board to proceed with a capital increase by incorporation of profits, reserves or premiums.

The Shareholders, acting under the quorum and majority requirements for transacting ordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and in accordance with Articles L. 225-129, L. 225-129-2 and L. 225-130 of the French Commercial Code:

1. delegate to the Executive Board, with an option of delegation to another legally-entitled person, the authority to increase capital stock on one or more occasions in the proportions and at the times it may decide, by incorporation into capital stock of premiums, reserves, profits or other sums that may be capitalized legally and under the terms of the Company's Articles of Association, and to do so in the form of a allocation of free shares or an increase in the face value of existing shares or a combination of both;

2. resolve that total amount of the capital increases that may be made as a result of this delegation may not exceed the total amount of those sums that may be incorporated into capital stock on the date of such incorporation, on the basis (a) that this upper limit may, where appropriate, be supplemented by the additional amount represented by any ordinary shares required by law to be issued by the Company in order to protect the rights of bearers of negotiable securities giving access to ordinary shares in the Company, (b) that the sums recognized in the legal reserve account may not be incorporated, and (c) that the amount of capital increases made under the terms of this delegation will be additional to the amount of the upper limit set in paragraph 2 of the 15th resolution above;

3. resolve that, in the event that the Executive Board uses the powers hereby delegated, and in accordance with the provisions of Article L. 225-130 of the French Commercial Code, rights to fractions of shares will be neither negotiable nor saleable, and that the corresponding equity shares will be sold; the proceeds of sale will then be allocated to the entitlement holders within the period provided for under the applicable regulation;

4. formally state that this delegation of authority confers all powers on the Executive Board to implement this delegation, and specifically (i) to set the amount and nature of the reserves, premiums or profits to be incorporated into the capital stock, set the number of shares to be issued and/or the amount by which the face value of existing shares will be increased, set the date, including retrospectively, from which the new shares will become effective or that on which the face value of shares will be increased, and (ii) more generally to take all measures and complete all formalities required to ensure the success of each capital increase by recognizing each such transaction and making the corresponding changes to the Articles of Association;

5. set the validity period for this delegation at twenty-six (26) months from today;

6. resolve that, with effect from today, this delegation supersedes any unused portion of any prior delegation granted for the same purpose, particularly the delegation granted under the terms of the 13th resolution adopted by the Annual General Meeting of January 12, 2009.

SEVENTEENTH RESOLUTION

Delegation of authority for the Executive Board to increase nominal capital stock by a total of two million, five hundred thousand (2,500,000) euros by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public offering.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91of the French Commercial Code:

1. delegate to the Executive Board, with an option of delegation to another legally-entitled person, the authority to increase capital stock on one or more occasions in the proportions, at the times and in accordance with the methods it may decide, by means of a non-rights issue of Company shares or negotiable securities - including detachable warrants - as part of a public offering conveying immediate or eventual access to a portion of the Company's capital stock, subscription for which may be in cash or by offsetting against receivables. It is specifically stated that authority to issue preference shares is excluded from this delegation;

2. resolve that total amounts of the capital increases that may be made immediately and/or at a later date as a result of this delegation may not exceed two million, five hundred thousand (2,500,000) euros in terms of nominal share value, on the basis (a) that this overall upper limit on

capital increase applies jointly to the 17th and 18th resolutions, and that the total nominal amount of capital increases made under the terms of these resolutions and those of the 15th, 19th, 20th and 21st resolutions may not exceed the overall upper limit of five million (5,000,000) euros set in the 15th resolution, and (b) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued as part of new financial transactions required by law to protect the rights of bearers of negotiable securities giving access to equity;

3. resolve that the negotiable securities issued under these arrangements to provide access to ordinary shares in the Company may specifically take the form of negotiable debt securities or be associated with the issue of such securities. They may specifically take the form of subordinated or non-subordinated debt, whether fixed term or perpetual, issued either in euros, in other currencies or in any monetary unit referenced against a basket of currencies.

The total nominal amount of negotiable debt securities giving access to equity issued in this way may not exceed three hundred million (300,000,000) euros or equivalent value, on the date of the decision to issue, in any other currency or in any monetary unit referenced against a basket of currencies, on the basis that this amount applies jointly to all negotiable debt securities issued under the delegation granted to the Executive Board by this Meeting under the terms of the 15th, 17th, 18th and 19th resolutions.

Loans giving access to the Company's ordinary shares may be subject to a fixed and/or floating rate of interest, with or without capitalization, and be repayable with or without premium or impairment. Such shares may be purchased in the stock market or as the result of a bid or exchange made by the Company;

4. resolve to cancel the preferential entitlement of shareholders to subscribe to securities issued as a result of exercising this delegation and to offer these securities as part of a public offering. However, the Executive Board may, in respect of all or some French market issues and in accordance with the provisions of Article L. 225-135 of the French Commercial Code, introduce an irrevocable and/or revocable preemptive right for shareholders to subscribe to the shares or negotiable securities. The Executive Board will set the methods and conditions of exercise, and such rights will not be negotiable;

5. resolve that where subscriptions have not accounted fully for the issue, the Executive Board may, subject to the relevant legal conditions, and in whichever order it sees fit, use one or other of the powers set out in Article L. 225-134 of the French Commercial Code, one of which is to make a total or partial public offering of the shares and/or negotiable securities not subscribed;

6. formally state that in the event of this delegation of authority being used, the decision to issue negotiable securities giving access to equity will result in the legally binding and express relinquishment by the shareholders of their preferential entitlement to subscribe to the equity shares to which these negotiable securities may confer entitlement, in favor of the holders of negotiable securities giving eventual access to Company shares that may be so issued;

7. resolve that (i) the price at which Company shares are issued under the terms of this delegation will be at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a maximum discount of 5%, in accordance with the provisions of Article R. 225-119 of the French Commercial Code, following any necessary correction of this amount to reflect the difference between the setting date and the effective date of ownership, and (ii) the price at which negotiable securities giving access to equity are issued will be that of the sum immediately received, plus, where appropriate, that likely to be received at a future time, i.e., each Company share issued as a result of issuing these negotiable securities will be issued at a price no lower than that defined in (i) above, following any necessary correction of this amount to reflect the difference between the setting date and the effective date of ownership;

8. formally state that issues(s) authorized under the terms of this resolution may be resolved upon concomitantly with one or more issue(s) resolved upon under the terms of the 18th resolution;

9. formally state that this delegation of authority confers all powers on the Executive Board to implement this delegation, and more specifically to:

- enter into any agreement for this purpose, particularly to ensure the success of each issue, and to proceed with one or more issues as described above - and to postpone any such issue(s);
- and more generally to take all measures and complete all formalities required to ensure the success of each capital increase by recognizing each such transaction and making the corresponding changes to the Articles of Association;

10. set the validity period for this delegation at twenty-six (26) months from today;

11. resolve that, with effect from today, this delegation supersedes any unused portion of any prior delegation granted for the same purpose, particularly the delegation granted under the terms of the 14th resolution adopted by the Annual General Meeting of January 12, 2009.

EIGHTEENTH RESOLUTION

Delegation of authority for the Executive Board to increase nominal capital stock by a total of two million, five hundred thousand (2,500,000) euros by means of a non-rights issue of ordinary shares and/or other negotiable securities giving access to equity as part of a private offering covered by the provisions of Article L. 411-2 of Section II of the French Monetary and Financial Code.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 of the French Commercial Code and Article L. 411-2 of the Monetary and Financial Code:

1. delegate to the Executive Board, with an option of delegation to another legally-entitled person, the authority to increase capital stock on one or more occasions in the proportions, at the times and in accordance with the methods it may decide, by means of a non-rights issue of Company shares or negotiable securities - including detachable warrants - as part of a private offering covered by the provisions of Article L. 411-2 of Section II of the French Monetary and Financial Code conveying immediate or eventual access to a portion of the Company's capital stock, subscription for which may be in cash or by offsetting against receivables. It is specifically stated that authority to issue preference shares is excluded from this delegation;

2. formally state that issues that may be made as a result of applying this delegation are subject to an annual limit equivalent to 20% of capital stock, on the basis that the one-year period referred to above begins with each issue made under the authority granted by this delegation. The Executive Board will provide the supervision required to ensure that the 20% upper limit referred to above has not been achieved in the twelve (12) months prior to any issue under consideration, taking account of any changes in Company capital stock affecting the denominator;

3. resolve that the total amount of the capital increases that may be made immediately and/or at a later date as a result of this delegation may not exceed two million, five hundred thousand (2,500,000) euros in terms of nominal share value, on the basis (a) that this overall upper limit on capital increase applies jointly to the 17th and 18th resolutions, and that the total nominal amount of capital increases made under the terms of these resolutions and those of the 15th, 19th, 20th and 21st resolutions may not exceed the overall upper limit of five million (5,000,000) euros set in the 15th resolution, and (b) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued as part of new financial transactions required by law to protect the rights of bearers of negotiable securities giving access to equity;

4. resolve that the negotiable securities issued under these arrangements to provide access to ordinary shares in the Company may specifically take the form of negotiable debt securities or be associated with the issue of such securities. They may specifically take the form of subordinated or non-subordinated debt, whether fixed term or perpetual, issued either in euros, in other currencies or in any monetary unit referenced against a basket of currencies.

The total nominal amount of negotiable debt securities giving access to equity issued in this way may not exceed three hundred million (300,000,000) euros or equivalent value, on the date of the decision to issue, in any other currency or in any monetary unit referenced against a basket of currencies, on the basis that this amount applies jointly to all negotiable debt securities issued under the delegation granted to the Executive Board by this Meeting under the terms of the 15th, 17th, 18th and 19th resolutions.

Loans giving access to the Company's ordinary shares may be subject to a fixed and/or floating rate of interest, or else with capitalization, and be repayable with or without premium or impairment. Such shares may be purchased in the stock market or as the result of a bid or exchange made by the Company;

5. resolve to cancel the preferential entitlement of shareholders to subscribe to securities issued as a result of exercising this delegation, and to offer these securities as part of a private offering covered by the provisions contained in Article L. 411-2 of Section II of the French Monetary and Financial Code, subject to the conditions and maximum limits imposed by the applicable legal and regulatory provisions. However, the Executive Board may, in respect of all or some French market issues and in accordance with the provisions of Article L. 225-135 of the French Commercial Code, introduce an irrevocable and/or revocable preemptive right for shareholders to subscribe to the shares or negotiable securities. The Executive Board will set the methods and conditions of exercise, and such rights will not be negotiable;

6. resolve that where subscriptions have not accounted fully for the issue, the Executive Board may, subject to the relevant legal conditions, and in whichever order it sees fit, use one or other of the powers set out in Article L. 225-134 of the French Commercial Code, one of which is to make a total or partial public offering of the shares and/or negotiable securities not subscribed;

7. formally state that in the event of this delegation of authority being used, the decision to issue negotiable securities giving access to equity will result in the legally binding and express relinquishment by the shareholders of their preferential entitlement to subscribe to the equity shares to which these negotiable securities may confer entitlement, in favor of the holders of negotiable securities giving eventual access to Company shares that may be so issued;

8. resolve that (i) the price at which Company shares are issued under the terms of this delegation will be at least equivalent to the weighted average share price for the three market trading sessions immediately prior to the price being set, reduced where applicable by a maximum discount of 5%, in accordance with the provisions of Article R. 225-119 of the French Commercial Code, following any necessary correction of this amount to reflect the difference between the setting date and the effective date of ownership, and (ii) the price at which negotiable securities giving access to equity are issued will be that of the sum immediately received, plus, where appropriate, that likely to be received at a future time, i.e., each Company ordinary share issued as a result of issuing these negotiable securities will be issued at a price no lower than that defined in (i) above, following any necessary correction of this amount to reflect the difference between the setting date and the effective date of ownership;

9. formally state that issues(s) authorized under the terms of this resolution may be resolved upon concomitantly with one or more issue(s) resolved upon under the terms of the 17th resolution;

10. formally state that this delegation of authority confers all powers on the Executive Board to implement this delegation, and more specifically to:

- enter into any agreement for this purpose, particularly to ensure the success of each issue, and to proceed with one or more issues as described above - and to postpone any such issue(s);
- and more generally to take all measures and complete all formalities required to ensure the success of each capital increase by recognizing each such transaction and making the corresponding changes to the Articles of Association;

11. set the validity period for this delegation at twenty-six (26) months from today;

12. resolve that, with effect from today, this delegation supersedes any unused portion of any prior delegation granted for the same purpose, particularly the delegation granted under the terms of the 14th resolution adopted by the Annual General Meeting of January 12, 2009.

NINETEENTH RESOLUTION

Delegation of authority for the Executive Board to increase the number of securities to be issued as part of a rights or non-rights issue made for the purpose of capital increase, where such issues are made in application of the 15th, 17th and 18th resolutions.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-135-1 and R. 225-118 of the French Commercial Code:

1. delegate to the Executive Board, with an option of subdelegation to other legally-entitled persons, the authority to make the decision required to increase the number of securities to be issued as part of each rights and non-rights issue made in application of the 15th, 17th and 18th resolutions submitted to this General Meeting of Shareholders, within the periods and limits set out in the applicable legal provisions and subject to compliance with the upper limit stated in the resolution under the terms of which the initial issue has been resolved upon, and at the same price as that adopted for the initial issue.

2. set the validity period for this delegation at twenty-six (26) months from today.

TWENTIETH RESOLUTION

Delegation of authority for the Executive Board to increase nominal capital stock by a total of five million (500,000,000) euros by means of an issue of ordinary shares and/or other negotiable securities giving access to equity as part of a public exchange offer initiated by the Company.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-148 and L. 228-91 and subsequent of the French Commercial Code:

1. delegate to the Executive Board, with an option of subdelegation to other legally-entitled persons, the authority to make the decision required to issue Company shares and/or negotiable securities conveying immediate or eventual access to a portion of the Company's capital stock in payment for shares contributed to a public exchange offer initiated in France and/or abroad (in accordance with local rules) by the Company in respect of the

shares of a company whose shares are traded in a market regulated by a country that is a signatory to the European Economic Area agreement or a member of the Organisation for Economic Co-operation and Development;

2. resolve that total amount of the capital increases that may be made immediately and/or at a later date as a result of this delegation may not exceed five million (5,000,000) euros in terms of nominal share value, on the basis (a) that this upper limit on capital increase applies jointly to the 15th, 20th and 21st resolutions, and that the total nominal amount of capital increases made under the terms of these resolutions and those of the 17th, 18th and 19th resolutions will also be included in this overall limit, and (b) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued as part of new financial transactions required by law to protect the rights of bearers of negotiable securities giving access to equity;

3. resolve, where necessary for the benefit of bearers of these securities, to cancel the preferential entitlement of shareholders to subscribe to shares and/or negotiable securities to be issued under the terms of this delegation;

4. formally state that in the event of this delegation of authority being used, the decision to issue negotiable securities giving access to equity will result in the legally binding and express relinquishment by the shareholders of their preferential entitlement to subscribe to the equity shares to which these negotiable securities may confer entitlement, in favor of the holders of negotiable securities that may be so issued;

5. resolve that the Executive Board, with an option of delegation to other legally-entitled persons, will have all powers to implement this delegation, and more specifically to:

- set the exchange ratio and, where applicable, the balancing cash adjustment payable;
- specify the number of securities contributed to the exchange;
- set the dates, issue conditions, price and effective date, which may be set retrospectively, for new share issues, and, where appropriate, issues of negotiable securities conveying immediate or eventual access to Company shares;
- put in place the option to suspend exercise of the rights conferred by these securities for a maximum period of three months;
- recognize the difference between the issue price of new shares and their par rate as a 'contribution premium' on the liabilities side of the Company balance sheet, upon which the rights of all shareholders will be based;
- allocate any expenses and fees incurred as a result of the authorized transaction to the said 'contribution premium' account;
- enter into any agreement required, recognize each resulting capital increase, make the corresponding changes to the Articles of Association and complete all resulting formalities and declarations and, more generally, to do everything necessary to ensure the success of the authorized transaction;

6. set the validity period for this delegation at twenty-six (26) months from today.

TWENTY-FIRST RESOLUTION

Delegation of authority for the Executive Board to increase capital stock by means of issuing ordinary shares and/or other negotiable securities giving access to equity in payment for contributions in kind, subject to a maximum limit equivalent to 10% of capital stock.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, the Supervisory Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-129 to L. 225-129-6, L. 225-147 and L. 228-91 and subsequent of the French Commercial Code:

1. delegate to the Executive Board, with an option of subdelegation to other legally-entitled persons, the authority to make the decision required, on the report of the Statutory Auditor regarding the type of contributions referred to in paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, to issue Company shares and/or negotiable securities conveying immediate or eventual access to a portion of the Company's capital stock in payment for contributions in kind granted to the Company in the form of equities or negotiable securities giving access to equity where the provisions of Article L. 225-148 of the French Commercial Code do not apply;

2. resolve that the total amount of the capital increases that may be made immediately and/or at a later date as a result of this delegation (i) may not exceed 10% of Company capital stock, as calculated on the date on which this delegation is applied by the Executive Board, and (ii) may not, when added together with the total nominal amount of capital increases made under the terms of the 15th, 17th, 18th, 19th and 20th resolutions, exceed the overall upper limit on nominal capital increases of five million (5,000,000) euros set in the 15th resolution, on the basis that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued as part of new financial transactions required by law to protect the rights of bearers of negotiable securities giving access to equity;

3. resolve, where necessary for the benefit of bearers of equities or negotiable securities relating to contributions in kind, to cancel the preferential entitlement of shareholders to subscribe to these shares and/or securities;

4. formally state that in the event of this delegation of authority being used, the decision to issue negotiable securities giving access to equity will result in the legally binding and express relinquishment by the shareholders of their preferential entitlement to subscribe to the equity shares to which these negotiable securities may confer entitlement, in favor of the holders of negotiable securities that may be so issued;

5. resolve that the Executive Board, with an option of delegation to other legally-entitled persons, will have all powers to implement this delegation, and more specifically to reach a decision on the report of the Statutory Auditor(s) regarding the type of contributions referred to in paragraphs 1 and 2 of Article L. 225-147 of the French Commercial Code, on the measurement of contributions, and to define all the methods and conditions applying to the authorized transactions, particularly to measure the contributions and the granting of any special benefits, to set the number of securities to be issued in payment for the contributions and the effective date, including retrospectively, of the securities to be issued, to allocate any applicable charges against the issue premium(s), especially those relating to issue expenses, to recognize the capital increase and change the Articles of Association accordingly and, more generally, to put in place all measures required for the successful conclusion of issues and, where necessary, to postpone issues, enter into any agreement, complete all formalities required to enable the trading of issued securities and to complete all the notification formalities required to ensure that the transactions are successfully completed;

6. set the validity period for this delegation at twenty-six (26) months from today.

TWENTY-SECOND RESOLUTION

Authorization of the Executive Board to grant options enabling eligible employees and corporate officers of the Company or its parent Group to subscribe for, or purchase, Company shares.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-177 to L. 225-186-1 of the French Commercial Code:

1. authorize the Executive Board, with an option of delegation to other legally-entitled persons and for thirty-eight (38) months from today, to grant, on one or more occasions, eligible employees and corporate officers (within the meaning of Paragraph 4, Article L. 225-185) of the Company and those companies or groups of companies with which it is associated under the terms of the conditions contained in Article L. 225-180 of the French Commercial Code, options granting entitlement to subscribe for new shares in the Company or to purchase existing shares in the Company bought back under the applicable legal conditions; for this purpose, the Executive Board will submit the rules of the plan and any additional clauses to the Supervisory Board Remuneration Committee in advance for its comments.

2. resolve:

(i) to limit to one million, two hundred thousand (1,200,000) the total number of options that may be granted under the terms of this authorization and for its full duration; and

(ii) that, in any event, the total number of options that may be granted under the terms of this authorization may not confer entitlement to subscribe to, or acquire, a total number of shares representing more than 2.5% of Company capital stock on the basis (a) that this upper limit is calculated on the first occasion that the Executive Board applies this delegation relative to the equity capital position at that time, and is combined with the upper limit imposed by the 23rd resolution below, and (b) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued to protect the legal rights of bearers of negotiable securities giving access to equity;

3. resolve that the price at which options to subscribe for, or purchase, shares will be set by the Executive Board on the day that the options concerned are granted. This price may not be (i) less than the average stock market price of the share over the twenty trading sessions preceding the day on which options are granted, or (ii) in the case of share purchase options, be less than the average purchase price of shares held by the Company under the conditions contained in Articles L. 225-208 and L. 225-209 of the French Commercial Code;

4. resolve that (i), the options to be granted may be exercised at any time after expiry of the mandatory retention period set by the Executive Board when resolving to award the options, subject to an overall limit of eight years from the day on which they were, or will be, granted, and (ii), that the shares obtained as a result of exercising these options may not be sold with three (3) years of the date of option allocation;

5. formally state that for the benefit of subscription option recipients, this authorization includes the express relinquishment by shareholders of their preferential entitlement to subscribe for the shares that will be issued as and when options are exercised;

6. resolve that the Executive Board, with an option of delegation within the limitations prescribed by law, will have

all powers to implement this authorization in accordance with the applicable legal conditions, and more specifically to:

- set the conditions, particularly those relating to the performance of the Company, the Zodiac Aerospace Group and its entities, under which options will be granted and may be exercised. These conditions may specifically contain a clause preventing the immediate resale of all or part of the shares concerned, the maximum length of the share retention period being three years from the date of option exercise. It may also make any subsequent change required to the methods applying to these options;
- compile a list of option recipients, on the understanding that the allocations of options granted to employees will be submitted to the Supervisory Board for approval, and those granted to Executive Board members will be granted in advance by the Supervisory Board itself;
- set the period(s) applying to exercise of the options granted;
- make provision for the opportunity temporarily to suspend the exercise of options for a period not exceeding three months in the event of financial transactions involving the exercise of a share-related entitlement;
- set the date of effective ownership and the methods to be used for payment of the subscription or purchase price of shares arising as a result of exercising options;
- where circumstances covered by the applicable legal and regulatory provisions apply, decide on the measures required to protect the interests of option recipients in accordance with the conditions set out in Article L. 228-99 of the French Commercial Code;
- complete all the deeds and formalities required to recognize the completion of the capital increase(s) resulting from the exercise of options, in terms of changing the Articles of Association and more generally, do everything necessary to ensure a successful outcome;

  In this context, the Shareholders formally note that the capital increase(s) referred to above will be definitively achieved by the sole means of subscription for new shares, accompanied by declarations of option exercise and the associated exercise payments, which may be made in cash or by offsetting against Company-related receivables. As part of the first meeting held after the end of each fiscal year, the Executive Board will ascertain the number and amount of shares issued during the fiscal year as a result of options exercised, and will make the appropriate changes to the Articles of Association.
- allocate, where it sees fit, the costs involved in realizing capital increases to the amount of any related premium, and to deduct from this amount the sums required to ensure that the legal reserve is equivalent to one tenth of the new capital stock on completion of each increase;

7. require the Executive Board to inform Shareholders annually of the transactions conducted as a result of this authorization;

8. resolve that, with effect from today, this authorization supersedes any unused portion of any prior delegation granted for the same purpose, particularly the delegation granted under the terms of the 14th resolution adopted by the Annual General Meeting of January 8, 2008.

TWENTY-THIRD RESOLUTION

Authorization of the Executive Board to grant Company shares free of charge to eligible employees and corporate officers of the Company or its parent Group.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report and the Statutory Auditors' Special Report, and in accordance with Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code:

1. authorize the Executive Board, with an option of delegation to other legally-entitled persons, to make one or more distributions of free shares, which may be existing Company shares or those issued subject to the following conditions;

2. resolve that these allocations may be made in favor of eligible employees or corporate officers (within the meaning of Paragraph 1 of Article L. 225-197 II of the French Commercial Code), or certain categories thereof, of the Company and those companies or groups of companies with which it is associated under the terms of the conditions contained in Article L. 225-197-2 of the French Commercial Code;

3. resolve that the total number of free shares granted under the terms of this authorization may not exceed 2.5% of Company capital stock on the basis (i) that this upper limit is calculated on the first occasion that the Executive Board applies this delegation relative to the equity capital position at that time, and is combined with the upper limit imposed in the 22nd resolution above, and (ii) that the upper limit referred to above will, where necessary, be supplemented by the nominal amount of shares that may need to be issued to protect the legal rights of bearers of negotiable securities giving access to equity;

4. resolve that the allocation of shares to recipients will become definitive according to one of the two following alternatives, between which the Executive Board may choose freely:

(i) either at the end of an acquisition period of no more than four (4) years, which may apply to all or part of the shares allocated;

(ii) or at the end of an acquisition period of at least two (2) years.

5. resolve that the shares allocated will be accompanied by an obligation on recipients to retain them for at least two (2) years from the end of the acquisition period. However, this obligation may be removed or reduced by the Executive Board in respect of those shares for which the acquisition period has been set at a minimum of four (4) years.

Definitive ownership of the shares and the power to sell them freely will, nevertheless, be granted to the recipient at an earlier date if the latter suffers from one of the forms of disability identified in Article L. 225-197-1 of the French Commercial Code;

6. resolve that, for the benefit of recipients of free share allocations, this authorization includes the legally-binding express relinquishment by shareholders of their preferential entitlement to subscribe for shares to be issued free of charge;

7. resolve that the corresponding capital increase will be definitively achieved by the sole means of the definitive allocation of shares to recipients;

8. resolve that any existing shares allocated under the terms of this resolution must be acquired by the Company, either in accordance with the provisions of Article L. 225-208 of the French Commercial Code, or, where applicable, as part of the share buyback program authorized by the 6th resolution submitted to this General Meeting of Shareholders under the terms of Article L. 225-209 of the French Commercial Code or any other share buyback program implemented prior or subsequent to adoption of this resolution;

9. confers on the Executive Board, within the limits set above, all powers required, with an option of delegation to other legally-entitled persons, to implement this authorization, and specifically to:

- identify the recipients of free share allocations and the number of shares allocated to each, on the basis that those granted to Executive Board members will be allocated in advance by the Supervisory Board;
- set share allocation dates and methods, particularly the period after which these allocations will become definitive, and, where appropriate, the period of retention applicable to each recipient;
- specify the conditions, particularly those relating to the performance of the Company, the Zodiac Aerospace Group and its entities, and, where appropriate, the criteria governing the allocation of shares;
- set the dates of definitive allocation and the dates from which the shares may be freely sold, subject to compliance with the applicable legal restrictions;
- put in place the ability, where required, to make adjustments during the acquisition period in terms of the number of free shares to be allocated as a result of Company capital stock transactions conducted to protect the rights of recipients, on the basis that those shares allocated following these adjustments will be deemed to have been allocated on the same day as those originally allocated;
- debit, as and when required in the event of a free allocation of new shares, the sums required to pay for these shares from the reserves, profits or issue premiums of its choice, recognize the completion of the capital increases concerned, make the necessary changes to the Articles of Association and more generally, do everything necessary to ensure a successful outcome;
- more generally, enter into any agreement, prepare all documents, complete all formalities, make all official declarations and do everything necessary to ensure a successful outcome to the free allocations authorized under the terms of this resolution.

10. require the Executive Board to inform Shareholders annually of the transactions conducted as a result of this authorization;

11. set the validity period for this authorization at thirty-eight (38) months from today.

TWENTY-FOURTH RESOLUTION

Delegation of authority for the Executive Board to increase capital by means of issuing shares reserved for members of a company share savings plan established in accordance with Articles L. 3332-1 and subsequent of the French Labor Code.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report and the Statutory Auditors' Special Report, and in accordance, on the one hand, with the provisions of the French Commercial Code and, in particular in accordance with Articles L. 225-129-6 and L. 225-138-1 and, on the other hand, Articles L. 3332-1 and subsequent of the French Labor Code:

1. resolve to delegate to the Executive Board its authority to increase capital stock on one or more occasions and at its own initiative by means of issuing shares reserved for members of a company share savings plan;

2. resolve that the beneficiaries of the capital increases hereby authorized will, either directly or via a company employee shareholding plan, be members of a company share savings plan set up by the Company and its associated companies in accordance with the relevant legislation, and which also comply with any other conditions set by the Executive Board;

3. resolve that this delegation includes the express relinquishment by shareholders of their preferential entitlement to subscribe for shares intended for the said beneficiaries;

4. further delegates to the Executive Board, in accordance with Article L. 3332-21 of the French Labor Code, the powers required to make allocation of free shares or other

securities giving access to equity to the same beneficiaries, subject to the provision that the resulting benefit does not exceed the legal limits applicable to the method selected;

5. authorizes the Executive Board, within the conditions set out in this delegation, to sell shares to members of a company share savings plan in accordance with the provisions of Article L. 3332-24 of the French Labor Code;

6. set the validity period for this delegation at twenty-six (26) months from the date of this General Meeting of Shareholders;

7. resolve to set the maximum nominal amount of shares for free issue and allocation at three hundred thousand (300,000) euros;

8. resolve that the price of shares to be issued under the terms contained in paragraph 1 of this delegation will be set by the Executive Board on the day of implementation of the said capital increase(s), and that this price may not be less than the minimum price required by the legal and regulatory provisions applicable at the time of issue;

9. resolve that the Executive Board will, subject to the limits and conditions specified above, and those imposed by applicable legislation and regulation, have all powers to take any measure required to undertake capital increases and set the corresponding conditions and methods, particularly any length of service conditions applying to participation in the transaction, and, where applicable, the maximum number of shares that may be subscribed per employee, the number of new shares to be issued with the legal limits and the issue price of new shares, and to make the corresponding changes to the Articles of Association, debit all expenses from the amount of share issue premiums paid and to deduct from this amount the sums required to maintain the legal reserve at one tenth of the new capital stock following each increase, and in general terms, to take every measure required to ensure the success of the capital increase.

TWENTY-FIFTH RESOLUTION

Amendment to Article 7 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend Article 7 of the Articles of Association in order to simplify its drafting. Article 7 of the Articles of Association is now drafted as follows:

"ARTICLE 7 - CAPITAL INCREASE AND REDUCTION

The capital stock may be increased or reduced on the basis of decisions made by the General Meeting of Shareholders, subject those conditions imposed by law."

TWENTY-SIXTH RESOLUTION

Amendment of the "Transmission" paragraph in Article 9 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to delete paragraph b of the *'Transmission'* paragraph of Article 9 of the Articles of Association that restricts the free negotiability of cash shares and capital contribution shares. The *'Transmission'* paragraph of Article 9 of the Articles of Association is now drafted as follows:

"Transmission:

The ownership of shares issued to named shareholders results in their registration in the name(s) of their holder(s) in the share movements register maintained for this purpose at the Company registered office.

The transfer of registered shares and bearer shares is subject to the applicable regulatory conditions.

Where shares are not fully paid-up, the transfer order must be countersigned by the transferee.

The Company may require that the signatures of the parties be certified by a Public Official or the Mayor of their place of domicile, subject to any exceptions that may arise as a result of legal provisions.

Transfer charges are to be paid by buyers.

Shares for which payments are in arrears are not eligible for transfer."

TWENTY-SEVENTH RESOLUTION

Amendment of the 'Notification of significant equity holdings' paragraph in Article 9 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to change the *'Notification of significant equity holdings'* paragraph of Article 9 of the Articles of Association in order to extend the obligation to provide notification to include persons acting in concert, to extend the obligation to provide notification every time that the holding threshold multiple of 2% of capital stock is breached - whether above or below the threshold - and to reduce to 2% the percentage capital stock holding at which shareholders may request voting rights to be stripped.

The *'Notification of significant equity holdings'* paragraph in Article 9 of the Articles of Association is now drafted as follows:

"Notification of significant equity holdings

Any person, whether acting alone or in concert, holding or in a position potentially to hold a proportion of Company *capital stock equivalent to 2% or more of that capital stock, or a multiple thereof, will be required to notify the Company within 15 days of breaching one of these thresholds applying to the total number of Company shares held, whether directly, indirectly or in concert.*

In the event that this obligation is not complied with, and further to a request recorded in the minutes of the General Meeting of Shareholders by one or more shareholders holding at least 2% of equity capital, those shares that exceed the 2% capital stock holding that should have been declared are stripped of voting rights in any shareholders' meeting held within the two-year period following the date on which the notification position is regularized.

Any person, whether acting alone or in concert, is also required to inform the Company within the 15-day period referred to above whenever the capital stock holding concerned falls below either of the thresholds referred to in the first sub-paragraph of this paragraph."

TWENTY-EIGHTH RESOLUTION

Amendment of Article 16 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend Article 16 of the Articles of Association in order to include the codification of Article 113 of the French Decree of March 23, 1967 as part of the French Commercial Code, and to specify the identity of those persons authorized to convene the Executive Board. Article 16 of the Articles of Association is now drafted as follows:

"ARTICLE 16 - EXECUTIVE BOARD POWERS AND RESOLUTIONS

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

Nevertheless, all sureties, pledges and guarantees are necessarily subject to authorization by the Supervisory Board under the conditions set out in Article R. 225-53 of the French Commercial Code.

Furthermore, but as an internal decision not binding upon on third parties, the following transactions must be authorized by the Supervisory Board prior to completion:

- All acquisitions, disposals or exchanges of land, buildings, real estate rights, goodwill, industrial premises or commercial premises, regardless of the process used.

- All mortgages or charges against Company property, particularly all provision of Company goodwill or physical assets as security.

- All equity holdings acquired or disposed of in any French or foreign company.

The members of the Executive Board meet as often as required in the best interests of the Company, either at the registered office or in any other location indicated in the written or verbal notification to attend issued by its CEO or at least half its members. Meetings are chaired by the Chairman or, where the Chairman is unavailable, by a board member appointed by those members present. No quorum is required, but no meeting may be held without the effective presence of at least two members. Proxy representation is not permitted at Executive Board meetings. Decisions are taken on the basis of a majority of the votes cast. In the event of a tied vote, the Chairman has the casting vote.

The deliberations of the meeting are recorded in the form of minutes kept in a special register held at the registered office and signed by the Chairman of the meeting and at least one other Executive Board member. Copies or extracts of these minutes produced for legal or other reasons are certified by one Executive Board member.

The Executive Board reports to the Supervisory Board at least quarterly."

TWENTY-NINTH RESOLUTION

Amendment of the first paragraph of Article 24 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend paragraph one of Article 24 of the Articles of Association in order to clarify the point that all the transactions referred to in Articles L. 225-86 and L. 225-90-1 of the French Commercial Code are subject to prior authorization by the Supervisory Board. Paragraph one of Article 24 of the Articles of Association is now drafted as follows:

"The transactions referred to in Articles L. 225-86 and L. 225-90-1 of the French Commercial Code are subject to prior authorization by the Supervisory Board, particularly any agreement between the Company and a member of the Executive Board or Supervisory Board, either directly, indirectly or via an intermediary."

The remainder of Article 24 remains unchanged.

THIRTIETH RESOLUTION

Amendment of Article 35 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend Article 35 of the Articles of Association to ensure its compliance with the provisions of the French Commercial Code and to specify that shareholder communications comply with the recommendations contained in all applicable regulations. Article 35 of the Articles of Association is now drafted as follows:

"ARTICLE 35 - QUORUM AND MAJORITY

In order to arrive at valid resolutions, Ordinary General Meetings of Shareholders must be attended by shareholders or shareholders' proxies holding or representing one-fifth of voting shares.

Resolutions are passed on the basis of a majority of the votes held by those shareholders present or represented.

Where this condition is not met, a new Meeting is convened in accordance the procedures and deadlines required by law, which may pass resolutions regardless of the number of shares represented. However, the resolutions voted on in this meeting may address only those issues that appeared on the agenda of the previous meeting.

Shareholder communications will comply with the recommendations contained in all applicable regulations."

THIRTY-FIRST RESOLUTION

Amendment of Article 38 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend Article 38 of the Articles of Association to ensure its compliance with the provisions of the French Commercial Code. Article 38 of the Articles of Association is now drafted as follows:

"ARTICLE 38 - QUORUM AND MAJORITY

General Meetings of Shareholders other than Ordinary General Meetings of Shareholders are not valid in terms of constitution or resolution unless they are attended by shareholders representing at least one quarter of voting shares.

Where this quorum cannot be achieved, the Meeting concerned may be reconvened and adopt valid resolutions as long as it is attended by shareholders representing at least one fifth of voting shares.

If this cannot be achieved, then this second Meeting may be deferred to a subsequent date no later than two months after the date on which it was originally convened: the deferred Meeting may pass valid resolutions if it achieves the same quorum.

For all these Meetings, the quorum is calculated only following deduction of the face value of those shares stripped of voting rights as a result of legal or regulatory provisions, and particularly in the case of Constitutive Shareholders' Meetings, those shares held by the persons responsible for making the contribution or subject to particular benefits submitted for the assessment of the Meeting.

In all General Meetings of Shareholders other than Ordinary General Meetings of Shareholders, resolutions must be adopted on the basis of two thirds of the votes held by those shareholders present or represented in order to be valid.

Resolutions submitted to Meetings convened for a second time may refer only to those issues appearing on the agenda of the previous Meeting."

THIRTY-SECOND RESOLUTION

Amendment of Article 40 of the Articles of Association.

The Shareholders, acting under the quorum and majority requirements for transacting extraordinary business, and having familiarized themselves with the Executive Board's report, resolve to amend Article 40 of the Articles of Association to ensure that it specifies that the Executive Board and Supervisory Board are authorized to amend the Articles of Association only in those instances where such amendments are permitted by law or where either board is delegated to do so by the Shareholders. Article 40 of the Articles of Association is now drafted as follows:

"ARTICLE 40 - CAPITAL INCREASE

In the event of capital increase, the following exemptions from the provisions set out above will apply: the amendments to the Articles of Association necessitated by changes to the amount of capital stock and to the number of shares representing that stock are, inasmuch as these amendments relate in a material way to the effective outcomes of the transaction, made by the Supervisory Board or Executive Board where so permitted by law and/or where the Supervisory Board or Executive Board is acting on the delegated behalf of Shareholders.'

THIRTY-THIRD RESOLUTION

Necessary powers for purposes of carrying out the decisions arising from the resolutions.

The Shareholders grant to the bearer of an original, copy or certified true excerpt of these presents all necessary powers for purposes of all filings, notices, declarations and official procedures required by law and required to carry out the decisions arising from the foregoing resolutions.

CORPORATE COMMUNICATION: Groupe Zodiac Aerospace / **DESIGNED AND PRODUCED BY:** SEQUOIA
WRITTEN BY: Véronique Draeger / **FINANCIAL REPORT PRODUCED BY:** Gillet M&M
PHOTOS©: Zodiac Aerospace Group photo library, Didier Cocatrix, Courtesy of Yeager Airport, DR
Printed in France

ZODIAC AEROSPACE - 61, rue Pierre Curie - BP 1 - 78373 Plaisir cedex - France
Telephone: +33 1 61 34 23 23 - Fax: +33 1 61 34 24 41 - www.zodiacaerospace.com