

Financial Statements

EADS Finance B.V.

Leiden, The Netherlands

Year ended December 31, 2011

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REPORT OF THE BOARD OF MANAGING DIRECTORS

The board of Managing Directors herewith submits the Financial Statements of EADS Finance B.V. ("**Company**") for the year ended on December 31, 2011.

ACTIVITIES

The Company's main activity is to finance companies and other entities by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and any other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

Activities of the Company have commenced in February 2003, when the first tranche of 1 EUR billion, of a 3 EUR billion EMTN Programme, was raised for the EADS-Group ("**EADS**"). This first EMTN tranche has matured in March 2010. In September 2003, the Company has issued its second Eurobond transaction for 500 EUR million under its EMTN Programme. In August 2009, the Company has issued another, third, Eurobond transaction for 1 EUR billion under this Programme. As additional part of the EMTN Programme, the Company launched a Commercial Paper Programme in late February 2004. During the year 2011, no amounts were outstanding for the Commercial Paper Programme.

The EMTN Programme is a contractual framework which allows EADS to raise debt from the capital markets through dealers by successive issues of notes governed by the same terms. Each issue, however, may bear a different maturity (due one month to thirty years).

For details on the Company's policies and position with respect to financial instruments we refer to note 14 of the financial statements.

RESULT FOR THE YEAR

The Company's result for the year ended on December 31, 2011 amounts to a profit of EUR 416.708.

STATEMENT

The board of Managing Directors hereby declares that, to the best of its knowledge:

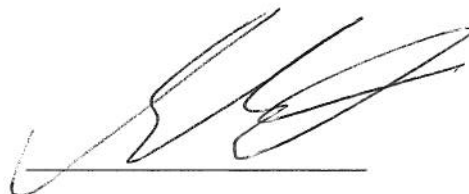
- the financial statements for the year ended December 31, 2011 give a true and fair view of the assets, liabilities, financial position and profits or losses of the Company; and
- the report of the board of Managing Directors gives a true and fair view of the position as per the reporting date, and of the development and performance during the 2011 financial year of the Company, and the principal risks facing the Company have been described herein.

BOARD OF MANAGING DIRECTORS

Mr. J.A.F. Pons, Director



Mr. A. Drabert, Director



Mr. C. Masson, Director



Leiden, April 20, 2012

STATEMENT OF FINANCIAL POSITION

(After appropriation of the result of the year)	<i>Note</i>	31/12/2011 EUR	31/12/2010 EUR
<i>Assets</i>			
Non-Current Assets			
Long-term Loans Receivable	3	1.493.040.685	1.491.688.094
Current Assets			
Accrued Interest Receivable	4	25.337.377	25.407.268
Cash and Cash Equivalents	5	2.129.332	1.726.761
Positive Fair Value Derivative Instruments	6	111.540.603	43.218.702
		<u>139.007.312</u>	<u>70.352.731</u>
Total Assets		<u>1.632.047.997</u>	<u>1.562.040.825</u>
<i>Equity and Liabilities</i>			
Equity attributable to equity holders of the parent			
Issued Capital	7	300.000	300.000
Other Reserves	7	(1.551)	(1.551)
Cash Flow Hedge Reserve	8	38.291.974	16.693.299
Retained Earnings		1.793.059	1.376.351
		<u>40.383.482</u>	<u>18.368.099</u>
Non-Current Liabilities			
Interest Bearing Liabilities	9	1.553.593.147	1.512.582.200
Deferred Taxes Payable	10	12.763.991	5.713.814
		<u>1.566.357.138</u>	<u>1.518.296.014</u>
Current Liabilities			
Accrued Interest Payable	11	25.307.377	25.376.712
Total Equity and Liabilities		<u>1.632.047.997</u>	<u>1.562.040.825</u>

INCOME STATEMENT

	<i>Note</i>	January 1 - December 31, 2011 EUR	January 1 - December 31, 2010 EUR
Financial Result			
<i>Income</i>			
Interest	12	75.438.811	84.262.911
Ineffective Component of the Cash Flow Hedge		-	97.572
		<u>75.438.811</u>	<u>84.360.483</u>
<i>Expenses</i>			
Interest	13	(75.018.563)	(83.940.235)
		<u>420.248</u>	<u>420.248</u>
General Administrative Expenses		(3.540)	(8.767)
Profit for the Year attributable to Equity Holders of the Parent		<u>416.708</u>	<u>411.481</u>

STATEMENT OF COMPREHENSIVE INCOME

	January 1 - December 31, 2011 EUR	January 1 - December 31, 2010 EUR
Profit for the Year	416.708	411.481
Other Comprehensive Income		
Gains from Cash-Flow Hedges (net of deferred taxes)	21.598.675	7.355.145
Total Comprehensive Income for the Year attributable to Equity Holders of the Parent	<u>22.015.383</u>	<u>7.766.626</u>

STATEMENT OF CASH-FLOWS

	<i>Note</i>	January 1 - December 31, 2011 EUR	January 1 - December 31, 2010 EUR
Profit for the Year		416.708	411.481
Decrease Accrued Interest Receivable		69.891	33.831.636
Decrease Accrued Interest Payable		(69.335)	(38.520.548)
Ineffective Component of the Cash Flow Hedge		-	(97.572)
Amortization Recharged Bond Issue Costs		(1.352.591)	(1.352.591)
Amortization Bond Issue Costs/ Interest Disagio		1.337.898	1.435.470
Cash provided by (used in) operating activities		402.571	(4.292.124)
Proceeds from Current Portion of Long-term Loans Receivable		-	1.000.000.000
Cash provided by investing activities		-	1.000.000.000
Payments for Current Interest Bearing Liabilities		-	(1.000.000.000)
Cash used in financing activities		-	(1.000.000.000)
Net Increase (Decrease) in Cash and Cash Equivalents		402.571	(4.292.124)
Cash and Cash equivalents at beginning of Year		1.726.761	6.018.885
Cash and Cash equivalents at end of Year	5	2.129.332	1.726.761

The following represents supplemental information with respect to cash flows from **operating activities**:

	January 1 - December 31, 2011 EUR	January 1 - December 31, 2010 EUR
Interest received	74.156.111	116.741.956
Interest paid	(73.750.000)	(121.025.313)

STATEMENT OF CHANGES IN EQUITY

EUR	Issued Capital	Other Reserves	Cash Flow Hedge Reserve	Retained Earnings	Total
Balance at December 31, 2008	300.000	(1.551)	1.906.109	782.705	2.987.263
Movement effective portion of Interest Rate SWAPS EADS N.V. (Total other comprehensive income for the year)			7.432.045		7.432.045
Profit for the Year				182.165	182.165
Total comprehensive income for the Year			7.432.045	182.165	7.614.210
Balance at December 31, 2009	300.000	(1.551)	9.338.154	964.870	10.601.473
Movement effective portion of Interest Rate SWAPS EADS N.V. (Total other comprehensive income for the year)			7.355.145		7.355.145
Profit for the Year				411.481	411.481
Total comprehensive income for the Year			7.355.145	411.481	7.766.626
Balance at December 31, 2010	300.000	(1.551)	16.693.299	1.376.351	18.368.099
Movement effective portion of Interest Rate SWAPS EADS N.V. (Total other comprehensive income for the year)			21.598.675		21.598.675
Profit for the Year				416.708	416.708
Total comprehensive income for the Year			21.598.675	416.708	22.015.383
Balance at December 31, 2011	300.000	(1.551)	38.291.974	1.793.059	40.383.482

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

1. GENERAL

EADS Finance B.V. ("**Company**"), incorporated on December 2, 2002 and legally seated (*statutaire zetel*) in Amsterdam (registered office at Mendelweg 30, 2333 CS, Leiden, The Netherlands), is 100% owned by European Aeronautic Defence and Space Company EADS N.V. ("**EADS N.V.**").

The Company's main activity is to finance companies and other entities by raising funds through, inter alia, borrowing by way of loan agreements, issuance of bonds, promissory notes and other evidences of indebtedness, to invest and lend funds raised by the Company, to borrow and to participate in all types of financial transactions, including financial derivatives such as interest- and/or currency exchange contracts.

These financial statements were authorized for issue by the directors on April 5, 2012.

2. ACCOUNTING PRINCIPLES

New Standards, Amendments to existing Standards and new Interpretations

The IFRS rules applied by the Company for preparing 2011 year-end financial statements are the same as for the previous financial year, except for those following the application of new or amended Standards or Interpretations respectively and changes in accounting policies as detailed below.

a) New or Amended Standards

The application of the following amended standards is mandatory for the Company for the financial year starting January 1, 2011. If not otherwise stated, the following new or amended Standards did not have a material impact on the financial statements of the Company.

In November 2009, the IASB issued a revised version of **IAS 24** "Related Party Disclosures", which was endorsed in July 2010. The revised standard simplifies the disclosure requirements for government related entities and clarifies the definition of a related party.

The amendment to IAS 32 "Classification of Rights Issues – **Amendment to IAS 32** Financial Instruments: Presentation" (endorsed in December 2009) addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Specifically, the amendment states that, rights, warrants or options to acquire a fixed number of an entity's own equity instruments for a fixed price stated in a currency other than the entity's functional currency would be equity instruments, provided the entity offers the rights pro rata to all of its existing owners of the same class of its own non derivative equity instruments.

The third **omnibus of amendments to IFRS Standards (2010)** which were endorsed in February 2011 includes amendments to 9 IFRS Standards and 1 Interpretation. The amendments refer to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 21, IAS 27, IAS 28, IAS 31, IAS 34 and IFRIC 13. Most of the amendments are mandatory for annual periods beginning on or after 1 January 2011 with separate transition provisions for each amendment.

b) New Interpretations

The following Interpretations became effective for the Company as of 1 January 2011. If not otherwise stated, the following Interpretations did not have a material impact on the financial statements of the Company.

To correct an unintended consequence of IFRIC 14, the IASB issued in November 2009 **amendments to IFRIC 14** "Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14)". Without these amendments in some circumstances entities are not permitted to recognise some voluntary prepayments for

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

minimum funding contributions as an asset. This was not intended when IFRIC 14 was issued, and the amendments correct this issue. The amendments were endorsed in July 2010 and had to be applied retrospectively.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (issued in November 2009, endorsed in July 2010) provides guidance on how an entity shall account for a transaction when a creditor agrees to accept an entity’s shares or other equity instruments to settle the financial liability fully or partially (“debt for equity swaps”). The Interpretation had to be applied retrospectively.

New, Revised or amended IFRS Standards and Interpretations issued but not yet applied

A number of new or revised standards, amendments and improvements to standards as well as interpretations are not yet effective for the year ended December 31, 2011, and have not been applied in preparing these financial statements. The potential impacts from the application of those newly issued standards, amendments and interpretations are currently under investigation. In general and if not otherwise stated, these new, revised or amended IFRS and their interpretations are not expected to have a material impact on the financial statements of the Company.

In November 2009, the IASB issued **IFRS 9** “Financial Instruments” (not endorsed yet) as the first step of its project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. Amongst other changes to the accounting for financial instruments, IFRS 9 replaces the multiple classification and measurement models for financial assets and liabilities in IAS 39 with a simplified model that is based on only two classification categories: amortised cost and fair value. Further, the classification of financial assets under IFRS 9 is driven by the entity’s business model for managing its financial assets and the contractual cash flow characteristics of these financial assets. In the next phases of the IAS 39 replacement project, the IASB will cover the current impairment methodology and the requirements for hedge accounting. IFRS 9 has to be applied starting 1 January 2015, with early adoption permitted, and offers various transition models. The Company is currently assessing the potential impacts from the expected application of IFRS 9.

In October 2010, the IASB issued amendments to **IFRS 7** “Financial Instruments: Disclosures” (endorsed in November 2011) as part of its comprehensive review of off balance sheet activities relating to transfers of financial assets. The objective of the amendments is to help users of financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity’s financial position. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. For the Company, this amendment has to be applied prospectively for annual periods beginning on or after 1 January 2012, with earlier application permitted.

In December 2010, the IASB issued amendments to **IAS 12** “Income Taxes” (not yet endorsed) providing practical guidance for the measurement for deferred tax relating to an asset by introducing the presumption that recovery of the carrying amount of an asset will normally be through sale. Respective amendments supersede SIC 21 “Income Taxes – Recovery of Revalued Non Depreciable Assets”. The Company will apply those amendments for annual periods beginning on 1 January 2012.

In May 2011, the IASB published its improvements to the accounting and disclosure requirements for consolidation, off balance sheet activities and joint arrangements by issuing **IFRS 10** “Consolidated Financial

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

Statements”, **IFRS 11** “Joint Arrangements”, **IFRS 12** “Disclosure of Interests in Other Entities” and consequential **amendments to IAS 27** “Separate Financial Statements” and **IAS 28** “Investments in Associates and Joint Ventures”. IFRS 10 supersedes the requirements related to Consolidated Financial Statements in IAS 27 “Consolidated and Separate Financial Statements” (amended 2008) as well as SIC 12 “Consolidation – Special Purpose Entities”. **IFRS 11** supersedes IAS 31 “Interests in Joint Ventures” (amended 2008) and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. **IFRS 12** replaces disclosure requirements in IAS 27, IAS 28 and IAS 31. None of the new or amended standards has yet been endorsed.

IFRS 10 to 12 and amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after 1 January 2013 with early application allowed.

In May 2011, the IASB issued **IFRS 13** “Fair Value Measurement”. IFRS 13 (not yet endorsed) defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity’s own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

With the issuance of IFRS 13 the requirements for measuring fair value and for disclosing information about fair values are comprehensively summarised in a single standard instead of having it spread over several standards not articulating a clear measurement or disclosure objective. IFRS 13 seeks to reduce complexity and improve consistency in the application of fair value measurement principles by having a single set of requirements for all fair value measurements; to communicate the measurement objective more clearly by clarifying the definition of fair value; and to improve transparency by enhancing disclosures about fair value measurements. The new standard defines fair value as an exit price, i.e. as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at measurement date. It further introduces a three level fair value hierarchy regarding the inputs used for fair value determination. IFRS 13 is to be applied prospectively and is mandatory from 1 January 2013, early application is allowed.

In June 2011, the IASB also issued amendments to **IAS 1** “Presentation of Financial Statements” (not yet endorsed). The amendments will improve and align the presentation of other comprehensive income (“OCI”) by requiring to group together items within OCI that might be reclassified to the income statement. The amended standard becomes effective for financial periods beginning on or after 1 July 2012.

In December 2011, the IASB issued **amendments to IAS 32** “Financial Instruments: Presentation” clarifying the IASB’s requirements for offsetting financial instruments. As part of the same offsetting project the IASB also issued respective **amendments to IFRS 7** “Financial Instruments: Disclosures”. Both amendments are not yet endorsed and will have to be applied retrospectively for annual periods beginning on 1 January 2014 respectively on 1 January 2013.

Further, the Company’s accounting policies are not expected to be affected by various other pronouncements issued by the IASB during the last months.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

General

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the accounting standards and interpretations approved by the International Accounting Standards Board ("IASB") as adopted by the European Union (IFRS as adopted by the EU) and in compliance with the financial reporting requirements included in Part 9, Book 2 of the Netherlands Civil Code as far as applicable. The financial statements are prepared on a historical cost basis unless otherwise stated, as well as prepared and reported in Euros ("EUR").

Judgements and estimation uncertainty

The preparation of the financial statements in conformity with the Company's accounting policies requires the use of judgement and estimates. Actual results could differ from those estimates. Changes in such estimates and assumptions may affect amounts reported in future periods. The key area requiring application of judgement and estimation is the determination of the fair value of derivatives. Since those instruments are not traded in an active market, the Company uses valuation techniques to determine their fair values.

The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Financial Assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; and
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Long-term and short-term loans receivable and accrued interest receivable are classified as loans and receivables, which are initially recognized on the settlement date at cost, being the fair value of the consideration given and including acquisition charges. Subsequently they are carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the income statement when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

interest rate computed at initial recognition). The amount of the loss shall be recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash in bank and cash in the Intercompany Account with EADS N.V. (cash pooling), which is available on a daily basis.

Financial Liabilities

Non-current interest bearing liabilities, short-term loans payable and accrued interest payable are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method with any difference between proceeds (net of transaction costs) and redemption amount being recognized in the income statement over the period to maturity. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortisation process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

Derivative Financial Instruments

The Company uses derivative financial instruments such as interest rate swaps to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognized and are subsequently measured at fair value in the Statement of Financial Position with changes in fair values recognized either directly in other comprehensive income or in profit and loss.

Deferred Taxes

Deferred tax assets and liabilities reflect lower or higher future tax consequences that result in certain assets and liabilities from temporary valuation differences between the financial statement carrying amounts and their respective tax bases as well as from net operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates by the reporting date of 25% to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the new rates are enacted or substantively enacted. As deferred tax assets anticipate potential future tax benefits, they are recorded in the financial statements of the Company only when the likelihood that the tax benefits will be realized is probable. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. The Company is part of a fiscal unity headed by EADS N.V. and therefore not subject to current taxes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

Interest income

Revenue is recognized as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Hedge Accounting

For the purposes of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognized asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction.

For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging instrument and changes in the fair value of the hedged asset or liability attributable to the hedged risk are simultaneously recognized in the Income Statement.

In relation to cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as other comprehensive income within a separate component of the Shareholders' Equity ("Cash Flow Hedge Reserve"), net of applicable deferred taxes and the ineffective portion is recognized in the Income Statement.

When the cash flows that the derivative is hedging materialize, resulting in income or expense, then the associated gain or loss on the hedging derivative recognized as other comprehensive income is simultaneously transferred to the corresponding income or expense line item.

The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting.

3. LONG-TERM LOANS RECEIVABLE

	31/12/2011 EUR	31/12/2010 EUR
Long-term Loans to EADS N.V.	<u>1.493.040.685</u>	<u>1.491.688.094</u>

On September 11, 2003, the Company entered into a loan agreement with effect of September 25, 2003, with EADS N.V., to make a loan available for the principal amount of 500 EUR million, reduced by a discount of 5,06 EUR million. This loan originally bore interest at a rate of 5,54% per annum, payable yearly in arrears each September 25. On February 2, 2006, the Company has changed the interest terms of the loan agreement with effect of December 27, 2005. The amended loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 184,965 base points per annum from December 27, 2005 onwards. Interest shall be payable quarterly in arrears each March 25, June 25, September 25 and December 25 commencing March 25, 2006 until and including September 25, 2018.

This loan to EADS N.V. is repayable on September 25, 2018. The fair market value approximates to the fair market value of the "Eurobond 500 EUR million" (note 9) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 6).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**

On August 7, 2009, the Company entered into a loan agreement with effect of August 12, 2009, with EADS N.V., to make a loan available for the principal amount of 1 EUR billion, reduced by a discount of 7,01 EUR million. This loan originally bore interest at a rate of 4,645% per annum, payable yearly in arrears each August 12. On September 29, 2009, the Company has changed the interest terms of the loan agreement with effect of September 18, 2009. For an interim period commencing September 18, 2009 up to November 12, 2009 the interest rate was amended to 2,16948% per annum. From November 12, 2009 onwards the loan shall bear interest at the rate of EURIBOR three (3) months with a spread of 158,548 base points per annum. Interest shall be payable quarterly in arrears each February 12, May 12, August 12 and November 12 commencing November 12, 2009 until and including August 12, 2016.

This loan to EADS N.V. is repayable on August 12, 2016. The fair market value approximates to the fair market value of the "Eurobond 1 EUR billion" (note 9) reduced by the positive carrying amount of the interest rate swap being valued at fair market value (note 6).

4. ACCRUED INTEREST RECEIVABLE	31/12/2011	31/12/2010
	EUR	EUR
Interest Rate SWAPS EADS N.V.	20.999.766	21.581.278
Long-term Loans to EADS N.V.	4.337.611	3.825.990
	<u>25.337.377</u>	<u>25.407.268</u>

5. CASH AND CASH EQUIVALENTS	31/12/2011	31/12/2010
	EUR	EUR
Intercompany Account EADS N.V.	<u>2.129.332</u>	<u>1.726.761</u>

6. POSITIVE FAIR-VALUE DERIVATIVE INSTRUMENTS	31/12/2011	31/12/2010
	EUR	EUR
Interest Rate SWAP EADS N.V., 500 EURm, 5,500%	51.055.965	22.407.113
Interest Rate Swap EADS N.V., 1 EURb, 4,625% (08/2016)	60.484.638	20.811.589
	<u>111.540.603</u>	<u>43.218.702</u>

These amounts represent the fair market value, less accrued interest, at December 31, 2011 of:

- the Interest Rate Swap for which the Company has entered into with EADS N.V. with effect of December 27, 2005. The notional amount of the swap is 500 EUR million, which expires on September 25th, 2018. The purpose of the Interest Rate Swap is to swap the variable interest in connection with the 500 EUR million loan to EADS N.V. (see note 3), into a fixed interest rate of 5,50% per annum. The effective portion of the movement of the fair value net of deferred taxes of these interest rate swaps in 2011 for a positive amount of EUR 21.598.675 (2010: positive EUR 7.355.145) was completely recognized in other comprehensive income. The gross effective portion of the movement of the fair value of these interest rate swaps in 2011 amounts to positive EUR 28.648.852 (2010: positive EUR 9.906.075).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

- the Interest Rate Swap for which the Company has entered into with EADS N.V. with effect of September 18, 2009. The notional amount of the swap is 1 EUR billion, which expires on August 12, 2016. The purpose of the Interest Rate Swap is to swap the fixed interest of 4,625% per annum in connection with the 1 EUR billion Eurobond (see note 9), into a variable interest rate of EURIBOR three (3) months with a spread of 156,548 base points per annum. Changes in the fair value of the Interest Rate Swap have been recognized in the Income Statement.

The fair value of the interest rate swaps was determined by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the swap.

7. EQUITY

The Company has an authorised share capital of 1,500,000 shares of EUR 1 each. As of December 31, 2011, the issued and paid-up share capital of the Company consists of 300,000 ordinary shares with a par value of EUR 1 each. The Other Reserves include capital tax paid in relation to a capital increase.

The Company complies with the capital requirements under applicable law and its articles of association. The main activity of the Company is to refinance EADS Group entities. The Company manages its capital with the interest rate spread applied on the loans provided to EADS N.V. The interest rates are based on market conditions.

8. CASH FLOW HEDGE RESERVE

This amount represents the change in fair value in the reporting year of the Interest Rate Swaps (see note 6), for the effective part of the cash flow hedge, net of deferred taxes.

9. INTEREST BEARING LIABILITIES	31/12/2011 EUR	31/12/2010 EUR
Non-Current		
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018 fair value EUR 580.380.000 (prior year: EUR 564.950.000)	497.727.927	497.390.674
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016 fair value EUR 1.088.730.000 (prior year: EUR 1.060.670.000)	1.055.865.220	1.015.191.526
	1.553.593.147	1.512.582.200

Non-Current

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of 500 EUR million with value date September 25, 2003. The bond has an original maturity of fifteen years and carries a yearly coupon of 5,500%. The bond matures on September 25, 2018.

The Company has issued a Eurobond benchmark transaction under the EMTN Programme of 1 EUR billion with value date August 12, 2009. The bond has an original maturity of seven years and carries a yearly coupon of 4,625%. The bond matures on August 12, 2016. Changes in the fair value of the liability attributable to the hedged interest rate risk in the amount of 39,7 EUR million (2010: 27,5 EUR million) are recognized in the Income Statement (see Note 6).

The issued Eurobonds are covered by a guarantee from EADS N.V., the parent company. The disclosed fair values of the Eurobonds were determined using market quotations at reporting date.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**
10. DEFERRED TAXES

The deferred tax liability relates to the temporary difference between the valuation of the derivative financial instruments for financial statements purposes and their respective tax basis. Deferred taxes are recognized as income tax benefit or expense except for changes in fair value of derivative instruments designated as cash flow hedges which are recorded net of tax in the revaluation reserve. In 2011, a negative amount of EUR 7.051.177 has been recognized in other comprehensive income (2010: negative EUR 2.550.930).

11. ACCRUED INTEREST PAYABLE	31/12/2011	31/12/2010
	EUR	EUR
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018	7.363.388	7.383.562
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016	17.943.989	17.993.150
	25.307.377	25.376.712

12. INTEREST INCOME	2011	2010
	EUR	EUR
Long-term Loans to EADS N.V.	45.719.328	40.154.814
Interest Rate SWAPS EADS N.V.	28.366.892	41.730.193
Short-term Loans to EADS N.V.	-	1.025.313
Amortization of Loan Disagio	1.352.591	1.352.591
	75.438.811	84.262.911

13. INTEREST EXPENSES	2011	2010
	EUR	EUR
4,625% Eurobond EADS Finance B.V., maturing 03/03/2010	-	(7.729.452)
5,500% Eurobond EADS Finance B.V., maturing 25/09/2018	(27.479.826)	(27.500.000)
4,625% Eurobond EADS Finance B.V., maturing 12/08/2016	(46.200.838)	(46.250.000)
Short-term Loans from Commercial Paper Programme	-	(1.025.313)
Amortization of Bond Issue Costs	(1.337.899)	(1.435.470)
	(75.018.563)	(83.940.235)

14. INFORMATION ABOUT FINANCIAL INSTRUMENTS
a) Financial Risk Management

The Company's principal financial instruments, other than derivatives, generally comprise long-term Eurobond liabilities and short-term loans from Commercial Paper Programme. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company generally has various financial assets such as short- and long-term loans receivables and cash, which arise directly from its operations. EADS Finance B.V. also enters into derivative transactions which consist of interest rate swaps only. The purpose is to manage the interest rate risks arising from the Company's operations. It is, and has been throughout the year under review, the Company's policy that no trading in derivatives shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

Interest Rate Risk - EADS Finance B.V. uses an asset and liability management approach with the objective to limit its interest rate risk. The Company undertakes to match the risk profile of its liabilities with a corresponding asset structure. Therefore the Company uses Interest Rate Derivatives for hedging purposes to fully hedge the interest risk on the variable interest-bearing long-term loans to EADS N.V. and to swap the variable interest into fixed interest, as well as to fully hedge the interest risk on one of the fixed interest-bearing bonds and to swap the fixed interest into variable interest.

Sensitivities of Market Risks

The approach used to measure and control market risk exposure within the Company's financial instrument portfolio is amongst other key indicators the value-at-risk ("VaR"). The VaR of a portfolio is the estimated potential loss that will not be exceeded on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified confidence level. The VaR used by the Company is based upon a 95 percent confidence level and assumes a 5-day holding period. The VaR model used is mainly based on the so called "Monte-Carlo-Simulation" method.

Deriving the statistical behaviour of the markets relevant for the portfolio out of market data from the previous two years and observed interdependencies between different markets and prices, the model generates a wide range of potential future scenarios for market price movements.

The Company's VaR computation includes the Company's external financial debt affecting the Company's profit and loss.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations, including the following:

- A 5-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 95 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a five percent statistical probability that losses could exceed the calculated VaR.
- The use of historical data as a basis for estimating the statistical behaviour of the relevant markets and finally determining the possible range of future outcomes out of this statistical behaviour may not always cover all possible scenarios, especially those of an exceptional nature.

The Company uses VaR amongst other key figures in order to determine the riskiness of its financial instrument portfolio and in order to optimize the risk-return ratio of its financial asset portfolio. Further, the Company's investment policy defines for the Income Statement and Cashflow Hedge Reserve certain limits on total risk for the portfolio of cash, cash equivalents and securities. The total VaR as well as the different risk-factor specific VaR figures of this portfolio are measured and serve amongst other measures as a basis for the decisions of the asset management committee.

A summary of the VaR position of the Company's financial debt portfolio at December 31, 2011 and December 31, 2010 is as follows:

	31/12/2011 MEUR	31/12/2010 MEUR
Interest VaR		
Financial Liabilities	<u>1</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

As all of the Company's external financial debt included in the VaR computation has been lent to EADS N.V. at nearly identical conditions, the interest rate risk of the total portfolio of financial instruments is nearly balanced.

Liquidity Risk

The Company's policy is to maintain sufficient liquid assets at any time to meet its present and future commitments as they fall due. The liquid assets typically consist of cash and cash equivalents. In addition, the Company maintains a set of other funding sources. Depending on its cash needs and market conditions, the Company may issue bonds, notes and commercial papers.

In MEUR	Carrying amount	Contractual cash flows	< 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	> 5 years
Dec 31, 2011								
Non derivative financial liabilities	(1.579)	(1.925)	(74)	(74)	(74)	(74)	(1.074)	(555)
Total	(1.579)	(1.925)	(74)	(74)	(74)	(74)	(1.074)	(555)
Dec 31, 2010								
Non derivative financial liabilities	(1.538)	(1.998)	(74)	(74)	(74)	(74)	(74)	(1.628)
Total	(1.538)	(1.998)	(74)	(74)	(74)	(74)	(74)	(1.628)

The above table analyses the Company's financial liabilities by relevant maturity groups based on the period they are remaining on the Company's Statement of Financial Position to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows, comprising all outflows of a liability such as repayments and eventual interest payments. Non-derivative financial liabilities comprise financing liabilities at amortised cost. Derivative financial liabilities are presented with their market value.

Foreign Currency Risk - The Company is not exposed to foreign currency risks because it has its financial portfolio in Euro only.

Credit Risk - The Company has only one debtor, which is EADS N.V. The maximum credit risk equals the book value of the respective items on the Statement of Financial Position at reporting date, as shown in the table below. The long-term corporate credit rating of EADS N.V. is A- (S&P).

In MEUR	31/12/2011	31/12/2010
Receivables, neither past due nor impaired	1.518	1.517
Cash and Cash Equivalents	2	2
Derivative financial assets	112	43
	1.632	1.562

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)**
b) Carrying amounts and fair values of financial instruments

The fair value of a financial instrument is the price at which one party would assume the rights and/or duties of another party. Fair values of financial instruments have been determined with reference to available market information at the reporting date and the valuation methodologies discussed below. Considering the variability of their value-determining factors and the volume of financial instruments, the fair values presented herein may not be indicative of the amounts that the Company could realize in a current market environment. The following tables present the carrying amounts and fair values of financial instruments according to IAS 39 measurement categories as of December 31, 2011 and 2010 respectively:

In MEUR	Fair Value for Hedge Relations		Loans and Receivables and Financial Liabilities at amortised cost		Financial Instruments Total	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Dec 31, 2011						
<i>Financial Assets</i>						
Non-current assets	-	-	1.493	1.558	1.493	1.558
Derivative financial assets	112	112	-	-	112	112
Current assets	-	-	27	27	27	27
	112	112	1.520	1.585	1.632	1.697
<i>Financial Liabilities</i>						
Non-current and current financial liabilities	-	-	(1.579)	(1.694)	(1.579)	(1.694)
	-	-	(1.579)	(1.694)	(1.579)	(1.694)
Dec 31, 2010						
<i>Financial Assets</i>						
Non-current assets	-	-	1.492	1.583	1.492	1.583
Derivative financial assets	43	43	-	-	43	43
Current assets	-	-	27	27	27	27
	43	43	1.519	1.610	1.562	1.653
<i>Financial Liabilities</i>						
Non-current and current financial liabilities	-	-	(1.538)	(1.651)	(1.538)	(1.651)
	-	-	(1.538)	(1.651)	(1.538)	(1.651)

Fair value hierarchy – Financial assets and liabilities measured at fair value comprise derivative financial instruments for hedge relations. The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011 (CONTINUED)

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of derivative financial assets of 112 EUR million (2010: 43 EUR million) are determined according to level 2 of the fair value hierarchy.

Financial Assets and Liabilities – Generally, fair values are determined by observable market quotations or valuation techniques supported by observable market quotations. By applying a valuation technique, such as present value of future cash flows, fair values are based on estimates. However, methods and assumptions followed to disclose data presented herein are inherently judgmental and involve various limitations like estimates as of December 31, 2011 and 2010, which are not necessarily indicative of the amounts that the Company would record upon further disposal/termination of the financial instruments.

Interest Rate Contracts – The fair value of these instruments is the estimated amount that the Company would receive or pay to settle the related agreements as of December 31, 2011 and 2010 based on present value calculations. The used swap model incorporates various inputs including interest rate curves.

c) Notional amounts of derivative financial instruments

The contract or notional amounts of derivative financial instruments shown below do not necessarily represent amounts exchanged by the parties and, thus, are not necessarily a measure for the exposure of the Company through its use of derivatives.

The notional amounts of interest rate contracts are as follows, specified by year of expected maturity:

Year ended December 31, 2011 in MEUR	Remaining period						Total
	2012	2013	2014	2015	2016-2017	2018	
Interest Rate Contracts	-	-	-	-	1,000	500	1,500

Year ended December 31, 2010 in MEUR	Remaining period						Total
	2011	2012	2013	2014	2015-2017	2018	
Interest Rate Contracts	-	-	-	-	1,000	500	1,500

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)****d) Derivative financial instruments and hedge accounting disclosure**

The following interest rate curves are used in the determination of the fair value in respect of the derivative financial instruments as of December 31, 2011 and 2010:

Interest rate in %		December 31, 2011	December 31, 2010
		EUR	EUR
6 months		1.82	1.20
1 year		2.15	1.48
5 years		1.73	2.48
10 years		2.37	3.31

Hedging activities – At December 31, 2011, the Company has interest swap agreements in place with notional amounts totaling 1.500 EUR million (as at December 31, 2010: 1.500 EUR million). The swaps are partly used to swap variable interest in connection with 500 EUR million loan to EADS N.V. (see note 3), into a fixed interest similar to the interest rate on the EMTN-Bonds (see note 9), and partly used to swap fixed interest in connection with issue of the third EMTN-Bond amounting to 1.000 EUR million (see note 9) into a variable interest rate. The hedges were assessed highly effective.

15. NUMBER OF EMPLOYEES AND EMPLOYMENT COSTS

The Company employed no personnel in the year ended on December 31, 2011.

16. DIRECTORS

The Company had no director who received remuneration.

17. COMMITMENTS AND CONTINGENT LIABILITIES

There are no commitments or contingent liabilities on the reporting date.

18. RELATED PARTIES

EADS N.V. is a related party, as it holds 100% of the shares of EADS Finance B.V. The transactions and outstanding balances relating to EADS N.V. are detailed in the notes. We refer to the comments to long-term and short-term loan receivables, accrued interest receivables, cash and cash equivalents, equity, negative fair-value derivative instruments and interest income.

19. SUBSEQUENT EVENTS

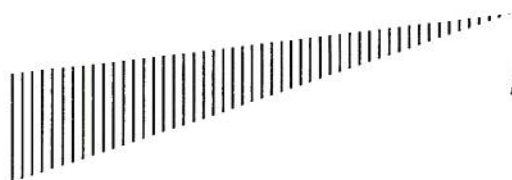
There are no subsequent events to be reported.

OTHER INFORMATION

APPROPRIATION OF THE NET RESULT

According to the Company's articles of association, the annual meeting of shareholders determines the appropriation of the Company's net result for the year.

The board of Managing Directors proposes that the net profit for the year ended December 31, 2011, amounting to EUR 416,708, be transferred to the retained earnings.



Independent auditor's report

To: the shareholders and the management of EADS Finance B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of EADS Finance B.V., Amsterdam, which comprise the Statement of financial position as at December 31, 2011, the Income statement, Statement of comprehensive income, Statement of cash-flows and the Statement of changes in equity for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the board of managing directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of EADS Finance B.V. as at December 31, 2011 and of its result for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, April 20, 2012

Ernst & Young Accountants LLP

signed by C.T. Reckers