REGISTRATION DOCUMENT *2013*

European Aeronautic Defence
and Space Company EADS N.V.

European Aeronautic Defence and Space Company EADS N.V. (the **"Company"** and together with its subsidiaries, the **"Group"**) is a Dutch company, which is listed in France, Germany and Spain. The applicable regulations with respect to public information and protection of investors, as well as the commitments made by the Company to securities and market authorities, are described in this Registration Document (the **"Registration Document"**).

As further described in its press release of 2 January 2014, the Group has been rebranded as Airbus Group as of such date. The Company's legal name change into Airbus Group N.V. shall be submitted to the Company's Annual General Meeting of Shareholders (the **"AGM"**) scheduled for end of May 2014. The Company's subsidiaries may change their legal names in line with the Group's rebranding.

In addition to historical information, this Registration Document includes forward-looking statements. The forward-looking statements are generally identified by the use of forward-looking words, such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "project", "predict", "will", "should", "may" or other variations of such terms, or by discussion of strategy. These statements relate to the Company's future prospects, developments and business strategies and are based on analyses or forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements represent the view of the Company only as of the dates they are made, and the Company disclaims any obligation to update forward-looking statements, except as may be otherwise required by law. The forward-looking statements in this Registration Document involve known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted or suggested herein. These include changes in general economic and business conditions, as well as the factors described under "Risk Factors" below.

This Registration Document was prepared in accordance with Annex 1 of EC Regulation 809 / 2004, filed in English with, and approved by, the *Autoriteit Financiële Markten* (the "AFM") on 4 April 2014 in its capacity as competent authority under the *Wet op het financieel toezicht* (as amended) pursuant to Directive 2003 / 71 / EC. This Registration Document may be used in support of a financial transaction as a document forming part of a prospectus in accordance with Directive 2003 / 71 / EC only if it is supplemented by a securities note and a summary approved by the AFM.

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REGISTRATION DOCUMENT 2013

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REGISTRATION DOCUMENT 2013

RISK
FACTORS

Risk Factors

The Company is subject to many risks and uncertainties that may affect its financial performance. The business, results of operation or financial condition of the Company could be materially adversely affected by the risks described below. These are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company or that it currently considers immaterial may also impair its business and operations.

1. Financial Market Risks

Global Economic and Sovereign Debt Concerns

As a global company, the Company's operations and performance depend significantly on market and economic conditions in Europe, the US, Asia and the rest of the world. Market disruptions and significant economic downturns may develop quickly due to, among other things, crises affecting credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including those in the Middle East, North Africa and other regions). Any such disruption or downturn could affect the Company's activities for short or extended periods and have a negative effect on the Company's future results of operation and financial condition.

European financial markets have, in recent years, experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to reduce their budget deficits and refinance or repay their sovereign debt obligations as they come due. The European Central Bank and Eurozone policy makers have so far succeeded to stabilise the Eurozone and the European banks, decrease the volatility of the Euro against other major currencies thanks to improvements in the governance of the Eurozone banking system. However, the asset quality of European banks remains a risk for the financial system and the EU sovereign debt crisis remains a drag on near term economic prospects despite signs of a slow recovery.

The improving labour market, the recovery of the housing market and the budget compromise support the recovery of the US economy. The reduction of the monthly bond purchases by the Federal Reserve Bank, which has been started in December 2013 and which is likely to be continued throughout 2014 subject to a further improving employment, is the starting point for a normalisation of the monetary policy. The immediate impact from the tapering is partly mitigated by an unchanged forward guidance on short-term policy rates. Medium term concerns about the increasing budget deficit and the sustainability of sovereign debt will likely have to be addressed over the next several years through a combination of tax increases, agreed budget cuts or budget sequestration in defence and entitlement spending, combined with an increase in the debt ceiling to finance further borrowing. This could negatively affect economic growth in the US and worldwide, the creditworthiness of US Treasury securities and the exchange rate of the US dollar against other major currencies (in particular euro or pound sterling), which may in turn adversely impact the Company's sales in the defence sector, the market value of the Company's investments or the exchange rates at which the Company is able to hedge its foreign currency exposure.

The gradual reduction of monetary easing by the Federal Reserve Bank and the expected increase of US treasury yields impact financial markets of emerging countries, in particular those with high current account deficits. Contagion effects to other emerging market countries are also likely. The continued reallocation of investments to the US might further weaken emerging market currencies mainly against the US dollar and deteriorates the refinancing conditions for issuers from emerging countries including our customers in these countries. Market interventions of emerging markets' central banks to avoid the weakening of their local currency, such as hiking their refinancing rates or the purchase of their local currency against foreign currency reserves, are limited. The mixture from tightening refinancing conditions and weaker emerging market currencies might affect the economic growth in emerging markets which in turn might also lower global growth expectations.

If economic conditions were to deteriorate, or if more pronounced market disruptions were to occur, there could be a new or incremental tightening in the credit markets, low liquidity, and extreme volatility in credit, currency and equity markets. This could have a number of effects on the Company's business, including:

¬ requests by customers to postpone or cancel orders for aircraft due to, among other things, lack of adequate credit supply from the market to finance aircraft purchases or weak levels of passenger demand for air travel and cargo activity more generally;
¬ an increase in the amount of sales financing that the Company must provide to its customers to support aircraft purchases, thereby increasing its exposure to the risk of customer defaults despite any security interests the Company might have in the underlying aircraft;
¬ further reductions in public spending for defence, homeland security and space activities, which go beyond those budget consolidation measures already proposed by governments around the world;
¬ financial instability, inability to obtain credit or insolvency of key suppliers and subcontractors, thereby impacting the Company's ability to meet its customer obligations in a satisfactory and timely manner;
¬ continued de-leveraging as well as mergers, rating downgrades and bankruptcies of banks or other financial institutions, resulting in a smaller universe of counterparties and lower availability of credit, which may in turn reduce the availability of bank guarantees needed by the Company for its businesses or restrict its ability to implement desired foreign currency hedges; and
¬ default of investment or derivative counterparties and other financial institutions, which could negatively impact the Company's treasury operations including the cash assets of the Company.

The Company's financial results could also be negatively affected depending on gains or losses realised on the sale or exchange of financial instruments; impairment charges resulting from revaluations of debt and equity securities and other investments; interest rates; cash balances; and changes in fair value of derivative instruments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk of the actual amounts realised in the future on the Company's financial instruments differing significantly from the fair values currently assigned to them.

Foreign Currency Exposure

A significant portion of the Company's revenues is denominated in US dollars, while a major portion of its costs is incurred in euro, and to a lesser extent, in pounds sterling. Consequently, to the extent that the Company does not use financial instruments to hedge its exposure resulting from this foreign currency mismatch, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies. The Company has therefore implemented a long-term hedging portfolio to help secure the rates at which a portion of its future US dollar-denominated revenues (arising primarily at Airbus) are converted into euro or pound sterling, in order to manage and minimise this foreign currency exposure.

There are complexities inherent in determining whether and when foreign currency exposure of the Company will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Company may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with the Company, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Company is able to hedge its foreign currency exposure may also deteriorate, as has been the case during the past several years with the steady appreciation of the euro against the US dollar. Accordingly, the Company's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling, in particular over the long-term, which could have a negative effect on its results of operation and financial condition. In addition, the portion of the Company's US dollar-denominated revenues that is not hedged in accordance with the Company's hedging strategy will be exposed to changes in exchange rates, which may be significant.

Currency exchange rate fluctuations in those currencies other than the US dollar in which the Company incurs its principal manufacturing expenses (mainly the euro) may affect the ability of the Company to compete with competitors whose costs are incurred in other currencies. This is particularly true with respect to fluctuations relative to the US dollar, as many of the Company's products and those of its competitors (*e.g.*, in the defence export market) are priced in US dollars. The Company's ability to compete with competitors may be eroded to the extent that any of the Company's principal currencies appreciates in value against the principal currencies of such competitors.

The Company's consolidated revenues, costs, assets and liabilities denominated in currencies other than the euro are translated into the euro for the purposes of compiling its financial statements. Changes in the value of these currencies relative to the euro will therefore have an effect on the euro value of the Company's reported revenues, costs, earnings before interest and taxes, pre-goodwill impairment and exceptionals ("**EBIT***"), other financial result, assets and liabilities.

* Unless otherwise indicated, EBIT* figures presented in this report are Earning before Interest and Taxes, pre goodwill impairment and exceptionals.

See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities" for a discussion of the Company's foreign currency hedging strategy. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.2.6 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements" for a summary of the Company's accounting treatment of foreign currency hedging transactions.

Sales Financing Arrangements

In support of sales, the Company may agree to participate in the financing of selected customers. As a result, the Company has a significant portfolio of leases and other financing arrangements with airlines and other customers. The risks arising from the Companysales financing activities may be classified into two categories: (i) credit risk, which concerns the customer's ability to perform its obligations under a financing arrangement, and (ii) aircraft value risk, which primarily relates to unexpected decreases in the future value of aircraft. Measures taken by the Company to mitigate these risks include optimised financing and legal structures, diversification over a number of aircraft and customers, credit analysis of financing counterparties, provisioning for the credit and asset value exposure, and transfers of exposure to third parties. No assurances may be given that these measures will protect the Company from defaults by its customers or significant decreases in the value of the financed aircraft in the resale market.

The Company's sales financing arrangements expose it to aircraft value risk, because it generally retains security interests in aircraft for the purpose of securing customers' performance of their financial obligations to the Company, and because it may guarantee a portion of the market value of certain aircraft during limited periods after their delivery to customers. Under adverse market conditions, the market for used aircraft could become illiquid and the market value of used aircraft could significantly decrease below projected amounts. In the event of a financing customer default at a time when the market value for a used aircraft has unexpectedly decreased, the Company would be exposed to the difference between the outstanding loan amount and the market value of the aircraft, net of ancillary costs (such as maintenance and remarketing costs, etc.). Similarly, if an unexpected decrease in the market value of a given aircraft coincided with the exercise window of an asset value guarantee with respect to that aircraft, the Company would be exposed to losing as much as the difference between the market value of such aircraft and the guarantee amount. No assurances may be given that the provisions taken by the Company will be sufficient to cover these potential shortfalls. Through the Airbus Asset Management department or as a result of past financing transactions, the Company is the owner of used aircraft, exposing it directly to fluctuations in the market value of these used aircraft.

In addition, the Company has outstanding backstop commitments to provide financing related to orders on Airbus' and ATR's backlog. While past experience suggests it is unlikely that all such proposed financing actually will be implemented, the Company's sales financing exposure could rise in line with future sales growth depending on the agreement reached with customers. Despite the measures taken by the Company to mitigate the risks arising from sales financing activities as discussed above, the Company remains exposed to the risk of defaults by its customers or significant decreases in the value of the financed aircraft in the resale market, which may have a negative effect on its future results of operation and financial condition.

Counterparty Credit

In addition to the credit risk relating to sales financing as discussed above, the Company is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments and cash investments. However, the Group has policies in place to avoid concentrations of credit risk and to ensure that credit risk exposure is limited.

Counterparties for transactions in cash, cash equivalents and securities as well as for derivative transactions are limited to highly rated financial institutions, corporates or sovereigns. The Company's credit limit system assigns maximum exposure lines to such counterparties, based on a minimum credit rating threshold as published by Standard & Poor's, Moody's and Fitch Ratings. Besides the credit rating, the limit system also takes into account fundamental counterparty data, as well as sector and maturity allocations and further qualitative and quantitative criteria such as credit risk indicators. The credit exposure of the Company is reviewed on a regular basis and the respective limits are regularly monitored and updated. The Company also seeks to maintain a certain level of diversification in its portfolio between individual counterparties as well as between financial institutions, corporates and sovereigns in order to avoid an increased concentration of credit risk on only a few counterparties.

However, there can be no assurance that the Company will not lose the benefit of certain derivatives or cash investments in case of a systemic market disruption. In such circumstances, the value and liquidity of these financial instruments could decline and result in a significant impairment, which may in turn have a negative effect on the Company's future results of operation and financial condition.

Moreover, the progressive implementation of new financial regulations (Basel III, EMIR, CRD4, Bank Restructuring Resolution Directive, Dodd Frank Act, Volcker Rules, etc.) will have an impact on the business model of banks (for example, the split between investment banking and commercial banking activities) and on the capital cost of such banks' activities in relation to over-the-counter derivatives, and therefore on the funding consequences of central clearing and collateralisation of over-the-counter derivatives for corporations like the Company. This may ultimately increase the cost and reduce the liquidity of the Company's long-term hedges, for example, as banks seek to either pass-on the additional costs to their corporate counterparties or withdraw from low-profit businesses altogether.

Equity Investment Portfolio

The Company holds several equity investments for industrial or strategic reasons, the business rationale for which may vary over the life of the investment. Equity investments are either accounted for using the equity method (associated companies), if the Company has the ability to exercise significant influence, or at fair value. If fair value is not readily determinable, the investment is measured at cost.

The Company's principal investment in associates is Dassault Aviation. The net asset value of this investment was €2.7 billion as of 31 December 2013. The Company is exposed to the risk of unexpected material adverse changes in the fair value of Dassault Aviation and that of other associated companies. For equity investments other than associates, which make up only a fraction of the Company's total assets, the Company regards the risk of negative changes in fair value or impairments on these investments as non-significant.

Treasury shares held by the Company are not considered to be equity investments. Additionally, treasury shares are not regarded as being exposed to risk, as any change in value of treasury shares is recognised directly in equity only when sold to the market and never affects net income. Treasury shares are primarily held to hedge the dilution risk arising from employee stock ownership plans and the exercise by employees of stock options.

Pension Commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. For information related to these plans, see "— Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to the Consolidated Financial Statements (IFRS) — Note 25b: Provisions for retirement plans". Although the Company has recorded a provision in its balance sheet for its share of the underfunding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading the Company to record additional provisions in respect of such plans.

Necessary adjustments of such provisions are driven by (i) the discount factor (dependent in part on interest rates) and the inflation rate applied to calculate the net present value of the pension liabilities, (ii) the performance of the asset classes which are represented in the pension assets, and (iii) additional cash injections contributed by the Company from time to time to the pension assets. The Company has taken measures to limit potential losses on the pension assets and to better match the characteristics of the pension liabilities with those of the pension assets as a long-term objective. Nevertheless, any required additional provisions would have a negative effect on the Company's total equity (net of deferred taxes), which could in turn have a negative effect on its future financial condition.

Tax Issues

As a multinational group with operations in numerous jurisdictions and sales around the world, the Company is subject to tax legislation in a number of countries. The Company manages its business so as to create value from the synergies and commercial capacities of its different entities, and therefore endeavours to structure its operations and transactions in a tax-efficient manner. The structure of the Company's organisation and of the transactions it enters into are based on its own interpretations of applicable tax laws and regulations, generally relying on opinions received from internal or independent tax counsel, and, to the extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations, in which case the Company or its affiliates could become subject to tax claims. Moreover, the tax laws and regulations that apply to the Company's business may be amended by the tax authorities—for example as a result of changes in fiscal circumstances or priorities—which could affect the overall tax efficiency of the Company.

For further information relating to financial market risks and the ways in which the Company attempts to manage these risks, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

2. Business-Related Risks

Commercial Aircraft Market Cyclicality

Historically, the market for commercial aircraft has shown cyclical trends, due in part to changes in passenger demand for air travel and cargo activity, which are in turn primarily influenced by economic or gross domestic product ("**GDP**") growth. Other factors, however, play an important role in determining the market for commercial aircraft, such as (i) the average age and technical obsolescence of the fleet relative to new aircraft, (ii) the number and characteristics of aircraft taken out of service and parked pending potential return into service, (iii) passenger and freight load factors, (iv) airline pricing policies, (v) airline financial health and the availability of outside financing for aircraft purchases, (vi) deregulation and (vii) environmental constraints imposed upon aircraft operations. The Company expects that the market for commercial aircraft will continue to be cyclical, and that downturns in broad economic trends may have a negative effect on its future results of operation and financial condition.

Terrorism, Pandemics and Other Catastrophic Events

As past terrorist attacks and the spread of pandemics (such as H1N1 flu) have demonstrated, terrorism and pandemics may negatively affect public perception of air travel safety and comfort, which may in turn reduce demand for air travel and commercial aircraft. The outbreak of wars, riots or political unrest in a given region may also affect the willingness of the public to travel by air. Furthermore, major airplane crashes may have a negative effect on the public's or regulators' perceptions of the safety of a given class of aircraft, form of design, airline or air traffic. As a result of terrorism, geopolitical instability, pandemics and other catastrophic events, an airline may be confronted with sudden reduced demand for air travel and be compelled to take costly security and safety measures. In response to such events, and the resulting negative impact on the airline industry or particular airlines, the Company may suffer from a decline in demand for all or certain types of its aircraft or other products, and the Company's customers may postpone delivery or cancel orders.

In addition to affecting demand for its products, the occurrence of catastrophic events could disrupt the Company's internal operations or its ability to deliver products and services to customers. Disruptions may be related to threats to physical security and infrastructure, information technology or cyber-attacks or failures, damaging weather or acts of nature and other crises. Any significant production delays, or any destruction, manipulation, theft or improper use of the Company's data, information systems or networks could have a significant adverse effect on the Company's future results of operation and financial condition as well as on the reputation of the Company and its products and services.

Dependence on Key Suppliers and Subcontractors

The Company is dependent on numerous key suppliers and subcontractors to provide it with the raw materials, parts, assemblies and systems that it needs to manufacture its products.

The Company relies upon the good performance of its suppliers and subcontractors to meet the obligations defined under their contracts. Supplier performance is continually monitored and assessed so that supplier development programmes can be launched if performance standards fall below expectations. No assurance can be given that these measures will fully protect the Company from non-performance of a supplier which could disrupt production and in turn may have a negative effect on its future results of operation and financial condition.

Changes to the Company's production or development schedules may impact suppliers so that they initiate claims under their contracts for financial compensation. However the robust, long-term nature of the contracts and a structured process to manage such claims, limits the Company's exposure. Despite these mitigation measures, there could still be a negative effect on the future results of operation and financial condition of the Company.

As the Company's global sourcing footprint extends, some suppliers (or their sub-tier suppliers) may have production facilities located in countries that are exposed to socio-political unrest or natural catastrophes which could interrupt deliveries. Country-based risk assessment is applied by the Company to monitor such exposures and to ensure that appropriate mitigation plans or fall-back solutions are available for deliveries from zones considered at risk. Despite these measures, the Company remains exposed to interrupted deliveries from suppliers impacted by such events which could have a negative effect on the future results of operation and financial condition of the Company.

Suppliers (or their sub-tier suppliers) may also experience financial difficulties requiring them to file for bankruptcy protection, which could disrupt the supply of materials and parts to the Company. However financial health of suppliers is analysed prior to selection to minimise such exposure and then monitored during the contract period to enable the Company to take action to avoid such situations. In exceptional circumstances, the Company may be required to provide financial support to a supplier and therefore face limited credit risk exposure. If insolvency of a supplier does occur, the Company works closely with the appointed administrators to safeguard contractual deliveries from the supplier. Despite these mitigation measures, the bankruptcy of a key supplier could still have a negative effect on the future results of operation and financial condition of the Company.

Industrial Ramp-Up

As a result of the large number of new orders for aircraft recorded in recent years, the Company intends to accelerate its production in order to meet the agreed upon delivery schedules for such new aircraft (including helicopters). As it nears full capacity, the Company's ability to further increase its production rate will be dependent upon a variety of factors, including execution of internal performance plans, availability of raw materials, parts (such as aluminium, titanium and composites) and skilled employees given high demand by the Company and its competitors, conversion of raw materials into parts and assemblies, and performance by suppliers and subcontractors (particularly suppliers of buyer-furnished equipment) who may experience resource or financial constraints due to ramp-up. Management of such factors is also complicated by the development of new aircraft programmes in parallel, in particular at Airbus, which carry their own resource demands. Therefore, the failure of any or all of these factors could lead to missed delivery commitments, and depending on the length of delay in meeting delivery commitments, could lead to additional costs and customers' rescheduling or terminating their orders. Good progress has been made in 2013 and the supply chain is in general more stable. Specific areas of risk with suppliers of cabin equipment need to be carefully managed.

Technologically Advanced Products and Services

The Company offers its customers products and services that are technologically advanced, the design and manufacturing of which can be complex and require substantial integration and coordination along the supply chain. In addition, most of the Company's products must function under demanding operating conditions. Even though the Company believes it employs sophisticated design, manufacturing and testing practices, there can be no assurance that the Company's products or services will be successfully developed, manufactured or operated or that they will perform as intended.

Certain of the Company's contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other products or services, to provide cancellation rights, or to reduce the price of subsequent sales to the same customer if its products fail to be delivered on time or to perform adequately. No assurances can be given that performance penalties or contract cancellations will not be imposed should the Company fail to meet delivery schedules or other measures of contract performance – in particular with respect to new development programmes such as the A350 XWB or A400M. See "— Programme-Specific Risks" below.

In addition to the risk of contract cancellations, the Company may also incur significant costs or loss of revenues in connection with remedial action required to correct any performance issues detected in its products or services. For example, following the discovery of hairline cracks in the wing rib feet of certain in-service A380 aircraft in 2011, the Company recorded charges for estimated warranty and repair costs for delivered aircraft. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2011, 2012 and 2013". Moreover, to the extent that a performance issue is considered to have a possible impact on safety, regulators could suspend the authorisation for the affected product or service.

Any significant problems with the development, manufacturing, operation or performance of the Company's products and services could have a significant adverse effect on the Company's future results of operation and financial condition as well as on the reputation of the Company and its products and services.

Dependence on Public Spending and on Certain Markets

In any single market, public spending (including defence and security spending) depends on a complex mix of geopolitical considerations and budgetary constraints, and may therefore be subject to significant fluctuations from year to year and country to country. Due to the overall economic environment and competing budget priorities, several countries have reduced their level of public spending. This is especially true with respect to defence and security budgets, where certain countries have already implemented substantial reductions. Any termination or reduction of future funding or cancellations or delays impacting existing contracts may have a negative effect on the Company's future results of operation and financial condition. In the case where several countries undertake to enter together into defence or other procurement contracts, economic, political or budgetary constraints in any one of these countries may have a negative effect on the ability of the Company to enter into or perform such contracts.

Further, a significant portion of the Company's backlog is concentrated in certain regions or countries, including the US and Asia. Adverse economic and political conditions as well as downturns in broad economic trends in these countries or regions may have a negative effect on the Company's future results of operation and financial condition.

Availability of Government and Other Sources of Financing

Since 1992, the EU and the US have operated under an agreement that sets the terms and conditions of financial support that governments may provide to civil aircraft manufacturers. In late 2004, however, the US sought to unilaterally withdraw from this agreement, which eventually led to the US and the EU making formal claims against each other before the World Trade Organization ("**WTO**"). While both sides have expressed a preference for a negotiated settlement that provides for a level playing field when funding future aircraft developments, they have thus far failed to reach agreement on key issues. The terms and conditions of any new agreement, or the final outcome of the formal WTO proceedings, may limit access by the Company to risk-sharing-funds for large projects, may establish an unfavourable balance of access to government funds by the Company as compared to its US competitors or may in an extreme scenario cause the European Commission and the involved governments to analyse possibilities for a change in the commercial terms of funds already advanced to the Company.

In prior years, the Company and its principal competitors have each received different types of government financing of product research and development. However, no assurances can be given that government financing will continue to be made available in the future, in part as a result of the proceedings mentioned above. Moreover, the availability of other outside sources of financing will depend on a variety of factors such as market conditions, the general availability of credit, the Company's credit ratings, as well as the possibility that lenders or investors could develop a negative perception of the Company's long- or short-term financial prospects if it incurred large losses or if the level of its business activity decreased due to an economic downturn. The Company may therefore not be able to successfully obtain additional outside financing on favourable terms, or at all, which may limit the Company's future ability to make capital expenditures, fully carry out its research and development efforts and fund operations.

Competition and Market Access

The markets in which the Company operates are highly competitive. In some areas, competitors may have more extensive or more specialised engineering, manufacturing and marketing capabilities than the Company. In addition, some of the Company's largest customers may develop the capability to manufacture products or provide services similar to those of the Company. This would result in these customers supplying their own products or services and competing directly with the Company for sales of these products or services, all of which could significantly reduce the Company's revenues. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that the competitive pressures it faces in all business areas will not result in reduced revenues or market share.

In addition, the contracts for many aerospace and defence products are awarded, implicitly or explicitly, on the basis of home country preference. Although the Company is a multinational company which helps to broaden its domestic market, it may remain at a competitive disadvantage in certain countries, especially outside of Europe, relative to local contractors for certain products. The strategic importance and political sensitivity attached to the aerospace and defence industries means that political considerations will play a role in the choice of many products for the foreseeable future.

Major Research and Development Programmes

The business environment in many of the Company's principal operating business segments is characterised by extensive research and development costs requiring significant up-front investments with a high level of complexity. The business plans underlying such investments often contemplate a long payback period before these investments are recouped, and assume a certain level of return over the course of this period in order to justify the initial investment. There can be no assurances that the commercial, technical and market assumptions underlying such business plans will be met, and consequently, the payback period or returns contemplated therein achieved. The Company expects that its consolidated research and development expenses may increase significantly in future years in connection with the ramp-up of new programmes across all Divisions, in particular development of the A350 XWB.

Successful development of new programmes also depends on the Company's ability to attract and retain aerospace engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals. There can be no assurances that the Company will attract and retain the personnel it requires to conduct its operations successfully. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's future results of operation and financial condition.

Restructuring, Transformation and Cost Saving Programmes

In order to improve competitiveness, offset rising procurement costs and achieve profitability targets, among other things, the Company and its Divisions have launched several restructuring, transformation and cost saving programmes over the past several years. These include group-wide programmes, as well as Division-specific programmes such as the Airbus Defence and Space restructuring plan.

Anticipated cost savings under these programmes are based on estimates, however, and actual savings under these programmes may vary significantly. In particular, the Company's cost reduction measures are based on current conditions and do not take into account any future cost increases that could result from changes in its industry or operations, including new business developments, wage and cost increases or other factors. The Company's failure to successfully implement these planned cost reduction measures, or the possibility that these efforts may not generate the level of cost savings it expects going forward, could negatively affect its future results of operation and financial condition.

In addition to the risk of not achieving the anticipated level of cost savings from these programmes, the Company may also incur higher than expected implementation costs. In many instances, there may be internal resistance to the various organisational restructuring and cost reduction measures contemplated. Restructuring, closures, site divestitures and job reductions may also harm the Company's labour relations and public relations, and have led and could lead to work stoppages and/or demonstrations. In the event that these work stoppages and/or demonstrations become prolonged, or the costs of implementing the programmes above are otherwise higher than anticipated, the Company's future results of operation and financial condition may be negatively affected.

Acquisitions, Joint Ventures & Strategic Alliances

As part of its business strategy, the Company may acquire businesses and form joint ventures or strategic alliances. Acquisitions are inherently risky because of difficulties that may arise when integrating people, operations, technologies and products. There can be no assurance that any of the businesses that the Company acquires can be integrated successfully and as timely as originally planned or that they will perform well and deliver the expected synergies once integrated. In addition, the Company may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to integration of acquired businesses. While the Company believes that it has established appropriate and adequate procedures and processes to mitigate these risks, there is no assurance that these transactions will be successful.

Public-Private Partnerships and Private Finance Initiatives

Defence customers, particularly in the UK, increasingly request proposals and grant contracts under schemes known as public-private partnerships ("**PPPs**") or private finance initiatives ("**PFIs**"). PPPs and PFIs differ substantially from traditional defence equipment sales, as they often incorporate elements such as:

- the provision of extensive operational services over the life of the equipment;
- continued ownership and financing of the equipment by a party other than the customer, such as the equipment provider;
- mandatory compliance with specific customer requirements pertaining to public accounting or government procurement regulations; and
- provisions allowing for the service provider to seek additional customers for unused capacity.

The Company is party to PPP and PFI contracts, for example through Paradigm with Skynet 5 and related telecommunications services, and in the AirTanker (FSTA) project. One of the complexities presented by PFIs lies in the allocation of risks and the timing thereof among different parties over the lifetime of the project.

There can be no assurances of the extent to which the Company will efficiently and effectively (i) compete for future PFI or PPP programmes, (ii) administer the services contemplated under the contracts, (iii) finance the acquisition of the equipment and the on-going provision of services related thereto, or (iv) access the markets for the commercialisation of excess capacity. The Company may also encounter unexpected political, budgetary, regulatory or competitive risks over the long duration of PPP and PFI programmes.

Programme-Specific Risks

In addition to the risk factors mentioned above, the Company also faces the following programme-specific risks (while this list does not purport to be exhaustive, it highlights the current risks believed to be material by management):

A350 XWB programme. In connection with the A350 XWB programme, after a successful initial flight test campaign of A350 XWB-900, the Company faces the following main challenges: ensuring aircraft performance and flight tests completion, certification and first deliveries before the end of 2014; maintaining supply chain performance and production ramp-up; managing production overcosts of the early aircraft and recurring costs beyond the initial ramp-up phase; maintaining customisation and heads of versions ramp-up; and maintaining the development schedule of A350 XWB-1000 to ensure entry in service as planned.

A380 programme. In connection with the A380 programme, the Company faces the following main challenges: management of stress in the supply chain as a result of the steep ramp-up in production in coming years; making continued improvements to lower the resources and costs associated with designing each customised "head of version" aircraft for new customers, in order to allow a higher number of heads of version to be completed each year; and managing maturity in service. The wing rib feet issues are now well understood and fixes are in place. The impact will be closely managed with customers over the next two years. However, in the case of such a large and complex aircraft, risk that the Company could run into further technical issues in the future remains.

A400M programme. In connection with the A400M programme, the Company faces the following main challenges: finalising the development, tests and associated documentation to enable progressively enhanced aircraft capabilities (enhanced IOC and standard operational clearance (SOC1 to 3); completing the final development of a full set of in-service support goods and services, and providing high levels of service for integrated logistic support that deliver mission success to programme customers; pursuing further aircraft development (engine, cargo systems, military systems); continuing the production ramp-up; managing the contractual retrofit campaign; increasing export orders; and meeting the contractual time schedule for the next programme milestones.

A320neo programme. In connection with the A320neo programme, the Company faces the following main challenges: management of stress in the supply chain as a result of the industrial ramp-up; meeting the engine development status including performance targets, and its schedule; and ensuring the availability of skilled personnel for the programme. The programme progresses as planned and no new challenges emerged in 2013. The main focus will be the transition in 2017 and 2018 from A320ceo (current engine option) to A320neo (new engine option).

A330 programme. The long range programme presents no new challenges. However, managing the order book beyond 2016 becomes more challenging due to competition from A350 XWB and Boeing 787.

NH90 and Tiger programmes. In connection with the NH90 and Tiger programmes, the Company faces the following main challenges: continuing to proceed with the industrial ramp-up on the NH90 programme including retrofits; mastering the contract renegotiations with governments and addressing requests to reduce contractually binding orders; and assuring support readiness in connection with multiple fleets entering into service.

EC225 programme. In connection with the EC225 programme, the Company faces the following main challenges: after the approval of safety measures by EASA permitting return to service of EC225 fleet, the Company is now finalising the development and certification of the re-designed main gear box shaft. The retrofit of the whole 225 fleet will start mid-2014 and finish end 2015.

Lead systems integration. In connection with lead systems integration projects (in particular Saudi border surveillance contract and National Security Shield Qatar), the Company faces the following main challenges: meeting the schedule and cost objectives with a high number of sites with complex local infrastructure to deliver and the integration of COTS products (radars, cameras, sensors) with their interfaces into the complex system network; assuring an efficient project and staffing ramp-up; and managing the rollout including subcontractors as well as training and organisational adaptation of the customer. In relation to a Command and Control System for the UAE, which was under development by Emiraje Systems LLC (in which the Company has a 49% shareholding), the customer has indicated its willingness to terminate the contract amicably. Settlement negotiations are underway and activities terminated.

3. Legal Risks

Dependence on Joint Ventures and Minority Holdings

The Company generates a substantial proportion of its revenues through various consortia, joint ventures and equity holdings. These arrangements include primarily:

- the Eurofighter and AirTanker consortia;
- three principal joint ventures: MBDA, ATR and Atlas Electronik; and
- investment in associates: Dassault Aviation.

The formation of partnerships and alliances with other market players is an integral strategy of the Company, and the proportion of sales generated from consortia, joint ventures and equity holdings may rise in future years. This strategy may from time to time lead to changes in the organisational structure, or realignment in the control, of the Company's existing joint ventures.

The Company exercises varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which it participates. While the Company seeks to participate only in ventures in which its interests are aligned with those of its partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all Members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be competitors of the Company, and thus may have interests that differ from those of the Company.

In addition, in those holdings in which the Company is a minority partner or shareholder, the Company's access to the entity's books and records, and as a consequence, the Company's knowledge of the entity's operations and results, is generally limited as compared to entities in which the Company is a majority holder or is involved in the day-to-day management.

Product Liability and Warranty Claims

The Company designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. The Company is subject to the risk of product liability and warranty claims in the event that any of its products fails to perform as designed. While the Company believes that its insurance programmes are adequate to protect it from such liabilities, no assurances can be given that claims will not arise in the future or that such insurance coverage will be adequate.

Intellectual property

The Company relies upon patent, copyright, trademark and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its intellectual property rights in technology and products used in its operations. Despite these efforts to protect its intellectual property rights, any of the Company's direct or indirect intellectual property rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Company's proprietary rights to the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions the Company may be unable to protect its proprietary technology adequately against unauthorised third-party copying or use, which could adversely affect its competitive position.

In addition, although the Company believes that it lawfully complies with the intellectual property rights granted to others, it has been accused of infringement on occasion and could have additional claims asserted against it in the future. These claims could harm its reputation, cost it money and prevent it from offering certain products or services. Any claims or litigation in this area, whether the Company ultimately wins or loses, could be time-consuming and costly, injure the Company's reputation or require it to enter into licensing arrangements. The Company might not be able to enter into these licensing arrangements on acceptable terms. If a claim of infringement were successful against it, an injunction might be ordered against the Company, causing further damages.

Export Controls and Other Laws and Regulations

The export market is a significant market for the Company. In addition, many of the products the Company designs and manufactures for military use are considered to be of national strategic interest. Consequently, the export of such products outside of the jurisdictions in which they are produced may be restricted or subject to licensing and export controls, notably by the UK, France, Germany and Spain, where the Company carries out its principal military activities as well as by other countries where suppliers come from, notably, the US. There can be no assurance (i) that the export controls to which the Company is subject will not become more restrictive, (ii) that new generations of the Company products will not also be subject to similar or more stringent controls or (iii) that geopolitical factors or changing international circumstances will not make it impossible to obtain export licenses for one or more clients or constrain the Company's ability to perform under previously signed contracts. Reduced access to military export markets may have a significant adverse effect on the Compnay's business, results of operation and financial condition.

The Company is also subject to a variety of other laws and regulations, including among others, those relating to commercial relationships, the use of its products and anti-bribery provisions. In addition, the Company's ability to market new products and enter new markets may be dependent on obtaining government certifications and approvals in a timely manner. Although the Company seeks to comply with all such laws and regulations, even unintentional violations or a failure to comply could result in administrative, civil or criminal liabilities including significant fines and penalties, suspension or debarment of the Company from government contracts for some period of time or suspension of the Company's export privileges, or preclude the Company from bidding on certain government contracts (even in the absence of a formal suspension or debarment).

In addition, the Company is sometimes subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company's reputation and its ability to attract and retain customers, which could have a negative effect on its business, results of operation and financial condition.

Legal and Regulatory Proceedings

The Company is currently engaged in a number of active legal and regulatory proceedings. See "— Information on the Group's Activities — 1.1.9 Legal and Arbitration Proceedings". The Company expects to continue to incur time and expenses associated with its defence, regardless of the outcome, and this may divert the efforts and attention of management from normal business operations.

Although the Company is unable to predict the outcome of these proceedings, it is possible that they will result in the imposition of damages, fines or other remedies, which could have a negative effect on the Company's business, results of operation and financial condition. An unfavourable ruling could also negatively impact the Company's stock price and reputation.

4. Industrial and Environmental Risks

Given the scope of its activities and the industries in which it operates, the Company is subject to stringent environmental, health and safety laws and regulations in numerous jurisdictions around the world. The Company therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations covering the protection of the natural environment as well as occupational health and safety, including costs to prevent, control, eliminate or reduce emissions into the environment, releases of air pollutants into the atmosphere, discharges to surface and subsurface water and soil, usage of certain substances and the content of the Company's products, the disposal and treatment of waste materials, and costs to comply with reporting or warning regulations. Moreover, new laws and regulations, the imposition of tougher licence requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on its results of operation and financial condition.

If the Company fails to comply with these environmental, health and safety laws and regulations, even if caused by factors beyond its control, that failure may result in the assessment of civil or criminal penalties and fines against it. Regulatory authorities may require the Company to conduct investigations and undertake remedial activities, curtail operations or close installations or facilities temporarily to prevent imminent risks. In the event of an industrial accident or other serious incident, employees, customers and other third parties may file claims for personal injury, property damage or damage to the environment (including natural resources). Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of non-compliance or fault. These potential liabilities may not always be covered by insurance, or may be only partially covered. The obligation to compensate for such damages could have a negative effect on the Company's results of operation and financial condition.

In addition, the various products manufactured and sold by the Company must comply with relevant environmental, health and safety and substances / preparations related laws and regulations in the jurisdictions in which they operate. Although the Company seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the EU regulation known as "REACH", which addresses the production and use of chemical substances) may force the Company to adapt, redesign, redevelop, recertify and/or eliminate its products from the market. Seizures of defective products may be pronounced, and the Company may incur administrative, civil or criminal liability. In the event of an accident or other serious incident involving a product, the Company may be required to conduct investigations and undertake remedial activities. Employees, customers and other third parties may also file claims for personal injury, property damage or damage to the environment (including natural resources). Any problems in this respect may also have a significant adverse effect on the reputation of the Company and its products and services.

1

Information on the Group's Activities

1.1 Presentation of the Group

1.1.1 Overview

Due to the nature of the markets in which the Company operates and the confidential nature of its businesses, any statements with respect to the Company's competitive position set out in paragraphs 1.1.1 through 1.1.7 below have been based on the Company's internal information sources, unless another source has been specified below.

With consolidated revenues of €59,256 million in 2013, the Group is Europe's premier aerospace and defence company and one of the largest aerospace and defence companies in the world. In terms of market share, the Group is among the top two manufacturers of commercial aircraft, civil helicopters, commercial space launch vehicles and missiles, and a leading supplier of military aircraft, satellites and defence electronics. In 2013, it generated approximately 80% of its total revenues in the civil sector (compared to 79% in 2012) and 20% in the defence sector (compared to 21% in 2012). As of 31 December 2013, the Group's active headcount was 144,061 employees.

Strategy

The strategy of the Company has been focused on Vision 2020 since the end of 2007. Now, more than five years later the overall strategy needs to be adapted to the changing environment. While commercial aviation continues on a long term growth path, the defence and space businesses in the Company's core markets will, at best, stay flat. The new strategy of the Company is not a revolution, but rather a natural evolution. It's the next logical step in its development. The Company affirms the predominance of commercial aeronautics in its Group and is restructuring and focusing its defence and space activities to take costs out, increase profitability and improve market position. The renaming simply gathers the entire Company under the best brand it has, one that stands for internationalisation, innovation and integration – and also for some two thirds of the Group's revenues. It reinforces the message that "we make things fly".

The Company remains focused on providing superior value to its customers through innovative product and service solutions. Through more optimal resource allocation and cost control, enhanced programme execution and stronger development of more profitable segments, the Company will strive to deliver its solutions with a level of profitability that is both attractive to its shareholders and sufficient to fund its future development initiatives.

The Company seeks to drive enhanced value creation and shareholder return along the following axis:

- ***Expand its services offering.*** Historically, the Company's growth has been driven by the sale of technologically advanced products and solutions. At the same time, management is focused on increasing the Company's presence in the high value services market, given its countercyclical nature, opportunities for sustained growth and the Company's competitive advantage as the designer of the products. The rapid expansion of the Company's in-service commercial and defence fleet will require support throughout its lifecycle. Customers, both governmental and commercial, increasingly look for new ways to gain efficiency with respect to in-service-support, and the Company can play a key role in enabling such gains. Hence, the Company will seek to provide high value-added services related to both platforms and systems, including advanced in-service support, air traffic management systems and training.
- ***Become a truly global industrial Group.*** A significant portion of the Company's suppliers, facilities and employees are based in Europe, while the majority of its revenues originate from customers outside of Europe. In order to achieve access to certain markets and technologies, optimise costs and hedge against future US dollar volatility, the Company will aim to implement long-term industrial development that brings the Group's industrial footprint and its services offerings closer to its future customer base. For example, in the US, Airbus announced in 2012 that it would expand its presence with a new A320 family final assembly line being built in Mobile, Alabama (US), which is expected to begin assembling A320 family aircraft in 2015.
- ***Continue to foster innovation.*** The Company aims to remain a driving force in the industry by keeping the spirit of an innovator and a challenger. Maintaining its technological edge and covering a broad spectrum of capabilities is the key to remain a market leader over the long-term. The Group takes a truly global approach to cooperation, working with the innovators of today and tomorrow, inside and outside of the Company, in supporting the Company's vision of a world that is more mobile, secure and eco-efficient. The Company invests to deliver shareholder value through a deliberate, leading-edge portfolio enabling the introduction of new technologies. The target of its innovation

efforts is to foster long-term customer relationships by developing high value solutions which meet the technological, performance, safety, and cost competitive pressures that the Company faces. The strategy is also driven by the need for successful on time, on quality, on price introduction of new products and processes that include IT technology, quality and services.

- ***Focus on the environment.*** The Company will seek to anticipate and address future environmental challenges as part of its commitment to reconciling environmental responsibility with economic success. Being greener, cleaner, quieter and smarter, the A380 has already set new standards for air transport and the environment. The Company will pursue additional initiatives in the future – including a comprehensive environmental management system based on ISO 14001 to cover all the Group's activities – in order to render eco-efficiency a competitive advantage over the long-term.
- ***Develop its people.*** The Company needs motivated and competent employees. The Company's leadership culture is based on mutual trust, empowerment, recognition and accountability. Employee development is a core activity of the Company's managers. To this end, it is the duty of the Company and its management to provide employees with the opportunities to meet their professional expectations, develop their professional skills and realise their personal potential. This requires active management development based on a new leadership model. The Company will also encourage stronger mobility and greater internal diversity in its teams.

Organisation of the Group's Businesses

Until 31 December 2013, the Group organised its businesses into the following four operating Divisions: (1) Airbus (including Airbus Commercial and Airbus Military), (2) Eurocopter, (3) Astrium and (4) Cassidian. The chart set out in "General Description of the Company and its Share Capital — 3.3.6 Simplified Group Structure Chart" illustrates the allocation of activities among these four Divisions.

Creation of Airbus Defence and Space

In 2014, the defence and space businesses of Airbus Military, Astrium and Cassidian are being combined into one new division, Airbus Defence and Space. The new division started operating at executive level on 1 January 2014. The combination creates synergies in the Company's operations and product portfolio and a better focus on the research and development efforts. This broad range of products turns the new division into an instant global player. The new division is Europe's number one defence and space enterprise, the second largest space business worldwide and among the top ten global defence enterprises. The business lines of Airbus Defence and Space will be Space Systems; Military Aircraft; Communication, Intelligence & Security; and Electronics.

Space Systems

Space Systems is the European leader in space, formed from the Astrium Division's Space Transportation and Satellites. With its unique expertise, Space Systems will be the global No. 1 for commercial launchers and the European leader for satellites and orbital systems. The business line will serve institutional customers like ESA, national civil and defence agencies and commercial customers.

Military Aircraft

Airbus Military and Cassidian units will combine their capabilities for design, development, delivery and support of military aircraft to form the leading fixed military aircraft company in Europe. With Cassidian's technology portfolio and Airbus Military's export and development experience, the new business line will have a broad, world-wide customer base and is well placed to play a leading role in the markets for future unmanned aerial system (UAS) and combat, transport and ISR (Intelligence, Surveillance and Reconnaissance) aircraft.

Communication, Intelligence & Security

The new "one-stop-shop" of the growing, but increasingly competitive market for satellite and terrestrial communication systems, intelligence and security solutions, is a combination of the Cassidian and Astrium business lines in these fields. The combined portfolios offer innovative, modular, commercially sustainable solutions to best serve a common customer base which includes governments, defence institutions, institutional customers such as defence or home affairs administrations, security and public safety agencies, as well as private business such as critical infrastructure, energy, oil and gas organisations, international transport industries, and commercial customers.

Electronics

Cassidian and Astrium's success is based on the technical excellence of its people and its products. In the past, many electronics businesses were managed like mid-sized companies, ensuring highly agile product sales and global market access. Electronics will support this strategy by building an operational network for developers within the division. Combining space and defence capabilities will generate added value. Typically, the customers are systems integrators both within the new division as well as outside.

Airbus

Airbus is one of the world's leading aircraft manufacturers, offering modern and efficient passenger aircraft on the more than 100-seat market. The Airbus commercial product line comprises aircraft that range in size from the 107-seat single-aisle A318 aircraft to the 525-seat A380 widebody aircraft. Airbus also continues to broaden its scope and product range by applying its expertise to the military market, as well as extending its portfolio of freighter aircraft.

In 2013, Airbus recorded total revenues of €42 billion – including total revenues of €2.9 billion at Airbus Military – representing 70.8% of the Group's revenues.

Airbus Commercial

Since it was founded in 1970 and up to the end of 2013, Airbus has received orders for 13,815 commercial aircraft from 365 customers around the world. In 2013, Airbus delivered 626 aircraft (compared to 588 deliveries in 2012) and received 1,619 gross orders (compared to 914 gross orders in 2012), or 53% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2013 was 1,503 aircraft (compared to 833 aircraft in 2012). As of 31 December 2013, Airbus' backlog of commercial orders was 5,559 aircraft (compared to 4,682 aircraft in 2012). See "— 1.1.2 Airbus — Airbus Commercial".

Airbus Military

In 2013, Airbus Military produced and sold special mission aircraft, which are derived from existing aircraft platforms and are dedicated to specialised military and security tasks such as in-flight refuelling capabilities, maritime surveillance and antisubmarine warfare. Airbus Military also manufactured and sold light and medium military transport aircraft and was responsible for the European heavy military transport A400M project. See "— 1.1.2 Airbus — Airbus Military".

Eurocopter

As of 1 January 2014, Eurocopter changed its name to Airbus Helicopters. Airbus Helicopters is a global leader in the civil and military helicopter market, offering one of the most complete and modern ranges of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy helicopters which are adaptable to all kinds of mission types based on customer needs.

Airbus Helicopters delivered 497 helicopters in 2013 (475 in 2012) and received 444 gross orders in 2013 (compared to 492 gross orders in 2012). After accounting for cancellations, net order intake for 2013 was 422 helicopters (compared to 469 helicopters in 2012). Civil contracts accounted for 63% of this order volume, with military sales representing the remaining 37%. As of 31 December 2013, Eurocopter's backlog of helicopter orders was 995 aircraft (compared to 1,070 aircraft in 2012). In 2013, Eurocopter recorded total revenues of €6.3 billion, representing 10.6% of the Group's revenues. See "— 1.1.3 Eurocopter (now Airbus Helicopters)".

Astrium

In 2013, Astrium designed, developed and manufactured satellite systems, orbital infrastructures and launchers, and provided satellite telecommunication and geo-information services on behalf of commercial and government customers. Astrium conducted its activities through three main Business Units: Astrium Satellites, Astrium Space Transportation and Astrium Services. These Business Units also provided launch services through Astrium's shareholdings in Arianespace (Ariane 5 launcher), Starsem (Soyuz launcher) and Eurockot (Rockot launcher). In 2013, Astrium recorded total revenues of €5.78 billion, representing 9.7% of the Group's revenues. See "— 1.1.4 Astrium".

Cassidian

In 2013, Cassidian, a worldwide leader in global security solutions and systems, provided lead systems integration and value-added products and services to civil and military customers around the globe: air systems (combat aircraft, military transport, mission aircraft and unmanned aerial systems), land, naval and joint systems, intelligence and surveillance, cyber security, secure communications, test systems, missiles, services and support solutions. As a lead systems integrator, Cassidian combined the know-how to design, develop and implement overall system solutions by integrating across platforms, equipment and services. In 2013, Cassidian recorded total revenues of €6.0 billion, representing 10.1% of the Group's revenues. See "— 1.1.5 Cassidian".

Other Businesses

Other Businesses include turboprop manufacturer ATR, aerostructure and aircraft seat business Sogerma, US operating unit EADS North America and 30% (consolidated at equity) of Daher-Socata. Other Businesses do not form part of the Group's four Divisions. In 2012, the recorded total revenues of Other Businesses amounted to €1.5 billion. See "— 1.1.6 Other Businesses".

Investments

Among its significant investments, the Company holds a 46.3% stake in Dassault Aviation, a major participant in the world market for military jet aircraft and business jets. See "— 1.1.7 Investments".

Summary Financial and Operating Data

The following tables provide summary financial and operating data for the Company for the past three years.

1

CONSOLIDATED REVENUES BY DIVISION FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

(in €m)	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Airbus[2]	42,012	39,273[1]	33,103
Airbus Commercial	*39,889*	*37,624*[1]	*31,159*
Airbus Military	*2,893*	*2,131*	*2,504*
Eurocopter	6,297	6,264	5,415
Astrium	5,784	5,817	4,964
Cassidian	5,976	5,740	5,803
Total Divisional revenues	**60,069**	**57,094**[1]	**49,285**
Other Businesses	409	586[1]	1,252
HQ / Consolidation[3]	(1,222)	(1,200)[1]	(1,409)
Total	**59,256**	**56,480**	**49,128**

(1) 2012 figures are adjusted due to the inclusion of ATR group and SOGERMA group into Airbus Commercial (formerly in Other Businesses).
(2) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level. See "— 2.1.1 Overview".
(3) HQ / Consolidation includes, in particular, adjustments and eliminations for intercompany transactions.

CONSOLIDATED REVENUES BY GEOGRAPHICAL AREA FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

	Year ended 31 December 2013		Year ended 31 December 2012		Year ended 31 December 2011	
	Amount in €bn	*In percentage*[1]	*Amount in €bn*	*In percentage*[1]	*Amount in €bn*	*In percentage*[1]
Europe	21.0	35.5%	21.0	37.2%	20.7	42.1%
North America	8.8	14.8%	7.7	13.6%	5.8	11.9%
Asia / Pacific	19.6	33.0%	18.3	32.5%	14.3	29.1%
Rest of the World[2]	9.9	16.7%	9.5	16.7%	8.3	16.9%
Total	**59.3**	**100%**	**56.5**	**100%**	**49.1**	**100%**

(1) Percentage of total revenues after eliminations.
(2) Including the Middle East.

CONSOLIDATED ORDERS BOOKED FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011

	Year ended 31 December 2013		Year ended 31 December 2012		Year ended 31 December 2011	
	Amount in €bn	*In percentage*[1]	*Amount in €bn*	*In percentage*[1]	*Amount in €bn*	*In percentage*[1]
Orders booked[2]						
Airbus[3] [4]	202.2	92%	88.9[5]	86%	117.9	90%
Airbus Commercial	*199.9*	*91%*	*87.3*[5]	*85%*	*117.3*	*90%*
Airbus Military	*2.6*	*1%*	*1.9*	*2%*	*0.9*	*1%*
Eurocopter	5.8	3%	5.4	5%	4.7	4%
Astrium	6.2	3%	3.8	4%	3.5	3%
Cassidian	5.0	2%	5.0	5%	4.1	3%
Total Divisional orders	**219.2**	**100%**	**103.1**[5]	**100%**	**130.2**	**100%**
Other Businesses	0.3		0.5[5]		2.0	
HQ / Consolidation	(0.8)		(1.1)[5]		(1.2)	
Total	**218.7**		**102.5**		**131.0**	

(1) Before "Other Businesses" and "HQ / Consolidation".
(2) Without options.
(3) Based on catalogue prices for commercial aircraft activities.
(4) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level.
(5) 2012 figures are adjusted due to the inclusion of ATR group and SOGERMA group in Airbus Commercial (formerly in Other Businesses).

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011[1]

	Year ended 31 December 2013		Year ended 31 December 2012		Year ended 31 December 2011	
	Amount in €bn	*In percentage[3]*	*Amount in €bn*	*In percentage[3]*	*Amount in €bn*	*In percentage[3]*
Airbus[4] [5]	647.4	94%	525.5[2]	93%	495.5	92%
Airbus Commercial	*627.1*	*91%*	*505.3[2]*	*89%*	*475.5*	*88%*
Airbus Military	*20.8*	*3%*	*21.1*	*4%*	*21.3*	*4%*
Eurocopter	12.4	2%	13.0	2%	13.8	2%
Astrium	13.1	2%	12.7	2%	14.7	3%
Cassidian	14.3	2%	15.6	3%	15.5	3%
Total Divisional backlog	**687.2**	**100%**	**566.8**	**100%**	**539.5**	**100%**
Other Businesses	0.3		0.5[2]		3.0	
HQ / Consolidation	(0.8)		(0.8)[2]		(1.5)	
Total	**686.7**		**566.5**		**541.0**	

(1) Without options.
(2) 2012 figures are adjusted due to the inclusion of ATR group and SOGERMA group in Airbus Commercial (formerly in Other Businessses).
(3) Before "Other Businesses" and "HQ / Consolidation".
(4) Based on catalogue prices for commercial aircraft activities.
(5) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level. See "— 2.1.1 Overview".

Relationship between EADS N.V. and the Group

EADS N.V. itself does not engage in the core aerospace, defence or space business of its Group but coordinates related businesses, sets and controls objectives and approves major decisions for its Group. As the parent company, EADS N.V. conducts activities which are essential to the Group activities and which are an integral part of the overall management of the Group. In particular, finance activities pursued by EADS N.V. are in support of the business activities and strategy of the Group. In connection therewith, EADS N.V. provides or procures the provision of services to the subsidiaries of the Group. General management service agreements have been put in place with the subsidiaries and services are invoiced on a cost plus basis.

For management purposes, EADS N.V. acts through its Board of Directors, Executive Committee, and Chief Executive Officer in accordance with its corporate rules and procedures as described below under "Corporate Governance".

Within the framework defined by EADS N.V., each Division, Business Unit and subsidiary is vested with full entrepreneurial responsibility.

1.1.2 Airbus

Airbus is one of the world's leading aircraft manufacturers, offering the most modern and efficient passenger aircraft family on the more than 100-seat market. Airbus' comprehensive product line comprises highly successful families of aircraft ranging from 100 to more than 500 seats. Airbus also continues to broaden its scope and product range by applying its expertise to the military market, as well as extending its portfolio of freighter aircraft.

In 2013, Airbus recorded total revenues of € 42 billion – including total revenues of € 2.9 billion at Airbus Military – representing 70.8% of the Group's revenues.

Airbus Commercial

Introduction and Overview

Since it was founded in 1970 and up to the end of 2013, Airbus has received orders for 13,815 commercial aircraft from 365 customers around the world. In 2013, Airbus delivered 626 aircraft (compared to 588 deliveries in 2012) and received 1,619 gross orders (compared to 914 gross orders in 2012), or 53% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2013 was 1,503 aircraft (compared to 833 aircraft in 2012). As of 31 December 2013, Airbus' backlog of commercial orders was 5,559 aircraft (compared to 4,682 aircraft in 2012).

Strategy

Airbus' primary goal is to deliver strong results in a sustained manner, while commanding between 40% and 60% of the worldwide commercial aircraft market over the long-term and expanding its customer services offering. To achieve these goals, Airbus is actively:

Building a Leaner, More Fully Integrated Company

In order to build a leaner, more fully integrated company and thereby bolster its competitiveness, Airbus is adapting its organisation to foster an entrepreneurial spirit and empower more teams, while maintaining harmonised processes across all sites. For series programmes, additional responsibilities and means have been delegated to plants for delivery at increased rates.

Developing the Most Comprehensive Line of Products in Response to Customer Needs

Airbus continuously seeks to develop and deliver new products to meet customers' evolving needs, while also improving its existing product line. For example, the A320neo (new engine option) is the latest of many product upgrades to the A320 single-aisle aircraft family to maintain its position as the most advanced and fuel-efficient single-aisle aircraft family.

Airbus is also currently pursuing (i) development and production on the new A350 XWB programme, (ii) the gradual expansion of relevant freighter applications with the A330-200F, and (iii) research on the development of new aircraft in the short- and medium-range segments.

Expanding its Customer Services Offering

Airbus seeks to remain at the forefront of the industry by expanding its customer services offering to meet customers' evolving needs. As a result, Airbus has developed a wide range of value-added and customised services which customers can select based on their own outsourcing policy and needs. This approach provides Airbus operators with solutions to significantly reduce their operating costs, increase aircraft availability and enhance the quality of their operations.

Market

Cyclicality and Market Drivers

The main factors affecting the commercial aircraft market include passenger demand for air travel, cargo activity, economic growth cycles, national and international regulation (and deregulation), the rate of replacement and obsolescence of existing fleets and the availability of aircraft financing sources. The performance, competitive posture and strategy of aircraft manufacturers, airlines, cargo operators and leasing companies as well as wars, political unrest, pandemics and extraordinary events may also precipitate changes in demand and lead to short-term market imbalances.

In recent years, China and India have emerged as significant new aircraft markets. According to internal estimates, they are expected to constitute the first and fourth most important markets by aircraft delivery value, respectively, in the next twenty years. As a result, Airbus has sought to strengthen its commercial and industrial ties in these countries. New aircraft demand from airlines in the Middle East has also become increasingly important, as they have rapidly executed strategies to establish a global presence and to leverage the benefits the region can deliver.

The no-frills / low-cost carriers also constitute a significant sector, and are expected to continue growing around the world, particularly in Asia, where emerging markets and continued deregulation should provide increased opportunities. While Airbus single-aisle aircraft continue to be a popular choice for these carriers, demand for Airbus' range of twin-aisle aircraft may also increase as some of these carriers develop or further develop their long-range operations.

Overall growth. The long-term market for passenger aircraft depends primarily on passenger demand for air travel, which is itself primarily driven by economic or GDP growth, fare levels and demographic growth. Measured in revenue passenger kilometres, air travel increased in every year from 1967 to 2000, except for 1991 due to the Gulf War, resulting in an average annual growth rate of 7.9% for the period. Demand for air transportation also proved resilient in the years following 2001, when successive shocks, including 9 / 11 and SARS in Asia, dampened demand. Nevertheless, the market quickly recovered.

More recently, the financial crisis and global economic difficulties witnessed at the end of 2008 and into 2009 resulted in only the third period of negative traffic growth during the jet age, and a cyclical downturn for airlines in terms of traffic (both passenger and cargo), yields and profitability. Preliminary figures released at the end of 2013, by the International Civil Aviation Organisation (ICAO), confirmed that some 3.1 billion passengers made use of the global air transport network for their business and tourism needs in 2013. The annual passenger total is up approximately 5% compared to 2012.

In the long term, Airbus believes that air travel remains a growth business. Based on internal estimates, Airbus anticipates a growth rate of 4.7% annually during the period 2013-2033. If the actual growth rate equals or exceeds this level, Airbus expects that passenger traffic, as measured in revenue passenger kilometres, would more than double in the next fifteen years.

Cyclicality. Despite an overall growth trend in air travel, aircraft order intake can vary significantly from year to year, due to the volatility of airline profitability, cyclicality of the world economy, aircraft replacement waves and occasional unforeseen events which can depress demand for air travel. However, new product offerings and growth across the market has resulted in good levels of order activity in recent years. In the last three years, order totals comfortably exceeded record Airbus deliveries thus strengthening both order book and backlog totals.

Despite some cyclicality in air traffic, Airbus aims to secure stable delivery rates from year to year, supported by a strong backlog of orders and a regionally diverse customer base. At the end of 2013, Airbus' commercial backlog stood at 5,559 aircraft, representing more than eight years of production at current rates. Through careful backlog management, close monitoring of the customer base and a prudent approach to production increases, Airbus has successfully increased annual deliveries for 12 years running, even through the economic crisis of 2008-2009.

Regulation / Deregulation. National and international regulation (and deregulation) of international air services and major domestic air travel markets affect demand for passenger aircraft as well. In 1978, the US deregulated its domestic air transportation system, followed by Europe in 1985. The more recently negotiated "Open

Skies Agreement" between the US and Europe, which became effective in 2008, allows any European or US airline to fly any route between any city in the EU and any city in the US. Other regions and countries are also progressively deregulating, particularly in Asia. This trend is expected to continue, facilitating and in some cases driving demand. In addition to providing greater market access (which may have formerly been limited), deregulation may allow for the creation and growth of new airlines or new airline models, as has been the case with the no-frills / low-cost airline model, which has increased in importance throughout major domestic and intra-regional markets since deregulation (*e.g.*, in the US and Europe).

Airline network development: "hub" and "point-to-point" networks. Following deregulation, major airlines have sought to tailor their route networks and fleets to continuing changes in customer demand. Accordingly, where origin and destination demand prove sufficiently strong, airlines often employ direct, or "point-to-point" route services. However, where demand between two destinations proves insufficient, airlines have developed highly efficient "hub and spoke" systems, which provide passengers with access to a far greater number of air travel destinations through one or more flight connections.

The chosen system of route networks in turn affects aircraft demand, as hubs permit fleet standardisation around both smaller aircraft types for the short, high frequency and lower density routes that feed the hubs (between hubs and spokes) and larger aircraft types for the longer and higher density routes between hubs (hub-to-hub), themselves large point-to-point markets. As deregulation has led airlines to diversify their route network strategies, it has at the same time therefore encouraged the development of a wider range of aircraft in order to implement such strategies (although the trend has been towards larger-sized aircraft within each market segment as discussed below).

Airbus, like others in the industry, believes that route networks will continue to grow through expansion of capacity on existing routes and through the introduction of new routes, which will largely be typified by having a major hub city at least at one end of the route. These new route markets are expected to be well served by Airbus' latest product offering, the A350 XWB. In addition, the A380 has been designed primarily to meet the significant demand between the major hub cities, which are often among the world's largest urban centres (such as London, Paris, New York and Beijing). Airbus has identified 42 major hub cities in its current market analysis, with this number expected to grow to nearly 90 by 2032. Airbus believes that it is well positioned to meet current and future market requirements given its complete family of products.

Alliances. The development of world airline alliances has reinforced the pattern of airline network development described above. According to data from Ascend, a UK-based aviation industry consultancy, just over one-third of the world's jetliner seats being flown today are operated by just 15 airlines as of January 2014. In the 1990s, the major airlines began to enter into alliances that gave each alliance Member access to the other alliance Members' hubs and routings, allowing airlines to concentrate their hub investments while extending their product offering and market access.

Market Structure and Competition

Market segments. According to a study conducted by Airbus, a total of 16,100 passenger aircraft with more than 100 seats were in service with airlines worldwide at the beginning of 2014. Currently, Airbus competes in each of the three principal market segments for aircraft with more than 100 seats.

"Single-aisle" aircraft, such as the A320 family, have 100-210 seats, typically configured with two triple seats per row divided by one aisle, and are used principally for short-range and medium-range routes.

"Twin-aisle" or "wide-body" aircraft, such as the A330 / A350 XWB families, have a wider fuselage with more than 210 seats, typically configured with eight seats per row and with two aisles. The A330 / A350 XWB families are capable of serving all short- to long-range markets.

"Very large aircraft", such as the A380 family, are designed to carry more than 400 passengers, non-stop, over very long-range routes with superior comfort standards and with significant cost-per-seat benefits to airlines, although such aircraft can also be used over shorter ranges in high-density (including domestic) markets.

Freight aircraft, which form a fourth, related segment, are often converted ex-passenger aircraft. See "— 1.1.7 Investments — Aerostructures, Aircraft Conversion and Floor Panels — EFW".

Airbus also competes in the corporate, VIP business jet market with the ACJ, an A319-based Corporate Jetliner, and the A318 Elite. As well as these, other members of the Airbus family can serve the business jet market in private, corporate shuttle and in government / VIP roles.

Geographic differences. The high proportion of single-aisle aircraft in use in both North America and Europe reflects the predominance of domestic short-range and medium-range flights, particularly in North America due to the development of hubs following deregulation. In comparison with North America and Europe, the Asia-Pacific region uses a greater proportion of twin-aisle aircraft, as populations tend to be more concentrated in fewer large urban centres. The tendency towards use of twin-aisle aircraft is also reinforced by the fact that many of the region's major airports limit the number of flights, due either to environmental concerns or to infrastructure constraints that limit the ability to increase flight frequency. These constraints necessitate higher average aircraft seating capacity per flight. However, Airbus believes that demand for single-aisle aircraft in Asia will grow over the next 20 years, particularly as domestic markets in China and India and low-cost carriers continue to develop in the region. Aircraft economics will also help to drive aircraft size, with airlines looking to reduce the cost per seat through higher density aircraft cabins and the use of larger aircraft types and variants where possible.

Competition. Airbus has been operating in a duopoly since Lockheed's withdrawal from the market in 1986 and Boeing's acquisition of McDonnell Douglas in 1997. As a result, the market for passenger aircraft of more than 100 seats is now effectively divided between Airbus and Boeing. According to the manufacturers' published figures for 2013, Airbus and Boeing, respectively, accounted for 49% and 51% of total commercial aircraft deliveries, 53% and 47% of total net orders (in units), and 52% and 48% of the total year-end backlog (in units). Airbus commercial aircraft deliveries (626 in 2013) were 6.5% higher than in 2012 (588 deliveries), and 2013 was the 12th year in a row of increased production at Airbus.

Nevertheless, the high technology and high value nature of the business makes aircraft manufacturing an attractive industry in which to participate, and besides Boeing, Airbus faces aggressive international competitors who are intent on increasing their market share. Regional jet makers Embraer and Bombardier, coming from the less than 100-seat commercial aircraft market, continue to develop larger airplanes (such as the new 100- to 149-seat C-Series launched by Bombardier). Additionally, other competitors from Russia, China and Japan will enter the 70- to 150-seat aircraft market over the next few years.

Customers

As of 31 December 2013, Airbus had 365 customers and a total of 13,815 Airbus aircraft had been ordered, of which 8,256 aircraft had been delivered to operators worldwide. The table below shows Airbus' largest commitments in terms of total gross firm orders by customer for the year 2013.

Customer	Firm orders[1]
Lion Air	234
Easyjet	135
American Airlines	130
Lufthansa	100
Etihad Airways	87
Turkish Airlines	82
Vueling	62

(1) Options are not included in orders booked or year-end backlog.

Products and Services

The Family Concept — Commonality across the Fleet

Airbus' aircraft families promote fleet commonality. This philosophy takes a central aircraft and tailors it to create derivatives to meet the needs of specific market segments, meaning that all new-generation Airbus aircraft share the same cockpit design, fly-by-wire controls and handling characteristics. Pilots can transfer among any aircraft within the Airbus family with minimal additional training. Cross-crew qualification across families of aircraft provides airlines with significant operational flexibility. In addition, the emphasis on fleet commonality permits aircraft operators to realise significant cost savings in crew training, spare parts, maintenance and aircraft scheduling. The extent of cockpit commonality within and across families of aircraft is a unique feature of Airbus that, in management's opinion, constitutes a sustainable competitive advantage.

In addition, technological innovation has been at the core of Airbus' strategy since its creation. Each product in the Airbus family is intended to set new standards in areas crucial to airlines' success, such as cabin comfort, cargo capacity performance, economic performance, environmental impact and operational commonality. Airbus innovations often provide distinct competitive advantages, with many becoming standard in the aircraft industry.

A320 family. With more than 10,193 aircraft sold and 5,895 delivered and currently in service, Airbus' family of single-aisle aircraft, based on the A320, includes the A318, A319 and A321 derivatives, as well as the corporate jets family (ACJ318, ACJ319, ACJ320 and ACJ321). Each aircraft in the A320 family shares the same systems, cockpit, operating procedures and cross-section. The A320 family covers the market from 100 to 220 seats, flying routes up to 4,200 nm / 7,750 km.

At 3.96 metres diameter, the A320 family has the widest fuselage cross-section of any competing single-aisle aircraft. This provides a roomy passenger cabin, a high comfort level and a spacious under floor cargo volume. The A320 family incorporates digital fly-by-wire controls, an ergonomic cockpit and a lightweight carbon fibre composite horizontal stabiliser. The use of composite material has also been extended to the vertical stabiliser. The A320 family's competitor is the Boeing 737 series.

Airbus continues to invest in improvements for the A320 family, including development of the A320neo. Compared to the existing A320, the A320neo is designed to deliver fuel savings of 15% (including sharklets) and an additional flight distance of 500 nm (950 km), or the ability to carry two tonnes more payload at a given range. For the environment, the A320neo's fuel savings translate into some 3,600 tonnes less CO_2 per aircraft per year. Additionally, the A320neo will provide a double-digit reduction in NOx emissions and reduced engine noise. This new engine option will be available for the A321, A320 and A319 aircraft models, with an entry into service targeted for October 2015. Since launch, 2,610 firm orders have been booked for this new engine option aircraft.

Airbus has enhanced its A320 family jetliners with fuel-saving Sharklets, which are available as an option on new–build A320ceo aircraft, standard on the A320neo product line, and offered as a retrofit for in-service A320s and A319s from 2015. The Sharklets bring 4% savings in overall fuel consumption on long route sectors to A320 aircraft.

In 2013, Airbus received 1,253 gross orders for the A320 family of aircraft (1,162 net), and delivered 493 aircraft.

A320 FAMILY TECHNICAL FEATURES (STANDARD VERSION)

Model(1)	Entry into service	Passenger capacity(1)	Maximum range (km)	Length (metres)	Wingspan (metres)
A318	2003	107	6,000	31.4	34.1
A319	1996	124	6,850(2)	33.8	35.8
A320	1988	150	6,100(2)	37.6	35.8
A321	1994	185	5,950	44.5	35.8

(1) Two-class layout.
(2) Maximum range with sharklets.

A330 family. With 1,313 aircraft sold and 1,046 delivered and currently in service, the A330 family covers all market segments with one twin-engine aircraft type and is designed to carry between 250 and 300 passengers. The combination of low operating costs, high efficiency, flexibility and optimised performance makes the twin-engine A330 popular with an ever-increasing operator base. The A330 family offers high levels of passenger comfort as well as large under-floor cargo areas. The competitors of the A330 family are the Boeing 767, 777 and 787 aircraft series.

In 2015, Airbus will introduce the latest improvements to the A330, which increase the maximum take-off weight (MTOW) of A330-200 and A330-300 versions to 242 metric tonnes.

Airbus has also developed a new dedicated cargo variant of the A330 family, the A330-200F, a mid-size long-range cargo aircraft that is designed to respond to the current market dynamics of rising fuel prices and increased pressure on yields. Since entering into service in 2010, the A330-200F has demonstrated its attractiveness as a flexible, reliable and profitable freighter. Complementing the A330-200F, the A330P2F programme offers a passenger-to-freighter conversion opportunity for A330s which have completed their useful operational service as passenger jetliners. Development of the A330P2F is being performed with the resources of ST Aerospace, based in Singapore, EADS EFW and Airbus, under terms of an agreement finalised in May 2012.

In 2013, Airbus received 77 gross orders for the A330 family of aircraft (69 net), and delivered 108 aircraft to 35 customers.

A330 FAMILY TECHNICAL FEATURES

Model(1)	Entry into service	Passenger capacity(1)	Maximum range (km)	Length (metres)	Wingspan (metres)
A330-200	1998	246	13,100	59.0	60.3
A330-300	1994	300	11,000	63.7	60.3

(1) Three-class layout.

A380. The double-deck A380 is the world's largest commercial aircraft flying today. Its cross-section provides flexible and innovative cabin space, allowing passengers to benefit from wider seats, wider aisles and more floor space, tailored to the needs of each airline. Carrying 525 passengers in a comfortable three-class configuration and with a range of 8,400 nm / 15,700 km, the A380 offers superior economic performance, lower fuel consumption, less noise and reduced emissions. The A380's competitor is the Boeing 747-8.

In 2013, Airbus received 50 gross orders for the A380 (42 net), and delivered 25 aircraft with one new operator: British Airways.

A380 TECHNICAL FEATURES

Model(1)	Entry into service	Typical capacity(1)	Maximum range (km)	Length (metres)	Wingspan (metres)
A380-800	2007	525	15,700	73.0	79.8

(1) Three-class layout.

New Product Development

A350 XWB family. The A350 XWB family is an all new family of mid-sized wide-body aircraft, designed to accommodate between 275 and 369 passengers. The A350 XWB features A380 technology, a wider fuselage than that of competing new generation aircraft, and a greater use of composite material. The A350 XWB's main competitors are the Boeing 787 and 777 aircraft series.

2013 was the year of the first flight of the A350 XWB. Test flights progressed well with 2 aircraft having accomplished over 800 flight hours.

Entry into service is currently targeted for the second half of 2014.

In 2013, Airbus received 239 gross orders for the A350 XWB (230 net), for a total of 812 firm orders from 39 customers at the end of the year.

A350 XWB FAMILY TECHNICAL FEATURES

Model[(1)]	Entry into service	Passenger capacity[(1)]	Maximum range (km)	Length (metres)	Wingspan (metres)
A350 XWB-800	2016	276	15,300	60.5	64.7
A350 XWB-900	2014	315	14,350	66.8	64.7
A350 XWB-1000	2017	369	14,800	73.7	64.7

(1) Two-class layout.

A400M. For information related to the A400M programme, see "— Airbus Military" below.

Customer Services

Airbus Customer Services' prime role is to help its customers operate their Airbus fleet safely and profitably and to the satisfaction of passengers. As a result of its continued growth, Airbus' customer base has increased consistently over the past years reaching 7,500 aircraft in-service operated by 390 airlines.

A worldwide network of more than 4,700 people covers all areas of support from technical engineering / operational assistance and spare parts supply, to crew and personnel training. Hundreds of technical specialists provide Airbus customers with advice and assistance to Airbus customers 24 hours a day, 7 days a week. There are over 249 representatives positioned around the world in more than 155 stations close to the airlines they serve, and an international network of support centres, training centres and spares' stores.

Beyond the core customer support activities, Airbus Customer Services department has developed a wide range of modular and customised services driven by the unique added value that an aircraft manufacturer can bring. These services are clustered around five main domains of activity: fly-by-the-hour services, material management, systems and cabin upgrade, information management and e-solution and training services (flight operations and maintenance). Innovative and integrated solutions have been developed in these domains, such as the Flight Hour Services Component programme (FHS Component) and Tailored Support Package (FHS TSP), which provide integrated engineering / maintenance and component packages to enable customers to reduce their investments and support costs while increasing operational reliability. Similar integrated solutions have also been developed in system and cabin upgrade.

Part of Airbus' growth strategy in the area of customer services consists of industrialised development. One great achievement of this strategy implementation is the creation of a 100% Airbus subsidiary company named SATAIR Group from January 2014: a world leading supplier of aircraft parts and service solutions for aircraft maintenance. The merger of the state-of-the-art service & support portfolios manager Satair and Airbus Material Management enhances availability of product and service for airlines' daily operation.

Customer Finance

Airbus favours cash sales, and does not envisage customer financing as an area of business development. However, Airbus recognises the commercial need for manufacturers to assist customers in arranging financing of new aircraft purchases, and in certain cases to participate in financing those aircraft for the airline.

Extension of credit or assumption of exposure is subject to corporate oversight and monitoring, and follows strict standards of discipline and caution. Airbus' dedicated customer finance team has accumulated decades of expertise in aircraft finance. When Airbus finances a customer, the financed aircraft generally serve as collateral, with the engine manufacturer participating in the financing. These elements assist in reducing the risk borne by Airbus. Airbus' customer financing transactions are designed to facilitate subsequent sell-down of the exposure to the financial markets, third-party lenders or lessors.

In 2013, Airbus continued to benefit from market appetite for both aircraft financing and sale and leaseback lessor opportunities. The markets, however, remain unpredictable and Airbus continues to allow for potential additional financing exposure. Management believes, in light of its experience, that the level of provisioning protecting Airbus from default costs is adequate and consistent with standards and practice in the aircraft financing industry. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations".

Asset Management

The Airbus Asset Management Division was established in 1994 to manage and re-market used aircraft acquired by Airbus, originally as a result of customer bankruptcies, and subsequently in the context of certain buy-back commitments. The Division operates with a dedicated staff and manages a fleet comprised of Airbus aircraft across the range of models. Through its activities, the Asset Management Division helps Airbus respond more efficiently to the medium- and long-term fleet requirements of its customers.

Its key roles comprise commercial and risk management of the Airbus portfolio of used aircraft. Most of the aircraft are available to customers for cash sale, while some can only be offered on operating lease, depending on the financing attached to such aircraft. At the end of 2013, the Airbus Asset Management portfolio contained 39 aircraft, a net increase of 16 aircraft from 2012. The Asset Management Division also provides a full range of remarketing services, including assistance with entry into service, interior reconfiguration and maintenance checks.

Production

Industrial Organisation

Each task in the building of Airbus aircraft (from design to production) is allocated to a designated plant. The Airbus plants are typically organised around different aircraft components and sections, in component delivery teams. Each component delivery team is either in charge of one aircraft programme, or organised by manufacturing technology clusters depending on the optimum solution for each plant. Every plant is organised with production, engineering, quality, supply chain, manufacturing, engineering and logistics capabilities to ensure a seamless production flow of operations.

A transversal "Operations Excellence" Centre of Competences is in charge of ensuring that harmonised and standardised processes, methods and tools are developed and implemented across the plants, in order to increase efficiency, based on best practices.

Following production by the respective plants, the various aircraft sections are transferred between the network of sites and the final assembly lines using dedicated transport means, such as the "Beluga" Super Transporters. To support the A380 production flow, Airbus has also integrated road, river and sea transport. Programme management is then responsible for the final assembly line activities. The programme management works closely with the plants to secure delivery of aircraft sections to the final assembly lines on time, cost and quality.

A new Airbus A320 family final assembly line is currently under construction in Mobile, Alabama (US). Aircraft assembly is planned to begin in 2015, with first delivery of a Mobile-assembled aircraft expected in 2016.

Engineering

Airbus Engineering is a global organisation that develops complete aircraft and aircraft components and conducts research that can be applied to the next generation of aircraft. The "Centres of Competence" that make up Airbus Engineering operate transnationally, with most engineers employed in France, Germany, the UK and Spain. A growing population of experienced aerospace engineers worldwide are employed at five further engineering centres in Wichita (Kansas, US), Mobile (Alabama, US), Moscow (Russia), Bangalore (India) and Beijing (China).

A key part of the Airbus engineering organisation is the architect and integration centre, which ensures, together with a team of senior aircraft architects and the programme chief engineers, that a consistent and multi-disciplinary approach is applied during aircraft development.

In 2013, Airbus started successfully the A350 XWB -900 flight test campaign and reached the end of concept phase for A350 XWB -1000 version. Airbus Engineering certified the use of "sharklets" on the single-aisle aircraft family (A319, A320, and A321), completed the A320neo design phase and enabled the start of development aircraft assembly. The concept phase of A330 242 tonnes version has been completed.

Airbus Engineering has also been a major contributor to a number of international initiatives dedicated to reducing the impact of aviation on the environment. The main target of these initiatives is to reduce both noise and CO_2 emissions of Airbus aircraft. The Airbus Engineering change project continuously improves the way-of-working and increases efficiency.

Airbus Military

Introduction and Overview

Airbus Military, integrated from 2014 onwards in the newly created Airbus Defence and Space Division (for more details, see "— 1.1.1. — Overview" above) in the Military Aircraft business line, produces and sells special mission aircraft, which are derived from existing aircraft platforms and are dedicated to specialised military and security tasks such as in-flight refuelling capabilities, maritime surveillance and antisubmarine warfare. It also manufactures and sells light and medium military transport aircraft and is responsible for the European heavy military transport A400M project.

In 2013, Airbus Military recorded total revenues of €2.9 billion.

Strategy

The strategy is to further develop its core businesses and increase market share by leveraging its technology know-how, while at the same time enhancing profitability.

Strengthening its Position as a Major Supplier of Special Mission Aircraft

As a supplier of special mission aircraft, satisfying customers' mission-specific requirements by relying on its own specialised technologies (aerial refuelling boom system ("**ARBS**"), fully integrated tactical system ("**FITS**"), maritime patrol and antisubmarine warfare solutions (MPA, ASW, ASuW), signal intelligence (SIGINT) and airborne early warning and command (AEW&C)), as well as those of the Group's wide range of platforms and systems. At the same time, this business line will seek further consolidation of its position in this market through its offering of tanker (A330 MRTT) and maritime patrol aircraft (derived from CN235 and C295 aircraft platforms).

Maintaining its Leadership for Military Transport Aircraft

Global leadership in the light and medium military transport aircraft markets was demonstrated by the delivery of the 100th C295 to the Royal Air Force of Oman in 2013. Through the addition of the A400M heavy military transport aircraft to its portfolio, a full range of tactical military transport aircraft capable of covering all mission needs is offered. 2013 was a busy year for the A400M with the two first production aircraft delivered to the French Air Force. Further improvements to its existing product line have been launched in order to maintain its leadership. New versions are being developed as seen by the initial flight trials performed in 2013 of a C295 firefighter variant. Also, the C295W was presented in early 2013, which is a winglet-equipped version of C295 with enhanced performance.

Increasing Services Revenue by Expanding its Offering of Mission-Critical Services

The business line intends to further develop and deliver "value for money" solutions for its clients based on a comprehensive understanding of their needs and through the formation of long-term partnerships worldwide. A competitive services portfolio is offered ranging from traditional support to full availability-based and "mission success" contracting, leveraging capabilities as a design authority to provide fully integrated support service to clients throughout the product lifecycle.

Market

Special Mission Aircraft

Special mission aircraft are derived from existing aircraft platforms and adapted to particular missions, in general for military and security customers. Adaptations to the platform require thorough knowledge of the basic airframe, which generally only the aircraft manufacturer possesses. The skills necessary for the overall systems integration into the aircraft are extensive and the number of participants in the world market is very limited.

Moreover, modern defence and warfare require independent access to complex forms of information in various operational theatres, and customers are therefore increasingly demanding comprehensive systems tailored to their specific operational requirements. This development as well as rapidly evolving defence and security needs is expected to boost demand for special mission aircraft in the medium-term.

Military Transport Aircraft

Governments and national organisations constitute the main customers in the market for military transport aircraft. This market consists of three segments: (i) light transport aircraft, with a payload of one to three tonnes, (ii) medium transport aircraft, with a payload of four to 14 tonnes, and (iii) heavy transport aircraft, with a payload of 15 tonnes or more. According to an analysis by DMS Forecast International — an independent aerospace and defence industry consulting firm — the global market for military transport aircraft is expected to amount to approximately US$69.89 billion from 2013 through 2022 (value of production).

Heavy military transport. This market segment has been driven historically by US policy and budget decisions, and therefore has been dominated by US manufacturers, in particular Lockheed Martin and its C-130 Hercules. The A400M represents the Group's entry into this market, at a time when nations worldwide are expected to begin upgrading and replacing their existing fleets. In the upper part of the segment, the A400M competes against the Boeing C-17. In 2013, Boeing announced the closure of the C-17 final assembly line in Long Beach, California, in 2015.

Medium military transport. Management believes that this market will continue to grow at a moderate rate. The CN235 and C295 aircraft are leaders in this segment, which have a combined average market share (in units) of 58% over the last ten years according to internal estimates. Both the CN235 and the C295 have been designed as complements for the ageing C-130 Hercules, accomplishing most of their missions at a reduced operating cost. Their competitors are the C-27J Spartan, manufactured by Alenia Aeronautica, and the An-32, manufactured by Antonov.

Light military transport. The C212 has historically led this market segment, with an average market share (in units) of 9% over the last ten years according to internal estimates. The C212's main competitors are the M-28, manufactured by Polskie Zaklady Lotnice Mielec, and the DHC-6 Series 400, manufactured by Viking, Canada.

Products and Services

Special Mission Aircraft

Multi-role tanker transport — A330 MRTT. The A330 MRTT, a derivative of the Airbus A330 family, offers military strategic air transport as well as air-to-air refuelling capabilities. Its large tank capacity is sufficient to supply the required fuel quantities without the need for any auxiliary tanks. This allows the entire cargo bay to be available for freight, with the possibility of incorporating standard LD3 or LD6 containers, military pallets and/or any other type of load device in use today. Airbus Military achieved civil and military certification for the A330 MRTT in 2010, with 17 aircraft in service at the end of 2013.

In 2013, Airbus Military delivered seven A330 MRTT aircraft and six new orders were booked from Singapore. Singapore's choice of the A330 MRTT makes it the sixth nation to select the type following Australia, Saudi Arabia, the United Arab Emirates, the United Kingdom and India, which is in the final stages of contractual negotiations for six aircraft.

The backlog includes aircraft to be provided under a 27-year contract with the UK Ministry of Defence in connection with the latter's Future Strategic Tanker Aircraft ("**FSTA**") programme through the AirTanker consortium. The FSTA programme calls for the provision of a fleet of 14 new tanker aircraft, with the first aircraft entering into service in 2012. The contract also includes provision for all necessary infrastructure, training, maintenance, flight management, fleet management and ground services to enable the Royal Air Force to fly air-to-air refuelling and transport missions worldwide.

Airbus Military worked on a technological programme aimed at developing a new ARBS. The new ARBS is designed to provide a refuelling performance that is substantially faster than that of the competition – a considerable advantage given the vulnerability of the aircraft during the refuelling procedure. The ARBS has been tested with over 1,300 dry and wet contacts on a wide range of aircraft, including F-16 and F / A-18 fighters and E-3A Awacs.

Maritime patrol aircraft. Different solutions are provided ranging from maritime surveillance to anti-submarine warfare missions through aircraft based on the C212, CN235, C295 or P-3 Orion platforms. The CN235 and C295 have a combined average market share (in units) of 47% over the last ten years according to internal estimates. Their main competitors are maritime patrol versions of the Bombardier Dash-8 Q200 / Q300 and Alenia ATR 42 / 72.

FITS, which is the core of the mission system installed on these maritime patrol platforms, has been developed. FITS is a new generation system that enhances tactical awareness and facilitates decision-making processes and operations within a network-centric environment.

In 2013, the US Coast Guard ordered one additional CN235 maritime patrol aircraft. In terms of deliveries, Airbus Military delivered two CN235 maritime patrol aircraft (16 in total to date) to the US Coast Guard.

Based on the maritime patrol configuration, the C295 ASW is the first ASW type designed and certified in Europe and intended to replace ageing P-3 Orion or Bréguet Atlantic fleets. The business line is also involved in the modernisation and operational upgrade of P-3 Orion maritime patrol aircraft for the Spanish and Brazilian air forces. The programme includes the FITS installation together with new mission sensors and avionics equipment. In 2013, three upgraded P-3's were delivered to the Brazilian Air Force.

Military Transport Aircraft

A400M – Heavy military transport. The A400M is an all-new military airlifter designed for tactical, strategic and logistic applications, intended to respond to the needs of the world's armed forces for military, humanitarian and peacekeeping missions. The programme's objective is to develop a leadership position in the market for heavy military transport aircraft, which together with its medium and light military transport aircraft will allow it to offer a full range of tactical military transport aircraft to customers.

The current order book comprises 172 aircraft, with 168 allocated to the seven launch customer nations and four to one export customer, Malaysia. Additional export opportunities for the A400M are sought while providing in-service support for customers following the entry into service in 2013. The flight test campaign had logged more than 5,800 flight test hours and around 2,000 flights by the end of 2013. Type Certificate and Initial Operating Clearance have been achieved in 2013 and the first two aircraft have been delivered to the French Air Force with the third aircraft (already available in October 2013 for delivery) still in negotiations with the Turkish customer. At the end of 2013, ten aircraft were in the final assembly line and 19 additional aircraft in various stage of production / assembly.

CN235 — Medium military transport. The first version in the CN235 family, the S-10, entered into service in 1987. The latest one, the Series 300, is a new-generation, twin turboprop, pressurised aircraft. The CN235-300 is capable of transporting a payload of up to 6,000 kg, accommodating (i) 36 paratroopers, (ii) 18 stretchers plus three medical attendants, (iii) four of the most widely used types of freight pallets, or (iv) oversized loads such as aircraft engines or helicopter blades. Paratrooper operations can be performed through the two lateral doors in the rear part of the aircraft or over the rear ramp. Variants of the CN235-300 are used for other missions such as maritime patrol or pollution control, among others. Considering all variants, over 270 CN235 aircraft have been delivered since the beginning of the programme.

In 2013, Cameroon received one CN235 aircraft, becoming a new operator. Airbus Military also delivered the final two CN235 aircraft to France.

C295 — Medium military transport. Certified in 1999, the C295 has a basic configuration similar to the CN235, with a stretched cabin to airlift a 50% heavier payload at greater speed over longer distances. The C295 is equipped with integrated avionics incorporating digital cockpit displays and a flight management system, enabling tactical navigation, planning and the integration of signals from several sensors. The C295 has accumulated over 140,000 flight hours in all kind of environments: from the polar arctic areas to deserts. Over 105 C295 aircraft have been delivered to 17 operators from 16 countries.

In 2013, Airbus Military received total orders for 9 C295 aircraft from several customers, among others, from Colombia and Kazakhstan. In terms of deliveries, Airbus Military delivered a total of 14 C295 aircraft.

C212 — Light military transport. The C212 was designed as a simple and reliable unpressurised aircraft able to operate from makeshift airstrips in order to perform both civilian and military tasks. The first version, the S-100, entered into service in 1974. The latest version, the S-400, incorporates several improvements such as new avionics and engines for enhanced performance in hot climates and high altitudes, as well as improved short take-off and landing performance. In addition, the C212's rear cargo door provides multi-mission capability with a configuration that can be changed quickly and easily, thereby reducing turnaround times. Since the beginning of the programme, a total of 477 C212 aircraft have been delivered.

Airbus Military signed an agreement with PT Dirgantara Indonesia at the end of 2012 for the joint launch of an upgraded version of the C212-400 aircraft. The aircraft, renamed as NC212, is offered to civil and military customers.

Customer Services

Approximately 850 delivered aircraft are supported by Airbus Military's Customer Services organisation, which offers personalised assistance to meet the needs of each operator. Airbus Military applies the integrated logistic support ("**ILS**") concept throughout the life cycle of its products, from the first design phase right through to the end of their useful lifetimes and its main objective is to ensure that clients obtain the best operational performance and benefit from an integrated support service in accordance with their needs, thus guaranteeing the success of their missions.

The support centres for military aircraft are strategically located throughout the world to provide maintenance, repair and overhaul services on equipment. This includes service centres in Europe (Seville and Poland) as well as a new centre in Mobile, Alabama (US) to cover fleet needs in North America. Service capabilities for military aircraft in the Middle East were expanded through the subsidiary in Saudi Arabia (ECAS) and the recently incorporated subsidiary in OMAN (AMSO).

As new products are introduced, service centre capabilities are continually updated to support them. For example, the business line is currently working on development of ILS tasks, products and associated services to support the A400M's entry into service in 2013. A Full in-service support contract has been signed with France (the first A400M customer) meanwhile negotiations are on-going with Turkey, the United Kingdom and Germany.

Airbus Military Customer Services has steadily reinforced the role of the customer programme managers, in order to increase customer satisfaction and develop additional business opportunities related to mission-critical services throughout the product lifecycle with a dedicated organisation to reinforce its bidding capabilities, and to identify and capture aviation services opportunities in the target segment.

Finally, its capability to design, develop, produce and give assistance with training at different levels of complexity is realised mainly through the training centre located in Seville, which has space for six full-flight simulators and a range of other computer-based training devices.

Production

A final assembly line for light and medium aircraft is located at the San Pablo factory in Seville (southern Spain). The facilities – which are shared with the A400M – have a surface area of 600,000 m^2. A site nearby which is dedicated to customer services includes a training centre with a surface area of 383,644 m^2.

The aerostructures business and specific assemblies and sub-assemblies (such as the A400M horizontal stabiliser, MRTT boom, C295 and C235 assemblies) are performed at the Tablada factory in Seville with a surface area of 98,537 m^2. Other assemblies, composite and metallic parts are manufactured in Puerto de Santa Maria (Cadiz), with a surface area of 78,840 m^2.

Finally, specialised engineering, design and manufacturing facilities, where, among other things, work on the A330 MRTT is conducted, are located at the Getafe factory.

1.1.3 Eurocopter (now Airbus Helicopters)

Introduction and Overview

Eurocopter (now Airbus Helicopters) is a global leader in the civil and military helicopter market, offering one of the most complete and modern ranges of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy helicopters which are adaptable to all kinds of mission types based on customer needs.

Airbus Helicopters delivered 497 helicopters in 2013 (475 in 2012) and received 444 gross orders in 2013 (compared to 492 gross orders in 2012). After accounting for cancellations, net order intake for 2013 was 422 helicopters (compared to 469 helicopters in 2012). Civil contracts accounted for 63% of this order volume, with military sales representing the remaining 37%. As of 31 December 2013, Airbus Helicopters' backlog of helicopter orders was 995 aircraft (compared to 1,070 aircraft in 2012).

As a result of the 2013 activity, Airbus Helicopters retained its lead by delivering nearly one out of two civil rotorcraft provided worldwide.

In 2013, Airbus Helicopters recorded total revenues of €6.3 billion, representing 10.6% of the Group's revenues.

Strategy

Airbus Helicopters' strategy is to drive improvement initiatives to its transformation plan, which aims at placing customer satisfaction and quality at the core of its operations as well as improving industrial competitiveness, all while ensuring the highest levels of aircraft safety. Airbus Helicopters has also implemented plans to reduce costs, optimise cash and create value.

A Commitment to Innovation

Airbus Helicopters is renewing its existing product range for future growth. Accordingly, Airbus Helicopters is focused on launching a number of platform upgrades and other new developments, such as the EC175 medium-weight twin-engine helicopter and the upgraded EC145 T2 light twin, which both are equipped with the in-house state-of-the-art Helionix avionics system. The power and performance of the EC175 were demonstrated by two vertical speed records validated in 2013. EASA certification for the EC175 was received in January 2014 with delivery start-up planned for 2014.

Development also continued on the new X4 medium-weight helicopter, which will offer improved performance, reduced fuel consumption and lower sound levels. In 2013, the X^3 high-speed hybrid demonstrator marked a new milestone in the company's innovation roadmap, combining vertical take-off and landing capabilities with achievement of the world speed record, while the optionally piloted EC145 demonstrator performed unmanned test missions.

In addition, Airbus Helicopters seeks a significant expansion in its service offering in order to enhance aircraft availability as well as mission performance and cost effectiveness for its customers. Support and service efficiency is therefore a major focus in Airbus Helicopters' latest products developments, aimed equally at generating future revenues and increasing customer satisfaction. Airbus Helicopters may also pursue external growth opportunities to increase its service offering in the future, as it did through the acquisition of Vector Aerospace in 2011.

Globalising to Capture Growth Worldwide

Airbus Helicopters' business model is heavily focused on exports, and growth of its global footprint is a priority for the future. Building on its already strong implementation in countries like the US, Australia and Brazil and its presence in 30 nations, Airbus Helicopters will seek to further develop its industrial footprint in potential growth markets such as Russia, China and India. Through such international expansion, Airbus Helicopters intends to increase platform sales and capture service opportunities in the after-sales market, in line with customer proximity efforts.

Building a Leaner, More Streamlined Company

Airbus Helicopters is pursuing further improvement initiatives related to its transformation plan, which aims at placing customer satisfaction and quality at the core of operations as well as improving industrial competitiveness, all while ensuring the highest levels of aircraft safety. Airbus Helicopters has also implemented plans to reduce costs, optimise cash and create value.

Market Drivers

The value of turbine helicopters delivered worldwide grew from an estimated € 17.35 billion in 2012 to an estimated € 19.8 billion in 2013, according to Airbus Helicopters market data based on industry information and internal evaluations.

According to market forecasts published by The Teal Group, Honeywell and Rolls Royce, between 9,000 to 11,000 civil helicopters and 6,000 to 6,800 military helicopters are expected to be built globally between 2012 and 2020. This forecast, particularly with respect to the military sector, relies to a large extent on large US development programmes.

Helicopters sold in the civil and parapublic sector, where Airbus Helicopters is a leader, provide transport for private owners and corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Airbus Helicopters market data indicates that in 2013, worldwide deliveries of civil and parapublic turbine helicopters over a 1.3t MAUW stood at 812 units.

Demand for military helicopters is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Airbus Helicopters believes that the advanced age of current fleets, the emergence of a new generation of helicopters equipped with integrated systems and the on-going introduction of combat helicopters into many national armed forces will contribute to increased military helicopter procurement over the next few years. Recent large-scale military programmes, such as those conducted by the US, Russia, China, India, South Korea, Saudi Arabia, Brazil and most western European countries have confirmed this trend. Nevertheless, demand from the military sector has historically been subject to large year-to-year variations due to evolving strategic considerations, and short-term growth potential may be limited due to increasing budgetary constraints on public spending in some regions like Europe, while other regions like Asia or Latin America are expected to continue growing. According to Airbus Helicopters market data, worldwide deliveries of military turbine helicopters stood at 858 units in 2013.

Competition

Airbus Helicopters' main competitors in the civil and parapublic sector are Agusta-Westland, Sikorsky and Bell Helicopter. The civil and parapublic sector has grown more competitive in recent years, with Sikorsky and Agusta-Westland having increased their market share in the heavy and medium helicopter classes, while Bell has increased its market share in the light helicopter classes.

The military sector is highly competitive and is characterised by competitive restrictions on foreign manufacturers' access to the domestic defence bidding process, sometimes to the virtual exclusion of imports. Airbus Helicopters' share of the global market for military helicopters has decreased in unit and value (15% in unit in 2012). Nevertheless, with the introduction of the Tiger, NH90 and EC725 and with a more aggressive approach to international industrial cooperation, in 2013, Airbus Helicopters obtained 11 percent (in units) of the military sector by deliveries in a market still dominated by US manufacturers and, more recently, Russian manufacturers.

Airbus Helicopters' main competitors in the military sector are Agusta-Westland in Europe, and Sikorsky, Boeing and Bell Helicopter in the US. Russian manufacturers have been aggressive particularly in the Asian and Latin American markets. Military sales accounted for 45% of Airbus Helicopters' revenues in 2013.

Customers

More than 3,000 operators currently fly Airbus Helicopters helicopters in approximately 150 countries, forming a broad base for Airbus Helicopters' customer support activities. Globally, 85% of Airbus Helicopters' customers have fleets of between one and four helicopters. Airbus Helicopters' principal military clients are European Ministries of Defence ("MoDs"), as well as MoDs in Asia, the United States and Latin America. In the civil and parapublic sector, Airbus Helicopters has a leading market share in Europe, the US and Canada.

With 46% of the worldwide market share based on deliveries, the versatility and reliability of Airbus Helicopters products have made them the preferred choice of the most prominent customers. The world's largest offshore operators (such as Bristow, CHC, Era and PHI) use Airbus Helicopters aircraft for passenger transport and offshore oil industry support. In the emergency medical services market segment, Airbus Helicopters aircraft dominate the fleets of large operators such as Air Methods in the US and ADAC in Germany. Agencies with high serviceability requirements, including police and armed forces, also rely on Airbus Helicopters products.

Airbus Helicopters' marketing strategy is strongly leveraging on the scale of its global network. Airbus Helicopters' network currently encompasses 30 foreign subsidiaries, complemented by a rich network of authorised distributors and service centres aimed at a large number of existing and potential clients. Airbus Helicopters has developed expertise in production licensing, joint production and subcontracting agreements, and has been developing links with industrial partners and suppliers in more than 35 countries.

Products and Services

Airbus Helicopters offers a complete range of helicopters that covers nearly the entire civil and military market spectrum, which it updates continuously with leading-edge technologies. This product range includes light single-engine, light twin-engine, medium and medium-heavy helicopters, and is based on a series of new-generation platforms designed to be adaptable to both military and civil applications. In addition, products share multiple technical features as part of a family concept approach.

The following table sets forth Airbus Helicopters' existing product line, consisting of optimised products for different mission types:

Helicopter Type	Primary Missions
Light Single Engine	
EC120 "Colibri"	Corporate / Private, Commercial Pax Transport & Multipurpose, Civil & Military Training
Single Engine ("Ecureuil" family)	
AS350 "Ecureuil" / AS550 "Fennec"	Public Services(1), Military Utility(2) & Armed Reconnaissance, Corporate / Private, Commercial Pax Transport & Aerial Work
EC130	Emergency Medical, Tourism, Corporate / Private
Light Twin Engine	
AS355NP / AS555	Public Services(1), Commercial Pax Transport & Multipurpose, Corporate / Private
EC135 / EC635	Military Utility & Armed Reconnaissance, Emergency Medical, Public Services(1)
EC145 / LUH (UH-72) / EC645	Military Utility(2), Emergency Medical, Public Services(1)
Medium ("Dauphin" family)	
AS365 "Dauphin" / AS565 "Panther"	Military Naval Warfare mission & Martitime Security, Public Services(1) (in particular Coast Guard & SAR), Oil & Gas, Commercial Pax Transport & Multipurpose
EC155	Corporate / Private, VIP, Oil & Gas, Public Services(1)
EC175	SAR, Emergency Medical, Public Services, Oil & Gas
Medium-Heavy	
AS332 "Super Puma" / AS532 "Cougar"	Military Transport / SAR, Oil & Gas
EC225 / EC725	SAR, Combat-SAR, Military Transport, Oil & Gas, VIP
NH90 (TTH / NFH)	SAR, Military Transport, Naval
Attack	
Tiger	Combat, Armed Reconnaissance / Escort

(1) Public Services includes homeland security, law enforcement, fire-fighting, border patrol, coast guard and public agency emergency medical services.
(2) Civil Utility includes different kinds of commercial activities such as aerial works, electrical new gathering (ENG), passenger and cargo transport.

Civil Range

Airbus Helicopters' civil range includes light single-engine, light twin-engine, medium and medium-heavy helicopters, which are adaptable to all mission types based on customer needs. To maintain and strengthen its competitive edge in the civil sector, Airbus Helicopters is pursuing a fast-paced product range renewal. This entails upgrades of existing platforms as well as development for the next generation of helicopters.

The newest products with short-term service entry targets are the twin-engine EC145 T2 and the medium-class EC175. The EC145 T2 incorporates Airbus Helicopters' latest innovations in terms of power, avionics, flight safety, noise reduction and mission equipment, with one of the most visible changes being a new tail-boom assembly with the Fenestron shrouded tail rotor.

In addition, Airbus Helicopters and Chinese AVIC II Corporation have launched the joint development and production (on a 50/50 basis) of the EC175, a medium civil helicopter (7.5 tonnes), which will broaden both partners' product ranges. The development phase began in 2006, and the aircraft was certified in early 2014 with customer deliveries planned for later in the year.

For its next-generation helicopter family, Airbus Helicopters is actively working on development of the X4 – the successor to the current Dauphin family. Benefitting from innovative features and technology, the X4 will offer significantly improved performance, lower fuel consumption and noise emissions.

Military Range

Airbus Helicopters' military range comprises platforms derived from its commercial range (such as the EC725 derived from the EC225) as well as purely military platforms developed for armed forces (the NH90 and the Tiger).

NH90. Designed for modern multi-mission capabilities and cost effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport (TTH) and naval (NFH) applications. The programme, mainly financed by the governments of France, Germany, Italy and the Netherlands, has been jointly developed by Airbus Helicopters, Agusta-Westland of Italy and Fokker Services of the Netherlands as joint partners in NATO Helicopter Industries ("**NHI**") in direct proportion to their countries' expressed procurement commitments. Airbus Helicopters' share of NHI is 62.5%. There were 43 NH90 deliveries in 2013, for a cumulative total of 180 deliveries as of the end of 2013.

Tiger. The Tiger combat attack helicopter programme includes four variants based on the same airframe: the HAP (turreted gun, rockets and air-to-air missile), 40 of which have been ordered by France and 6 by Spain; the UHT (antitank missile, air-to-air missile, axial gun and rockets), 80 of which have been ordered by Germany; the ARH (antitank missile, turreted gun and rockets), 22 of which have been ordered by Australia; and the HAD (antitank missile, air-to-air missile, turreted gun, rockets and upgraded avionics and engines), 24 and 40 of which have been ordered by Spain and France, respectively. There were 11 Tiger deliveries in 2013, for a cumulative total of 107 deliveries as of the end of 2013. The Tiger fleet has accumulated over 50,000 flight hours with more than 7,500 of these flight hours logged during operation in Afghanistan, Libya and Mali.

Customer Services

With nearly 3,000 operators in approximately 150 countries, Airbus Helicopters has a large fleet of some 12,000 in-service helicopters to support. As a result, customer service activities to support this large fleet generated 42% of Airbus Helicopters' revenues for 2013. Airbus Helicopters' customer service activities consist primarily of maintenance, repairs, spare parts supply, training and technical support. In order to provide efficient worldwide service, Airbus Helicopters has established an international network of subsidiaries, authorised distributors and service centres. Further, in order to meet globalising customer demand, Airbus Helicopters has been extending its range of customer services. Airbus Helicopters plans to pursue this expansion in order to offer its customers advanced services that are tailor-made to their operations. Airbus Helicopters' service offering is not only limited to its own helicopter fleet but also comprises other original equipment manufacturer (OEM) platforms as well as fixed-wing mission aircraft.

Production

Airbus Helicopters' industrial activities are conducted in four primary locations, two in France, one in Germany and one in Spain. The French sites are Marignane, in southern France, and La Courneuve, near Paris. The German site is located in Donauwörth, and the Spanish site is located in Albacete.

In the US, American Eurocopter, Inc. has two industrial sites: Grand Prairie, Texas and Columbus, Mississippi. Grand Prairie serves as the headquarters and main facility for Airbus Helicopters and also serves as the Airbus Helicopters Training facility for North America. The Columbus facility is dedicated to the assembly and delivery of the UH-72A Lakota. Beginning in 2014, this site will be upgraded to a final assembly and test site for AS350 helicopters. The plant plans to produce up to 60 additional AS350 helicopters annually by 2016.

In Australia, Australian Aerospace assembles NH90 and Tiger for the country's armed forces. A new rotary-wing centre of excellence in Itajuba, Brazil, has been inaugurated where Helibras (Airbus Helicopters' Brazilian subsidiary) is now producing, assembling and maintaining EC725 helicopters acquired by the Brazilian armed forces in addition to the Ecureuils.

Airbus Helicopters will continue to pursue international expansion of its global supply chain with an emphasis on US dollar-based and low-cost sourcing in particular, while also seeking to rationalise its supply network and streamline its internal industrial organisation in parallel.

1.1.4 Astrium

Introduction and Overview

Astrium, integrated from 2014 onwards in the newly created Airbus Defence and Space Division (for more details, see "— 1.1.1. — Overview" above), designs, develops and manufactures satellite systems, orbital infrastructures and launchers, and provides satellite telecommunication and geo-information services on behalf of commercial and government customers. Astrium conducted its activities through three main Business Units: Astrium Satellites, Astrium Space Transportation and Astrium Services. These Business Units also provide launch services through Astrium's shareholdings in Arianespace (Ariane 5 launcher), Starsem (Soyuz launcher) and Eurockot (Rockot launcher).

In 2013, Astrium recorded total revenues of €5.78 billion, representing 9.7% of the Group's revenues.

Strategy

Through its established presence in Europe, Astrium offers comprehensive expertise in all areas of the space industry (satellite systems, orbital infrastructures, launchers, services and equipment). Astrium's strategy is to strengthen its market position by being able to offer its customers a total solution to their needs, ranging from a single piece of equipment to a more tailored, turnkey solution involving launchers, satellite systems and terminals.

With the satellite and launcher markets still flat in Europe, Astrium will seek to enhance its profitability by strengthening its services and equipment activities in particular. To achieve its goals, Astrium is actively seeking to:

Maintain its Strong Position in European Space Markets

Public spending on space activities is relatively flat in Europe due to existing budget constraints, with further cuts expected to lead to increasing competition in the future. Within this context, Astrium will seek to maintain its market share by providing the most innovative, cost-effective solutions possible to customers.

In the launcher market, for example, Astrium Space Transportation has continued to streamline its activities as prime contractor on certain programmes (such as the Ariane 5 launcher and M51 missile system), which has contributed to an increase in the reliability and cost-effectiveness of Astrium's activities in this area. This was reflected most recently in the decision by the 2012 European Space Agency Ministerial Conference to select Astrium as the prime contractor for developing the successor to the Ariane 5 launcher – the Ariane 5 ME (Mid-life Evolution) – to be launched in 2017 / 2018. Furthermore, Astrium was selected to lead the Ariane 6 studies for a completely new designed, cost efficient and competitive European launch vehicle.

Remain the Key Partner of Ministries of Defence

Astrium is committed to maintaining its role as a key partner for ministries of defence in Europe and within NATO. Astrium is the world's number one private-sector military satellite communications service provider as well as prime contractor for a range of applications such as Earth observation systems and early warning systems, Astrium is already an important industrial partner for the armed forces of France, Germany and the UK amongst others. In addition, Astrium is prime contractor for the ballistic missile systems for France's deterrence forces and is under contract with NATO to define various defence systems. As part of its strategy, Astrium will seek to leverage existing partnerships and technologies to develop further business opportunities in the defence field.

Grow its Offering in Space Services and in Equipment

Astrium will pursue its strategy of moving from being solely a systems supplier to a leading service provider in the areas of satellite telecommunication and geo-information services. In 2012, the acquisition and integration of Vizada, a leading telecommunication services company providing both mobile and fixed satellite communication services to business-to-business (B2B) customers, helped to further enhance Astrium's position in this growing sector.

Astrium will also continue to develop its equipment portfolio (electronic equipment, solar generators, attitude and orbit control subsystem (AOCS) sensors, propulsion equipment, antenna reflectors, etc.) to provide customers with reliable, standardised and competitive products.

Extend its Global Presence

Astrium will continue to focus investment on innovation and on extension of its global presence to gain a foothold in export markets. For example, Astrium Americas was created in order to further develop Astrium's activities in the US and Canada. Astrium Brazil and Astrium Singapore were also created, while in Russia, Energia (51%) and Astrium (49%) formed a joint venture "Energia Satellite Technologies" to build telecommunication and Earth observation satellites for the Russian market.

Continue to Transform and Innovate to Gain Competitive Advantage

Launched in 2010 to better adapt to the challenging market environment and to increase profitability, the transformation programme AGILE (Ambitious, Globally growing, Innovative, Lean and Entrepreneurial) strives to improve Astrium's agility and competitiveness, while freeing up additional resources to invest in innovation. At the same time, AGILE emphasises customer orientation as well as employee empowerment.

Astrium Satellites

Astrium Satellites is a leader in satellite solutions, designing and manufacturing all types of satellite systems, platforms, payloads, ground infrastructures and space equipment for a wide range of civil and military applications. Its business covers four categories of satellite applications – telecommunication, observation, scientific / exploration and navigation.

Astrium Satellites also includes an array of wholly owned subsidiaries such as EADS CASA Espacio (Spain), which supplies platforms, space-borne antennas, deployment mechanisms and harness subsystems for telecommunication satellites; CRISA (Spain), which designs and manufactures electronic equipment and software for space applications; Tesat (Germany), a supplier of telecommunication electronic equipment and subsystems; Dutch Space (Netherlands), which provides solar arrays and other specialised items; SSTL (UK), which provides small satellites and payloads; and Jena-Optronik, which provides space sensors and optical systems.

Market

The commercial telecommunication satellite market is very competitive, with customer decisions primarily based on price, technical expertise and track record. Astrium Satellites expects this market to remain largely stable over the next five years at a level of approximately 20-22 orders per year on average. Its main competitors are Loral, Boeing, Orbital and Lockheed Martin in the US, Thales Alenia Space in France and Italy, and Information Satellite Systems Reshetnev in Russia. With the increasing acceptance of electric propulsion for orbit raising by commercial operators this capability is becoming an established option. Astrium Satellites will seek to reinforce its position in this market through emphasis on its technical expertise, track record and cost effectiveness.

In the public market for Earth observation, scientific / exploration and navigation satellites, competition in Europe is organised on a national and multinational level, primarily through the European Space Agency ("**ESA**") and the European Commission ("**EC**"). European budgets approved at the 2012 ESA Ministerial Conference and under EC Horizon 2020 will pave the way for future European programmes in which Astrium Satellites does or may seek to participate, such as METOP second-generation weather satellites, next-generation telecommunication satellites as part of the ARTES programmes, next-generation European navigation systems, new environmental Earth observation satellites (Earth Explorers, Copernicus) and scientific missions. There is also considerable export demand for Earth observation systems, for which the Group is a leading provider. Astrium expects the export market to continue growing over the medium-term.

For military customers, demand for telecommunication and observation satellites has increased in recent years. The Skynet 5 / Paradigm contract in the UK, the SATCOM Bw contract in Germany, the Yahsat contract in the United Arab Emirates, the contracts for optical reconnaissance satellites in France and SAR reconnaissance contracts in Germany (SARah) and Spain (Paz) demonstrate the positive trend in this market.

The equipment segment can rely on a stable European market, with potential growth to come from developing space countries as well as the US.

Products and Services

Telecommunication satellites. Astrium Satellites produces telecommunication satellites that may be used for civil or military applications, such as television and radio broadcasting, fixed and mobile communication services and Internet broadband access. Current Astrium geostationary telecommunication satellites are based on the Eurostar family of platforms (56 satellites have accumulated 500 years of successful orbital operation to date), the latest version of which is the Eurostar E3000.

In 2013, Astrium Satellites signed contracts for three commercial telecommunication satellites: for Russian RSCC (Express AMU1), Canadian Telesat (Telstar 12R) and the last for US DirectTV. It launched three telecommunication satellites in 2013: SES-6 (June 2013), Alphasat (July 2013) and Astra 2E (September 2013).

Observation and scientific / exploration satellites. Astrium Satellites supplies Earth observation satellite systems including ground infrastructures for both civil and military applications. Customers can derive significant benefits from the common elements of Astrium's civil and military observation solutions, which allow the collection of information for various applications, such as cartography, weather forecasting, climate monitoring, agricultural and forestry management, mineral, energy and water resource management, as well as military reconnaissance and surveillance. Astrium Satellites also produces scientific satellites, which are tailor-made products adapted to the specific requirements of the mostly high-end mission assigned to them. Applications include astronomical observation of radiation sources within the Universe, planetary exploration and Earth sciences.

Astrium Satellites designs and manufactures a wide range of highly versatile platforms, optical and radar instruments and equipment. Astrium Satellites is the prime contractor for complex missions such as: Pléiades, three small and highly agile Earth observation satellites for French and Spanish civil and military applications, able to take daily pictures of every given point on Earth; Swarm, a climatology satellite monitoring the evolution of the Earth's magnetic fields; Gaia, a global space astrometry science mission; Bepi Colombo, an exploration mission to Mercury; EarthCARE, a joint European-Japanese cloud and aerosol mission; SeoSAR / Paz, a radar Earth observation system for the Spanish government; and the Spot 6 and Spot 7 high resolution Earth observation satellites for Astrium Services (Spot Image).

In 2013, Astrium Satellites was selected by ESA to provide the payload module for the Euclid science mission, which shall help to understand the very nature of what physicists refer to as the Universe's *dark energy*. In the frame of the ESA / Eumetsat MetOp SG metrology mission a set of high performance instrument contracts were received in 2013 (including CNES' IASI NG and ESA's Sentinel-5). Major military contracts for 2013 include an ultra-high resolution radar satellite for the German MoD (SARah), which allows global observation independent from weather or daylight, and the ground segment for the new French military optical observation system (SSU CSO). In export Astrium Satellites could secure major contracts in 2013 with two instruments for Korean KARI (GOCI 2 spectrometer and Kompsat 6 SAR) and two very high resolution observation systems for governmental customers.

Astrium Satellites launched three Earth observation satellites in 2013: VNREDSat-1A (May 2013), Swarm (satellites constellation, co-launched November 2013) and Gaia (December 2013).

Navigation satellites. Astrium Satellites plays a major industrial role in the new "Galileo" European navigation satellite system, which delivers signals enabling users to determine their geographic position with high accuracy and is expected to become increasingly significant in many sectors of commercial activity. Astrium is responsible for the Galileo in-orbit validation phase ("**IOV**") to test the new satellite navigation system under real mission conditions. The IOV phase covers the construction of the first four satellites of the constellation and part of the ground infrastructure for Galileo. After the successful launch of the first two Astrium Galileo IOV satellites in 2011 and 2012, this early constellation was successfully tested in orbit and handed over to the customer in 2013. Astrium will play an active role in the Galileo full operation capability phase ("**FOC**") with a nearly 50% work share, including providing the payloads for the first 22 FOC satellites and the FOC ground control segment.

Satellite products. Astrium offers an extensive portfolio of embedded subsystems and equipment for all types of space applications: telecommunications, Earth observation, navigation, scientific missions, manned spaceflight and launchers. In 2013, Astrium Satellites' Products unit delivered major equipment for European programmes such as Meteosat Third Generation, BepiClombo, EDRS, Hispasat AG1, the Copernicus Sentinels, and ATV. With the delivery of the first fully operational Laser Communication Terminals (LCT) to ESA, Astrium pioneered optical communication in space. In addition to stable business with existing customers in the US, Canada, Russia and Asia (especially Japan), new products were successfully marketed (*e.g.* Astrix Fibre Optical Gyros) or demonstrated in orbit (*e.g.* next generation solar array, star tracker, power unit on ESA Alphasat and Nasa COTS / Cygnus missions).

Astrium Space Transportation

Astrium Space Transportation is the European space infrastructure and space transportation specialist. It designs, develops and produces Ariane 5 launchers, the Columbus laboratory and the Automated Transfer Vehicle ("**ATV**") cargo carrier for the International Space Station ("**ISS**"), ballistic missile systems for France's deterrence forces, propulsion systems and space equipment.

Orbital Infrastructure and Space Exploration

The orbital infrastructure segment comprises manned and unmanned space systems. The ISS, together with related vehicle and equipment development programmes and services, constitutes the predominant field of activity in this segment. Astrium Space Transportation is the prime contractor under an ESA contract relating to two key elements of the ISS: the space laboratory ("**Columbus**") and the ATV cargo carrier. Moreover, Astrium is responsible for managing the operation and use of the European elements on the ISS under an ESA contract. Under an ESA contract Astrium is also developing the service module for the new US crew transport system Orion, for which the first launch is planned in 2017 / 2018.

Market

Demand for orbital infrastructure systems originates solely from publicly funded space agencies, in particular from ESA, NASA, Roscosmos (Russia) and NASDA (Japan). Such systems are usually built in cooperation with international partners. In addition to the Columbus and ATV projects, ESA is responsible for additional ISS components for the station's construction and operational phases. National space agencies, such as DLR and CNES, are also involved in the development of experimental facilities to be used on the ISS.

Products and Services

Astrium Space Transportation has been the prime contractor for the development and integration of Columbus. Columbus is a pressurised module with an independent life-support system. It provides a full-scale research environment under microgravity conditions (material science, medicine, human physiology, biology, Earth observation, fluid physics and astronomy) and serves as a test-bed for new technologies. In 2011, ESA awarded Astrium Space Transportation a contract to manage the continued operation of the European components of the ISS as the lead partner in an industrial consortium. The contract represents the first phase of a long-term service agreement for the entire planned service life of the ISS until 2020.

Astrium Space Transportation is also the prime contractor for the development and construction of the ATV cargo carrier, designed to carry fuel and supplies to the ISS and to provide re-boost capability and a waste disposal solution. Following the first two successful launches, the third ATV, "Edoardo Amaldi", was successfully launched in 2012. The fifth ATV "Georges Lemaitre" was shipped to Kourou for final assembly and testing and is expected to be launched in June 2014. In 2013, ESA awarded Astrium a contract for the operation and exploitation of the European components of the ISS as lead industrial partner.

The 2012 ESA Ministerial Conference has also decided to develop a module service for the US Orion programme for human space exploration. Astrium Space Transportation will be the prime contractor for this programme referred to as MPCV-ESM (Multiple Purpose Crew Vehicle – European Service Module), which will be based on ATV technology.

Launchers & Launch Services

Space systems (including satellites, orbital infrastructure elements and interplanetary probes) depend on expendable rocket powered multi-stage launch vehicles to place them into orbit. Astrium Space Transportation is active in two distinct businesses: (i) designing and manufacturing launchers for both civil and military purposes, and (ii) providing launch services through its interests in Arianespace, Starsem and Eurockot.

Astrium Space Transportation is the sole prime contractor for the Ariane 5 system, with responsibility for the delivery to Arianespace of a complete and fully tested vehicle. Astrium Space Transportation also supplies all Ariane 5 stages, the equipment bay, the flight software as well as numerous sub-assemblies. Additionally, Astrium Space Transportation is the prime contractor for ballistic missile systems to the French State. It is responsible for the development, manufacturing and maintenance of submarine-launched missiles and related operating systems.

Market

The market for commercial launch services continues to evolve. Competitive pressure is increasing in light of other competitors entering or coming back into the market. The accessible market to Arianespace for commercial launch services for geostationary satellites is expected to remain stable at around 20 payloads per year. However, due to various factors (such as technology advances and consolidation of customers), this figure remains volatile. This market does not include institutional launch services for the US, Russian or Chinese military and governmental agencies.

In the area of national defence, Astrium Space Transportation has been the exclusive supplier of ballistic missiles to the French State since the early 1960s. In addition to conducting production and state-financed development work, Astrium Space Transportation performs substantial maintenance work on the ballistic missile arsenal to ensure system readiness over the life span of the equipment, which may stretch over several decades. Astrium Space Transportation also provides on-site support to the French military. Finally, Astrium Space Transportation is working in partnership with others on a NATO contract relating to theatre missile defence architecture.

Products and Services

Launch services. Astrium Space Transportation is active in the field of launch services through shareholdings in Arianespace (for heavy-lift launchers), Starsem (for medium-lift launchers) and Eurockot (for small-lift launchers):

- *Arianespace.* Astrium is Arianespace's second largest shareholder (after CNES) with a 32.5% stake (direct and indirect), and its largest industrial shareholder. Arianespace is the world's largest commercial launch service provider in terms of total order book. Arianespace markets and sells the Ariane launcher worldwide and carries out launches from the Guiana Space Centre in Kourou, French Guiana.

  In 2013, Arianespace signed a total of 18 launch contracts worth € 1.4 billion: 15 for geostationary satellites to be launched by Ariane 5, giving it a market share of 60%, and 3 for Earth observation satellites to be launched by Vega. Arianespace carried out eight launches in 2013: seven from the Guiana Space Center and one from the Baikonur Cosmodrome in Kazakhstan. Three Ariane 5 ECA launchers orbited six telecommunications satellites, an Ariane 5 ES launched the fourth ATV (Automated Transfer Vehicle), dubbed "Albert Einstein", to the ISS, and two Soyuz missions orbited the first four 03b satellites, and the Gaia space telescope respectively.
- *Starsem.* Astrium Space Transportation directly owns 35% of Starsem, a French corporation, along with Arianespace (15%), the Russian space agency (25%) and the Russian state-owned Samara Space Centre (25%). Through Arianespace, Starsem markets launch services by Soyuz launchers for medium-weight spacecraft into low or sun-synchronous orbits as well as for interplanetary missions.
- *Eurockot.* Astrium Space Transportation (51%) and Khrunichev (49%) jointly control Eurockot Launch Services, which provides launch services for small, low-Earth orbit satellites with Rockot launchers derived from SS-19 ballistic missiles. In 2013, Eurockot launched the SWARM satellites of ESA, designed and built by Astrium.

Commercial launchers. Astrium Space Transportation manufactures launchers and performs research and development for the Ariane programmes. Member states, through ESA, fund the development cost for Ariane launchers and associated technology.

Astrium Space Transportation has been the sole prime contractor for the Ariane 5 system since 2004. In 2013, Astrium and Arianespace have signed a frame contract for the supply of 18 additional Ariane 5 ECA launchers, with an order intake impact of € 1 billion in 2013. These latest Ariane 5 launchers, which follow an order for 35 launchers in 2009 (PB batch), will be launched from 2017 onwards. In 2012, ESA Ministerial Conference selected Astrium as the prime contractor for developing the successor to the Ariane 5 launcher – the Ariane 5 ME (Mid-life Evolution) – to be launched in 2017 / 2018. Astrium was also selected to perform an 18-month study to define the configuration of the Ariane 6 launcher to be launched in 2025.

Ballistic missiles. Astrium Space Transportation is the only company in Europe which designs, manufactures, tests and maintains ballistic missiles. Following its contracts with the French State for the submarine-launched ballistic missiles family of M1, M^2, M^{2}0, M4 and M45, Astrium Space Transportation is now under contract to develop and produce the M51 with increased technical and operational capabilities. In 2010, the French Defence Procurement Agency and Astrium Space Transportation signed a contract covering the development and production of the second version of the M51 strategic missile (M51.2), which helps to secure Astrium Space Transportation's capabilities in this field. In addition, Astrium Space Transportation manages the operational maintenance of the M51 missile system on behalf of the French armed forces. At the end of 2011, Astrium Space Transportation received a first design study contract in order to prepare the intended M51.3 new upper stage development.

Astrium Services

Astrium Services offers innovative, highly competitive end-to-end tailored satellite telecommunication and geo-information services on behalf of commercial and government customers. As the European "one-stop-shop" provider for satellite services, Astrium Services supports its customers' business and critical missions even in the most remote areas.

In 2012, Astrium Services integrated Vizada, a leading independent provider of global satellite communications services across sectors such as maritime, oil, gas and mining, non-governmental organisations, media and government / defence, aeronautics. It offers mobile and fixed connectivity services from multiple satellite network operators, both directly and through a network of 400 service provider partners. Thanks to this business, Astrium Services has enhanced its range of solutions and strengthened its presence globally.

Products and Services

Military and government communications. In 2003, the UK Minsitry of Defence selected Astrium Services to deliver a global military satellite communication service for its next-generation Skynet 5 programme. This contract, pursuant to which Astrium Services owns and operates the UK military satellite communication infrastructure, allows the UK MoD to place orders and to pay for services as required. Offering a catalogue of services, Astrium Services delivers tailored end-to-end in-theatre and back-to-base communication solutions for voice, data and video services, ranging from a single voice channel to a complete turnkey system incorporating terminals and network management. The first three Skynet 5 satellites were launched in 2007 and 2008, enabling the UK MoD to pronounce full operational service in 2009. In 2010, the contract was extended by 30 months, including the manufacturing, launch, testing and operation of a fourth satellite Skynet 5D, which entered service on 2 April 2013.

In Germany, a team led by Astrium Services is providing Germany's first dedicated satellites for a secure communication network. Two military-frequency satellites and a comprehensive user ground terminal segment give the German Armed Forces (Bundeswehr) a secure information resource for use by units on deployed missions, with voice, fax, data, video and multimedia applications. With the first satellite (ComSat Bw1) launched in 2009, the second (ComSat

Bw2) in 2010, and user terminals deployed in theatre, the system commenced operations in 2010. Astrium Services, through its subsidiary ND Satcom, operates the system on a long-term basis and provides additional capacity from commercial operators.

In France, the defence procurement agency (DGA) has selected Astrium Services and Actia Sodielec in February 2013 to create the system "Comcept", France's first full-IP military ultra-fast broadband satellite communications network. Astrium Services has been developing and delivering innovative solutions and services to the French Ministry of Defence for many years. For example, since 2005, Astrium Services has been providing a range of satellite telecommunication services to the French armed forces under the ASTEL convention, a framework agreement with DIRISI, the joint Directorate of infrastructure networks and information systems responsible for the management of military satellite communication services. And since 2008 Astrium has also been providing communication services for French military personnel deployed on overseas missions, enabling servicemen and women to keep in touch with their families and friends through an Internet portal called "Escale des Armées". Moreover, in 2008, the DGA awarded a contract to Astrium Services for the development of the Telcomarsat naval satellite communication system.

In Abu Dhabi, Astrium Services (together with Thales Alenia Space) won a contract with Yahsat, a wholly owned subsidiary of Mubadala Development Company, for the construction of a secure satellite communication system. Astrium Services is managing the programme and will supply the space segment (except for the payload) and 50% of the ground segment. In 2011, after the successful completion of in-orbit testing, the first satellite Yahsat 1A was officially handed over to Yahsat and the initial system acceptance milestone was achieved. This milestone enables Yahsat to provide the United Arab Emirates Armed Forces with military satellite communications capabilities. The second satellite, Yahsat 1B, was launched and delivered in 2012 and the Final System Acceptance (FSA) was achieved in August 2013.

Commercial communications. Astrium Services' more than 200,000 end-users benefit from access to these satellite telecommunications services wherever they are in the world. These include all maritime sectors (merchant shipping vessels, fishing, yachting, etc.), oil, gas and mining companies, emergency response organisations, global media companies, telecommunication and internet service providers, and civil aviation. Astrium Services works with the broadest range of network providers in the industry, including Inmarsat, Iridium, Thuraya, Eutelsat, Intelsat, SES, Arabsat, Loral Skynet and Satmex.

In December 2013, Astrium Services and Inmarsat reached a strategic distribution partnership agreement which will see Global Xpress services made available to Astrium Services' large partner and customer base.

Geo-information services. Astrium Services is a provider of both optical and radar-based geo-information services to customers including international corporations, governments and authorities around the world. In 2012, Spot 6 and Pleiades 1B, two new optical satellites, were operational following their in-orbit validation. They complete the constellation providing images distributed by Astrium Services. With Pleiades 1B joining its twin, Pléiades 1A, in orbit, two very-high-resolution satellites operate for the first time as a constellation, offering daily revisit capability to all users. Daily revisit capability permits the imaging of any place on Earth daily, enabling conflict zones and crisis / disaster areas to be visible in a matter of hours, for example, wherever their location.

Spot 6 is the first satellite of the "Astroterra programme", which is designed to replace Spot 5 (owned by the French State with an exclusive operating licence granted to Astrium Services) before the end of its lifetime with a constellation of two Earth observation satellites (Spot 6 and Spot 7) in order to maintain high resolution capability through to 2023.

While Spot 6 & 7 will provide a wide picture over an area with its 60-km swath, Pléiades 1A and 1B will be able to offer, for the same zone, products with a narrower field of view but with an increased level of detail (50 cm). For instance, in case of flooding or conflict, Spot 6 can provide the big picture and Pléiades brings the focus over the most populated or damaged areas.

The successful launch of TerraSAR-X in 2007 – a radar-based Earth observation satellite that provides high-quality topographic information – enabled Astrium Services to significantly expand its capabilities by proposing new kinds of images based on radar. TanDEM-X, its almost identical twin, was successfully launched in 2010 and will further expand Astrium Services product portfolio by allowing 3D imagery.

Production

Astrium's main engineering and production facilities are located in France (Élancourt, Les Mureaux, Bordeaux, Toulouse, Limeil-Brévannes), Germany (Backnang, Bremen, Friedrichshafen, Jena, Lampoldshausen, Ottobrunn), Spain (Madrid), the UK (Portsmouth, Stevenage, Guildford) and the Netherlands (Leiden). Thanks to the new sitcom services business, Astrium has enlarged its footprint in Norway (Oslo, Eik) and also in the US (Santa Paula, Fort Collins, Southbury, Washington, Glen Burnie, Rockville, Houston, Dallas, League City, Herndon).

1.1.5 Cassidian

Introduction and Overview

Cassidian, integrated from 2014 onwards in the newly created Airbus Defence and Space Division (for more details, see "— 1.1.1. — Overview" above), is a worldwide leader in global security solutions and systems, providing lead systems integration and value-added products and services to civil and military customers around the globe: air systems (combat aircraft, military transport, mission aircraft and unmanned aerial systems), land, naval and joint systems, intelligence and surveillance, cyber security, secure communications, test systems, missiles, services and support solutions. As a lead systems integrator, Cassidian combines the know-how to design, develop and implement overall system solutions by integrating across platforms, equipment and services.

In 2013, Cassidian recorded total revenues of €6.0 billion, representing 10.1% of the Group's revenues.

Market

Market Drivers

The defence and security market continues to be driven by rapidly evolving security challenges and the need to respond to new global threats. At the same time, economic conditions in the main industrialised countries—in particular Cassidian's European home markets—are creating downward pressure on budget resources for defence and security spending. Countries must therefore balance funding priorities in order to plan for the broadest possible range of operations, including homeland defence, stabilisation efforts, counterinsurgency and counterterrorism operations, or nation state aggressors with growing sophistication and military means. This has only served to reinforce the convergence of the traditional roles of defence and security into a single set of customer needs, a trend that Cassidian expects will continue.

Within the current economic climate, Cassidian believes that the strongest opportunities for growth are in the Middle East, South America and India, among others, where defence and security budgets are growing quickly. With increasing needs and aging equipment, these regions have the financial strength necessary to make future defence and security acquisitions.

Competition

The defence and security market is highly competitive, with Cassidian facing competition from large- and medium-sized US and European companies that also specialise in its key markets. Its main competitors include Lockheed Martin, Dassault, Boeing, Northrop Grumman, Thales, Motorola, General Dynamics, Raytheon, other lead systems integrators and combat aircraft manufacturers worldwide. Competitive factors include affordability, technical and management capability, the ability to develop and implement complex, integrated system architectures and the ability to provide timely solutions to customers.

Cassidian's major challenge is to develop business in new geographic markets and high growth market segments globally so as to compensate for stagnating or declining defence budgets in its European home markets. In 2013, therefore, Cassidian continued to accelerate its drive to globalise its business outside of Europe while simultaneously seeking to consolidate its position in its European home markets. It also pursued the renewal of its product portfolio through the development of next-generation defence and security products.

Customers

The nature of Cassidian's business demands that it establish long-term relationships with its customers and, where possible, enter into strategic partnerships with large international players in order to sustainably expand the Division's industrial footprint outside its home markets. Key customers primarily include government and security agencies, such as ministries of defence and the interior and security forces, located not only in Cassidian's European home markets but increasingly worldwide.

Products and Services

Air Systems and Services

Air services. Cassidian offers its customers a full range of services associated with operating their military air systems, including maintenance, repair and overhaul (MRO), upgrades, logistics optimisation, product-specific training and integrated system-support centres. Cassidian has developed expertise in this area by conducting upgrade programmes for aircraft such as the Tornado and C-160 Transall, among others.

Combat air systems. The Eurofighter multi-role combat aircraft (referred to as Typhoon for export outside of Europe) is Cassidian's flagship product. The aircraft has been designed to enhance fleet efficiency through a single flying weapon system capable of fulfilling both air-to-air and air-to-ground missions.

The Eurofighter GmbH shareholders and subcontractors are Cassidian (46% share), BAE Systems (33% share) and Alenia Aermacchi (21% share). With regard to series production, the respective production work shares of the participating partners within the Eurofighter consortium stand at 43% for Cassidian, 37.5% for BAE Systems and 19.5% for Alenia. Cassidian develops and manufactures the centre fuselage, flight control systems, identification and communication sub-systems, and the right wing and leading edge slats for all aircraft, and is in charge of final assembly of aircraft ordered by the German and Spanish air forces.

As of 31 December 2013, in the Eurofighter programme, a total of 571 aircraft had been ordered by seven customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia and Oman), with a total of 401 aircraft delivered. Within the core programme, 472 aircraft were firmly on order (with an additional 99 aircraft for export). A total of 46 aircraft were delivered in 2013. Production of aircraft within the core programme is scheduled to last until 2017, while further export opportunities are believed to exist worldwide.

Mission systems. Cassidian offers a full range of unmanned mission air systems and mission avionics systems. In the field of unmanned aerial systems ("**UAS**"), Cassidian provides tactical UAS like Tracker, Tanan and ATLANTE; medium-altitude long-endurance (MALE) systems like Harfang; and high-altitude long-endurance (HALE) systems like EuroHawk. Cassidian is also working on development of next generation systems for a common European UAS (future European MALE). Finally, Cassidian contributes to the Research and Technology programme "Agile UAV in net-centric environment" for the German armed forces, using its company-financed BARRACUDA technology demonstrator.

A major partner with respect to military mission avionics for the A400M, Cassidian assumes sub-systems responsibility for mission management and defensive aids. Its offer comprises avionics equipment, such as digital map units, flight data recorders and obstacle warning systems for helicopters. In addition, Cassidian is developing multi-sensor integration and data-fusion technology – a key future technology for network-enabled capabilities.

Security Systems and Solutions

Integrated systems. Cassidian is a provider of full systems architecture and integration for military and security land-, sea-, air- and space-based systems. Cassidian designs, integrates and implements secure fixed, tactical, theatre and mobile information infrastructure solutions, including all of the services needed to support integrated mission systems and solutions. Cassidian is also a designer and supplier of C4I systems (Command, Control, Communications, Computers and Intelligence).

Cassidian's lead systems integration offering includes the ability to design, develop and integrate the widest possible range of individual platforms and subsystems into a single effective network. Large systems integration has become increasingly important for customers engaged in border control and coastal surveillance, as well as for non-military customers in areas such as homeland security. Cassidian signed the world's first fully integrated border and maritime security system in 2007 (the Qatar National Security Shield), and is also the prime contractor in Saudi Arabia for the development of a national security programme as well as in Romania for an integrated solution for border surveillance and security.

Secure communication systems. Cassidian is a provider of digital Professional Mobile Radio ("**PMR**") and secure networks with more than 280 networks delivered in 74 countries. Its solutions for PMR enable professional organisations in various areas – such as public safety, civil defence, transport and industry – to communicate effectively, reliably and securely. Cassidian offers its customers specialised PMR solutions based on TetraPOL, Tetra and P25 technologies. Cassidian's PMR solutions were in use during events like the Beijing Olympic Games and the Tour de France.

Cyber security. Cassidian has established a cyber security branch to meet the growing cyber security needs of users of critical IT infrastructure, including governments and global companies. Cassidian provides expertise and solutions to help such organisations protect against, detect, prevent and respond to cyber threats. Cassidian has a long track record in providing the most sensitive secure IT and data handling and training solutions to defence and security customers throughout France, Germany, the UK and other NATO countries.

Sensors

Cassidian is a partner in the development of airborne multi-mode radars and provides integrated logistics support, maintenance and upgrades. It is also involved in the development and application of next-generation active electronically scanned (AESA) radars for air, naval and ground applications. In the area of air defence, Cassidian produces mid-range radars for ship (TRS-3D / 4D) and land (TRML-3D) applications. Synthetic aperture radars (SAR) for reconnaissance and surveillance operations and airport surveillance radars (ASR-S) are also part of the portfolio, along with the Spexer security radar family. A range of optronics solutions completes Cassidian's offering in this field.

In the field of electronic warfare, Cassidian supplies electronic protection systems for military vehicles, aircraft and civil installations, such as laser warning, missile warning and electronic countermeasure units.

MBDA

Cassidian's missile business derives from its 37.5% stake in MBDA (a joint venture between the Company, BAE Systems and Finmeccanica). MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence and maritime superiority, as well as advanced technological solutions for battlefield engagement. Beyond its role in European markets, MBDA has an established presence in export markets like Asia, the Gulf region and Latin America.

The broad product portfolio covers all six principal missile system categories: air-to-air, air-to-surface, surface-to-air, anti-ship, anti-submarine and surface-to-surface. MBDA's product range also includes a portfolio of airborne countermeasures such as missile warning and decoy systems, airborne combat training and mine countermeasures. The most significant programmes currently under development are the Aster Paams naval air defence system, the METEOR air superiority missile system, the Medium Extended Air Defence System (MEADS) and the Scalp NAVAL ship and submarine-launched deep strike weapon.

Other Activities and Joint Ventures

Test and services. The test and services product range covers the entire life cycle of electronic equipment and systems. It includes comprehensive solutions and associated services that rely on test services and systems. The solutions are either integrated or sold as stand-alone elements: instrumentation, system software and application software. The versatility of test and services systems means that a multitude of equipment and systems can be tested.

Signalis. Signalis is a provider of maritime safety and security solutions and officially started operating as of 1 January 2011. Signalis regroups all activities of Sofrelog (acquired by Cassidian in 2006) and Atlas Maritime Security, a subsidiary of Atlas Elektronik. Signalis is co-owned by Cassidian (60%) and Atlas Elektronik (40%). Signalis provides integrated mission critical real-time systems using radar and other wide-area sensors, mostly for maritime applications, typically vessel traffic services and coastal surveillance.

Atlas Elektronik. Atlas Elektronik GmbH, headquartered in Bremen (Germany), is a joint venture of ThyssenKrupp (51%) and the Company (49%). Atlas Elektronik provides maritime and naval solutions above and below the ocean surface. The company holds a leading position in all fields of maritime high technology from command and control systems to coastal surveillance systems and in-house support.

Larsen & Toubro. In February 2011, Indian authorities approved a joint venture between the Indian engineering company Larsen & Toubro and Cassidian in the field of defence electronics (with stakes of 74% and 26%, respectively). The joint venture cooperates closely with Cassidian's new engineering centre in Bengaluru (India), where systems design and engineering activities are carried out in the fields of electronic warfare, radars and avionics for military application.

Production

In addition to facilities in its European home markets of Germany, France, Spain and the UK, Cassidian operates in more than 80 countries and has a worldwide network of offices. Important production sites are located in Germany (Manching, Ulm) and Spain (Getafe). Cassidian operates an engineering centre in Bengaluru, India.

1.1.6 Other Businesses

Regional Aircraft — ATR

ATR (*Avions de Transport Régional*) is a world leader in the 50- to 74-seat regional turboprop aircraft market. ATR is an equal partnership between the Company and Alenia Aermacchi (Finmeccanica Group), with the Company's 50% share managed by Airbus. Headquartered in Toulouse in the south of France, ATR employs more than 930 people, with major operations in the Midi-Pyrénées and Aquitaine regions of France. ATR was launched in 1981.

Market

The regional turboprop aircraft industry has experienced growing concentration over the years. During the 1990s, a number of regional aircraft manufacturers merged, closed or ceased production, leading to the withdrawal from the market of BAe, Beechcraft, Fokker, Saab and Shorts, among others. Currently, the worldwide market for turboprop aircraft of 50-70 seats in production is dominated by two manufacturers: ATR and Bombardier.

After a number of years of declining activity, the regional turboprop aircraft market has experienced sustained growth since 2005 due to the advantages of turboprop aircraft over jet aircraft in terms of fuel efficiency and CO_2 emissions. In 2013, ATR delivered 74 new aircraft (compared to 64 in 2012) and recorded firm orders for 89 new aircraft (compared to 74 in 2012).

As of 31 December 2013, ATR had a backlog of 221 aircraft (compared to 221 in 2012). The current backlog represents close to three years of deliveries. The relative lower operating cost and reduced CO_2 emissions of turboprop aircraft, in an ever passenger-yield constrained environment, are expected to lead to sustained market activity over the coming years.

Products and Services

ATR 42 and ATR 72. Commencing with the ATR 42 (50-seat), which entered service in 1985, ATR has developed a family of high-wing, twin turboprop aircraft in the 50- to 74-seat market that are designed for optimal efficiency, operational flexibility and comfort. In 1995, in order to respond to operators' increasing demands for comfort and performance, ATR launched the ATR 42-500 and two years later, the ATR 72-500 (70-seat) series. In 2007, ATR launched the new -600 series with improved engines, new avionics and a new cabin. Like Airbus, the ATR range is based on the family concept, which provides for savings in training, maintenance operations, spare parts supply and cross-crew qualification. By the end of 2012, ATR had delivered 1,033 aircraft (422 ATR 42 and 611 ATR 72).

Customer service. ATR has established a worldwide customer support organisation committed to supporting aircraft over their service life. Service centres and spare parts stocks are located in Toulouse, Paris, the greater Washington D.C. area, Miami, Singapore, Bangalore, Auckland, Kuala Lumpur, Toronto and Johannesburg.

ATR Asset Management also responds to the market for second-hand aircraft by assisting in the placement and financing of used and end-of-lease aircraft. By providing quality reconditioned aircraft at attractive prices, ATR Asset Management has helped both to broaden ATR's customer base, in particular in emerging markets, and to maintain the residual values of used aircraft. In the past, clients for such used aircraft have subsequently purchased new aircraft as they have gained experience in the operation of ATR turboprops.

Production

The ATR fuselage is produced in Naples, Italy, and ATR wings are manufactured in Merignac near Bordeaux, France. Final assembly occurs in Saint Martin near Toulouse on the Airbus production site. Flight-testing, certification and deliveries also occur in Toulouse. ATR outsources certain areas of responsibility to Airbus, such as wing design and manufacturing, flight-testing and information technology.

EADS Sogerma

EADS Sogerma is a wholly owned subsidiary of the Company which specialises in aerostructures and cabin interior activities. The company designs and manufactures major aerostructure elements in metal and composite for commercial and military aircraft and is also a leading provider of cockpit and passenger seats (first and business class) for commercial and military aircraft as well as for business jets and helicopters.

In the aerostructures market, EADS Sogerma engages in the design, manufacturing and assembly of Airbus aircraft sections (A318 / A320 / A330), manufacturing and assembly of ATR wings, design and manufacturing of the A400M ramp door as well as design and manufacturing of pilot and co-pilot seats. In the cabin interior market, EADS Sogerma designs and manufactures first and business class seats for large commercial aircraft.

EADS Sogerma employs approximately 2,000 people and has three sites in France (Rochefort, Mérignac and Toulouse). The Mérignac site is entirely dedicated to the ATR business. The Toulouse site (design office branch) is located near Airbus. Rochefort, the largest site in terms of staff, covers a wide spectrum of activities: aerostructure, seats and cockpit seats. EADS Sogerma also has a subsidiary in Morocco (Maroc Aviation) as well as two subsidiaries specialised in composites: CAQ (Composite Aquitaine) in France and CAL (Composite Atlantic) in Canada.

EADS North America

EADS North America is the US-based subsidiary of the Company. Headquartered in Herndon, Virginia, the company offers a broad array of advanced solutions for fixed- and rotary-wing aircraft, homeland and cyber security, telecommunications, defence electronics and avionics, and services. EADS North America business operations include the activities of: American Eurocopter Corporation; Airbus Military North America; EADS Supply & Services; EADS North America Test and Services; Fairchild Controls Corporation and Cassidian Communications.

EADS North America's presence in the US defence and homeland security sectors continues to grow. As prime contractor for the US Army's UH-72A Light Utility Helicopter, EADS North America has delivered more than 200 helicopters to date. EADS North America has also supplied more than 100 Eurocopter HH-65 helicopters to the Coast Guard for its homeland security missions.

Daher-Socata

In 2009, the Company sold a 70% stake in Socata to Daher, while retaining the remaining 30% stake. Daher-Socata specialises in the aerospace, nuclear, defence and industry sectors and offers manufacturing and services solutions combining three areas of expertise (manufacturing, services and transport) built into a global offer.

In aerospace and defence, Daher-Socata is both a manufacturer and a tier-1 supplier of equipment and services with approximately 7,500 employees and a presence in 14 countries. Daher-Socata produces aerostructures and systems, fitted sections and airframes. In the under 8.6-tonne category, it produces aircraft with options dedicated to the civil (business aircraft) and military (multi-role aircraft) markets.

1.1.7 Investments

Dassault Aviation

The Company holds a 46.3% stake in Dassault Aviation (listed on Euronext Paris), with Groupe Industriel Marcel Dassault holding a 50.6% stake and a free float of 3.1%. Dassault Aviation itself holds a 26% stake in Thales, which makes it the second largest shareholder of Thales behind the French state.

Dassault Aviation is active in the market for military jet aircraft and business jets. Founded in 1936, Dassault Aviation has delivered more than 8,000 military and civil aircraft to purchasers in more than 80 countries. On the basis of its experience as designer and industrial architect of complex systems, Dassault Aviation designs, develops and produces a wide range of military aircraft and business jets. In order to avoid any potential conflict between the military products of Dassault Aviation and the Group (Rafale and Eurofighter) and to facilitate a "Chinese wall" approach, the Company's Dassault Aviation shareholding is managed by EADS Corporate, whereas the Eurofighter programme is managed by Cassidian.

In 2013, Dassault Aviation recorded orders totalling €4.17 billion (compared to €3.3 billion in 2012), including 64 net orders for Falcon business jets (compared to 58 net orders in 2012). Consolidated revenues amounted to €4.59 billion in 2013 (compared to €3.9 billion in 2012), with adjusted net income of €487 million (compared to €512 million in 2012). Dassault has approximately 11,600 employees, of which more than 75% are based in France.

Military Jet Aircraft

Dassault Aviation offers wide expertise in the design and manufacturing of the latest generation military jet aircraft.

Rafale. The Rafale is a twin-engine, omni-role combat aircraft developed for both airforce and navy applications. To date, 286 Rafale aircraft have been ordered by the French MoD. In 2012, Rafale was selected by the Indian MoD to enter into exclusive negotiations for the sale of 126 aircraft. Negotiations are still in progress. From 2013 and onwards, the new Rafale "Omnirole" will be delivered, with improvements such as the RBE2-AESA radar, missile launch detector and optronics.

Mirage 2000. The Mirage 2000 family reached the end of its production phase in 2006. Approximately 470 Mirage 2000 aircraft are in service with nine air forces worldwide.

nEUROn. Dassault Aviation is the prime contractor for the development of the unmanned combat air vehicle demonstrator, nEUROn. The programme was open to European cooperation and five countries have decided to participate and share the skills of their aerospace industries: EADS CASA (Spain), SAAB (Sweden), HAI (Greece), RUAG (Switzerland) and Alenia Aeronautica (Italy). The nEUROn demonstrator made its first flight in 2012 and will be performing test flights in France until 2014.

MALE UAV system. Following the French-UK joint Declaration on Defence and Security Co-operation signed in November 2010, Dassault and BAE Systems have agreed to work together on the next generation of medium-altitude long endurance (MALE) unmanned air surveillance system. The common product would be called Telemos. Telemos is planned to have a maximum take-off weight of about 8 metric tonnes, and a wing-span of 24 metres. A jointly funded, competitive assessment phase was conducted in 2011, with a view to new equipment delivery between 2015 and 2020.

F-Heron TP. In 2011, the French MoD decided to enter into negotiations with Dassault Aviation with a view to supplying the French armed forces with a MALE UAV in 2014. This system is based on the Heron TP, originally commissioned by the Israeli government from Israel Aerospace Industries for its own purposes. It builds on the preliminary studies carried out with Israel Aerospace Industries for EUROMALE and for SDM.

Business Jets

Dassault Aviation offers a wide range of products at the top end of the business jet sector. The family of Falcon business jets currently includes the Falcon 7X, the 900 LX and the 2000 LX & S. In-service Falcons currently operate in over 65 countries worldwide, filling corporate, VIP and government transportation roles.

Aerostructures, Aircraft Conversion and Floor Panels

EADS Elbe Flugzeugwerke GmbH — EFW

EADS EFW (consolidated within Airbus) combines various aviation and technology activities under a single roof: development and manufacturing of flat fibre-reinforced composite components for structures and interiors, the conversion of passenger aircraft into freighter configuration, maintenance and repair of Airbus aircraft as well as engineering services in the context of certification and approval.

In the area of composite structures and interiors, EADS EFW develops, designs and manufactures flat sandwich components for structures and cabin interiors for the entire Airbus family. The product range includes floor and ceiling panels, cargo linings and bullet-proof cockpit doors. The passenger-to-freighter conversion business comprises a standard extensive modification, carried out by order of the civil aircraft owner. The freighter conversion market comprises cargo airlines, aerospace companies with small aircraft fleets as well as finance groups. To date, more than 170 freighter aircraft have been converted for 39 customers throughout the world.

Aerolia

Aerolia is a wholly owned subsidiary of the Company (consolidated within Airbus) which was formed from the spin-off of the former French Airbus sites in Méaulte and St-Nazaire Ville pursuant to the aerostructures reorganisation strategy initiated under Power8. Aerolia has approximately 3,400 employees who work on the design and manufacturing of around 6 million detail parts, panels, tubes and pipes and more than 655 sections of the Airbus nose fuselage.

The standalone company operates with three operational Directorates (Strategy & Commercial, Series, Development) and three support Directorates (Quality, Finances, Human Resources), which are geographically located on three sites: Méaulte (1,450 employees), St-Nazaire (810 employees) and Toulouse (360 employees). In 2009, a fourth site was launched in Tunisia (750 employees) and since 2011 Aerolia launched two sites in Quebec (100 employees). The design office, based in part in Toulouse, Tunisia and Quebec, combines the skills of approximately 250 engineers and employees.

The activities integrated in Aerolia will maintain and develop commercial and industrial relations mainly with Airbus, while continuing to develop relations with others such as Bombardier, Embraer, OGMA, Aerovodochody, Dassault, ATR, Latecoere, Sonaca, Sogerma, Stork Fokker, Piaggio, SAAB and SABCA.

Premium AEROTEC

Premium AEROTEC is a wholly owned subsidiary of the Company (consolidated within Airbus) which was formed from the spin-off of the former German Airbus sites in Nordenham and Varel and the former EADS site in Augsburg pursuant to the aerostructures reorganisation strategy initiated under Power8. Premium AEROTEC has its own development unit with its main facilities at its Augsburg site and offices in Bremen, Hamburg, Munich / Ottobrunn and Manching. The management headquarters for the operational units are in Varel, while the company itself is headquartered in Augsburg. Premium AEROTEC GmbH also has a plant for processing aircraft components in Ghimbav / Brasov County in Romania.

The core business of Premium AEROTEC is focused on structures and manufacturing systems for aircraft construction and related development activities. The aim of Premium AEROTEC over the coming years is to further expand its position as the leading tier 1 supplier of civil and military aircraft structures.

Premium AEROTEC is a partner in all major European aircraft development programmes, such as the commercial Airbus aircraft families, the A400M military transport aircraft programme and the Eurofighter Typhoon. It plays a significant role in the design of new concepts in such fields as carbon composite technologies.

1.1.8 Insurance

The Company's Corporate Insurance Risk Management ("**IRM**") is an integrated corporate finance function established to proactively and efficiently respond to risks that can be treated by insurance techniques. IRM, centralised at the Company's headquarters, is accordingly responsible for all corporate insurance activities and related protection for the Group and is empowered to deal directly with the insurance and re-insurance markets. A continuous task of IRM in 2013 was to further improve efficient and appropriate corporate and project-related insurance solutions.

IRM's mission includes the definition and implementation of the Company's strategy for insurance risk management to help ensure that harmonised insurance policies and standards are in place for all insurable risks worldwide for the Group. A systematic review, monitoring and reporting procedure applicable to all Divisions is in place to assess the exposure and protection systems applicable to all the Group's sites, aiming at the:

- continuous and consistent identification, evaluation and assessment of insurable risks;
- initiation and monitoring of appropriate mitigation and risk avoidance measures for identified and evaluated insurable risks; and
- efficient, professional management and transfer of these insurable risks to protect the Group adequately against the financial consequences of unexpected events.

The Company's insurance programmes cover high risk exposures related to the Group's assets and liabilities, as well as risk exposures related to employees.

Asset and liability insurance policies underwritten by IRM for the Group cover risks such as:

- property damage and business interruption;
- aviation third party liabilities including product liabilities;
- manufacturer's aviation hull insurance up to the value of each aircraft;
- space third party liabilities including product liabilities;
- commercial general liabilities including non-aviation and non-space product liabilities and risks related to environmental accidents; and
- Director and officer liability.

Claims related to property damage and business interruption are covered up to a limit of €2.5 billion per occurrence. Aviation liability coverage is provided up to a limit of $2.5 billion per occurrence, with an annual aggregate cap of $2.5 billion for product liability claims. Certain sub-limits are applicable for the insurance policies outlined above.

Group employee-related insurance policies cover risks such as:

- personal accidents;
- medical and assistance support during business trips and assignments;
- company automobiles; and
- personal and property exposure during business trips.

Amounts insured for such Group employee-related policies adequately cover the respective exposure.

The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. All insurance policies are required to satisfy the Company's mandatory standards of insurance protection.

However, to be more independent from the volatilities of the insurance markets, the Company uses the capabilities of a corporate-owned re-insurance captive as a strategic tool with respect to the property damage, business interruption programme and the aviation insurance programme. The captive is capitalised and protected according to European legal requirements so as to help ensure its ability to reimburse claims, without limiting the scope of coverage of the original insurance policies or additionally exposing the financial assets of the Company.

The insurance industry remains unpredictable in terms of its commitment to provide protection for large industrial entities. There may be future demands to increase insurance premiums, raise deductible amounts and limit the scope of coverage.

In addition, the number of insurers that have the capabilities and financial strength to underwrite large industrial risks is currently limited, and may shrink further in light of new solvency requirements. No assurance can be given that the Company will be able to maintain its current levels of coverage on similar financial terms in the future.

1.1.9 Legal and Arbitration Proceedings

The Company is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, the Company is not aware of any significant governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on the Company's or the Group's financial position or profitability.

Regarding the Company's provisions policy, the Company recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Group, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. Although the Company believes that adequate provisions have been made to cover current or contemplated general and specific litigation and regulatory risks, no assurance can be provided that such provisions will be sufficient. For the amount of provisions for litigation and claims, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions".

WTO

Although no Group company is a party, the Company is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

On 1 June 2011, the WTO adopted the Appellate Body's final report in the case brought by the US assessing funding to Airbus from European governments. On 1 December 2011, the EU informed the WTO that it had taken appropriate steps to bring its measures fully into conformity with its WTO obligations, and to comply with the WTO's recommendations and rulings. Because the US did not agree, the matter is now under WTO panel review pursuant to WTO rules.

On 23 March 2012, the WTO adopted the Appellate Body's final report in the case brought by the EU assessing funding to Boeing from the US. The EU has cited the failure by the US to implement the findings prior to the due date of 23 September 2012 in commencing a new proceeding on the adequacy of US compliance.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU. Unless a settlement, which is currently not under discussion, is reached between the parties, the litigation is expected to continue for several years.

Securities Litigation

Following the dismissal of charges brought by the French *Autorité des marchés financiers* for alleged breaches of market regulations and insider trading rules with respect primarily to the A380 delays announced in 2006, proceedings initiated in other jurisdictions have also been terminated. Nevertheless, following criminal complaints filed by several shareholders in 2006 (including civil claims for damages), a French investigating judge carried out an investigation based on the same facts. In November 2013 the investigating judge decided to send the case to trial (*renvoi devant le tribunal correctionnel*) against seven current and former executives that exercised their stock options in March 2006 as well as Daimler AG and Largardère SCA. All other parties will not stand trial.

GPT

Prompted by a whistleblower's allegations, the Company has conducted internal audits and commissioned an external investigation relating to GPT Special Project Management Ltd. ("**GPT**"), a subsidiary that the Company acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by the Company, relating to activities conducted by GPT in Saudi Arabia. Following the allegations, the Company conducted comprehensive internal audits in 2010 that did not detect any violations of law. The UK Serious Fraud Office (the "**SFO**") subsequently commenced a review of the matter. In 2011, the Company retained PricewaterhouseCoopers ("**PwC**") to conduct an independent review, the scope of which was agreed with the SFO. In the period under review and based on the work it undertook, nothing came to PwC's attention to suggest that improper payments were made by GPT. Further, the review did not find evidence to suggest that GPT or through GPT, any other Group company, asked specific third parties to make improper payments on their behalves. The PwC review was conducted between November 2011 and March 2012, and a copy of its report was provided by the Company to the SFO in March 2012. Separately, in August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. The Company is cooperating fully with this investigation.

Eurofighter Austria

In March 2012, the German public prosecutor, following a request for assistance by the Austrian public prosecutor, launched a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH and Eurofighter Jagdflugzeug GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. The Company is cooperating fully with this investigation, and has also engaged external legal counsel to conduct an independent review of the matter.

Commercial Disputes

In May 2013, the Company has been notified of a commercial dispute following the decision taken by the Company to cease a partnership for sales support activities in some local markets abroad. The Company believes it has solid grounds to legally object to the alleged breach of a commercial agreement. However, the consequences of this dispute and the potential outcome of any future procedures to be initiated by the parties cannot be assessed at this stage.

In the course of another commercial dispute, the Company has received in the third quarter 2013 a statement of claim alleging liability for refunding part of the purchase price of a large contract which the customer claims it was not obliged to pay. The Company believes that this claim which goes back many years ago should be dismissed in principle. As always, the outcome of a legal proceeding is uncertain.

1.1.10 Research and Technology, Intellectual Property

Research and Technology

Among the main common characteristics of the Company's diverse portfolio of products are their technological complexity and the global nature of markets they compete in. This necessitates a focus on the underlying drivers of technology change, as well as anticipating and monitoring possible developments in our related industries. It is crucial to ensure the long term availability of technical expertise and competencies for the Group, in order to maintain differentiation of our products and ensure market leadership in the long run. The prerequisite is to effectively identify and address – through internal and external networks, partnerships and ventures at global level – current, emerging and future technology trends that directly impact our business, and identify key areas for the Group's R&T. New technology trends are an opportunity to establish new concepts, enabling new products, new services and new business models. In alignment with the fundamentals of Strategy 2.0, we exploit incremental innovation potential within our products and programs, but also preparing next-generation breakthroughs, while focusing on profitability, value creation, and market position. A proper balance between incremental versus breakthrough innovation is critical.

The Company owns and masters a huge inventory of technologies. Such large overarching capabilities are present in very few companies only around the world and, if directed and focused, are giving the Group an incredible power. Putting together the knowledge and expertise of each Division and the Group, where appropriate, is the best use of scarce R&T resources and creates value.

The common Research and Technology facility of the Group is Innovation Works, an international network of 6 transnational labs composed of approximately 600 highly skilled engineers and scientists working on divisional and Group R&T priorities. They identify new technologies, developing them up to the "proof of concept" level. Innovation Works has access to world class technical capabilities and cooperates with external public and private institutions.

The Company has developed a global R&T footprint, to match long term strategic priorities. Research Centres in Russia, Singapore, India, in the US, but also in Canada, Malaysia and China are part of our global network. Rationale for getting global is based on increased access to new talent and knowledge, disruptive technologies and new markets. R&T Globalisation also improves flexibility and diversity that leads to greater robustness of our company's ability to innovate.

Performance and Best Practices

Main technology areas include: physical design rules, processes and manufacturing technologies; advanced materials; energy; connectivity; sustainable solutions that contribute to mobility, environmental protection, safety and security requirements. The Group's R&T effort remains significant, leveraged through an improved cooperation between Divisions.

Large parts of the R&T effort at Group level are now articulated around four "Common Roadmaps", addressing "Highly efficient Production", "New hybrid and electric concepts", "On-Board Energy" and "Autonomy". These common roadmaps are being elaborated by the Divisions under the leadership of the Corporate Technical Office. They aim at delivering faster the technologies supported by demonstrators, to accelerate their introduction in new products and programs. This approach avoids double work and enables sharing results and test assets, for specific applications into products or services by each Division. Supporting technologies like electronics and computing for example, are integral part of each Common Roadmap and are developed at a compatible pace.

Corporate Technical Office Organisation

The Chief Technical Officer's ("**CTO**") mission is to be the Research and Technology focal point for the entire Group. The CTO ensures that business strategy and technology strategy are closely linked. He is responsible for innovation best practices across the Company, and also manages information technology, Group quality operations and Intellectual property. The CTO is a Member of the Group Executive Committee (the "**Executive Committee**") and has responsibility for the entire Research and Technology budget and Research and Technology production within the Company. The CTO seeks to deliver shareholder value through a disciplined, leading-edge Research and Technology portfolio that enables the introduction of new technologies on future products with strong returns on investment. The CTO's mandate is also to pursue innovation that addresses broader public concerns concerning safety, security, environmental compatibility and energy efficiency.

The Company's Executive Technical Council, chaired by the CTO, is made up of the technical Directors of each Division. The Executive Technical Council is responsible for ensuring alignment with the Group's technology strategy and implementation through the Group Research and Technology roadmap. The Executive Technical Council ensures that a balance is maintained between the top-down strategic guidance and bottom-up activities.

Group innovation networks and their leaders in the CTO's team report to the Chief Operating Officer-Innovation to ensure that Research and Technology synergies are exploited throughout the Divisions and at Airbus Group Innovation – the Company's aerospace research arm. The Chief Operating Officer-Innovation is chairperson of the Research and Technology Council, which is made up of the Research and Technology Directors of the Divisions and Business Units, and the head of Airbus Group Innovation.

The CTO steers the group-wide harmonisation of transversal technical processes, methods, tools and skills development programmes, such as systems engineering, common tools for Product Lifecycle Management (PLM / Phenix) training and qualification. The CTO team also carries out technical assessments on behalf of the CEO and the Executive Committee.

The head of Airbus Group Innovation reports to the CTO. Airbus Group Innovation manages the corporate Research and Technology production that develops the Group's technical innovation potential from low Technology Readiness Level (TRL) one to three. Driven by the Company's Research and Technology strategy, Airbus Group Innovation seeks to identify new technologies and prepare them for eventual transfer to the Divisions so as to create long-term innovation value for the Group.

Airbus Group Innovation operates two principal sites near Munich and Paris and employs over 1,000 people – including doctorates and university interns. Research centres are maintained in Toulouse and Nantes (France) as well as Hamburg and Stade (Germany) to support knowledge transfer to the Business Units. A liaison office operates in Moscow, which coordinates relations with leading Russian scientific institutes. The Company operates Research and Technology centres in the UK, Spain, Singapore and India. It also operates two offices in the US and China.

Airbus Group Innovation and the Company's Research and Technology community in the Divisions maintain and continually grow partnerships with leading universities and high-tech engineering schools through employment of thesis students, post-graduate interns and doctorates, and through research contracts.

Protecting Innovation: Intellectual Property

Intellectual property – including patents, trademarks, copyrights and know-how – plays an important role in the production and protection of the Company's technologies and products. The use of Intellectual property rights enables the Company to remain competitive in the market and to manufacture and sell its products freely, and to prevent competitors from exploiting protected technologies. It is the Company's policy to establish, protect, maintain and defend its rights in all commercially significant countries and to use those rights in responsible ways. The value proposition of the Company's intellectual property is also leveraged through the Company's technology licensing initiative, as discussed below.

Organisation

The general management of intellectual property in the Company is conducted through an intellectual property Council led by the Company's Chief Intellectual Property Counsel. Those who are responsible for intellectual property at the Divisions sit on this council.

Each of the Divisions and Airbus Group Innovation own the intellectual property that is specific to their particular business. Where intellectual property is of common interest throughout the Group, the Division that generated the intellectual property may issue a licence allowing its use elsewhere (respecting the interests of the other shareholders when appropriate). The Company also owns intellectual property directly or under licence agreements with its Divisions. The Company centralises and coordinates the Group's intellectual property portfolio, participates with the Divisions in its management and promotes licensing of common intellectual property between the Divisions and outside the Group. The Company seeks to control the protection of its intellectual property developed in strategic countries.

Performance and Best Practices

To increase the added value of the Group, the Company's CTO team promotes sharing within the Group of all the knowledge of the Business Units and the sharing of resources, skills, research and budget to develop new knowledge, while respecting existing contractual and legal frameworks. For example, all of the contracts between Business Units of the Group concerning shared Research and Technology must have provisions allowing for the flow of knowledge (the Company's Research and Technology network rules).

In 2013, the Company's intellectual property portfolio comprised approximately 11,000 inventions (approximately 10,000 in 2012), which are covered by more than 36,000 patents throughout the world. 990 priority patent applications were filed in 2013, which gives an indication of the greater momentum in Research and Technology and product development. For international patent protection, the Company uses to a certain extent the Patent Cooperation Treaty, which provides a simplified system for international patent filing.

In 2009, the Company launched its technology licensing initiative, which provides access to a wide range of technologies to help companies outside the Group to develop new products, improve production methods and expand their market opportunities. The Company's technology licensing initiative seeks to generate revenues by exploiting the Company's large patent portfolio and related know-how.

1.1.11 Environmental Protection

Protection of the environment is a global priority that implies commitment and responsibility from citizens, governments and industry. The Company continuously pursues sustainability by setting the standards for an eco-efficient company, considering it to be a major strategic goal. Eco-efficiency aims at maximising the benefits of the Company's products and services for customers and other stakeholders while minimising the environmental impact of manufacturing and operating these products throughout their lifecycle. The implementation of further innovative and eco-efficient technologies and processes is a key factor in ensuring the Company's sustainability, increasing the attractiveness of its products and its overall competitiveness, creating growth, safeguarding employment and adding value for all stakeholders.

Organisation

While each Division, Business Unit and corporate function remains responsible for the implementation of the Company's environmental policy in pursuit of eco-efficiency, Corporate Environmental Affairs ensures the consistency of the various initiatives group-wide. This team is intended to leverage capabilities, avoid duplications of responsibilities, mitigate environmental risks, limit the capacity needed to provide an expanded service and strengthen the Company's responsiveness by:

- anticipating environmental issues, monitoring and sharing information on emerging trends globally and on legislative activity concerning environmental matters;
- supporting the lobbying and communication activities of the Divisions on environmental issues in their respective sectors and helping to coordinate a group-wide position when necessary;
- encouraging the sharing of best practices and fostering communications through the Company's Environmental Network; and
- complying with the Group's reporting obligations and ensuring a consistent standard of reporting by the Group's entities.

The Company strives to develop joint initiatives within the aerospace and defence industry in order to improve the overall environmental performance of the sector in the most effective, consistent and cost-efficient manner possible. The Company supported the creation of the International Aerospace Environmental Group (IAEG) in order to harmonise industry responses to existing and emerging environmental regulations, align aerospace environmental standards and work on common approaches and expectations for the supply chain.

The Company leads or participates in various European and international environmental working groups such as ICAO, ATAG, ICCAIA, ASD, CAEP and WEF, and in environmental working groups of national industry organisations such as GIFAS in France, TEDAE in Spain, BDLI in Germany and ADS in the UK.

Our Eco-Efficiency Approach

The eco-efficiency concept is about maximising economic value creation while minimising environmental impact. It was first defined by the World Business Council for Sustainable Development (WBCSD) as a "concept of creating more goods and services while using fewer resources and creating less waste and pollution". The Group has committed to moving towards an eco-efficient enterprise and has established internal roadmaps to support this effort through a series of concrete projects and actions. This entails regulatory compliance and continuous improvement in environmental management, and defines specific goals of eco-efficient operations, products and services to be achieved by 2020.

For the Company, achieving its targets involves two key elements:

- ***Integration of environmental considerations into decision-making.*** An eco-efficient approach is the reconciliation of environmental protection with business opportunities. It is therefore essential to fully integrate environmental considerations into decision-making, in particular with respect to future investments; and
- ***Performance operational goals (against 2006 baseline).*** Such goals include: 80% reduction of water discharge; 50% reduction of waste, water consumption, CO_2 and volatile organic compound (VOC) emissions; 30% reduction of energy consumption; 20% sourcing of energy from renewable sources in industrial operations; pursuit of the Advisory Council for Aeronautics Research in Europe (ACARE) research goals for aviation and the various defined goals for other products.

By adopting an eco-efficient approach, the Company intends to reduce recurring costs by improving resource efficiency, secure growth by driving innovation, expand its environmental products and services portfolio and strengthen its identity as an eco-efficient enterprise among its stakeholders. The Company also seeks to implement a common culture on environmental topics across divisions and countries through the development of employee awareness, encouraging employees to take action, inspiring them and making them proud to be part of a responsible company.

Products and Services

A lifecycle-oriented approach takes into account all stages of the life of a product or service, from the design of the product to the end of its lifetime. The Company's main target is to design or identify "true" environmentally performing solutions, which avoid pollution transfers from one stage of the lifecycle to the other.

Designing for the Environment

Taking into account environmental considerations is an essential requirement for the design of any new product. One major element of the Company's Research and Technology efforts is therefore to investigate, test, validate and optimise the most advanced technologies, design features, configurations and architectures.

This is intended to lead to aircraft that generate fewer emissions and less noise, while carrying a maximum payload over the mission range.

In addition to optimising propulsion systems and overall aerodynamic efficiency, the continuous and progressive introduction of advanced materials and new manufacturing processes also reduces the weight of an aircraft, and therefore its fuel consumption and corresponding CO_2 emissions.

For example, the A350 XWB has been designed to be eco-efficient from gate to gate, which means lower levels of noise and emissions and greater fuel efficiency at every stage of the journey. Advanced materials have been favoured throughout the design of the A350 XWB including fully recyclable titanium and advanced aluminium alloys. Each part of the aircraft has been optimised for increased eco-efficiency.

Operating in the Most Efficient Way

The most obvious way to cut CO_2 emissions is to reduce fuel consumption. This can be done through improvements in aircraft technologies as well as streamlining air traffic management. Further steps towards reducing CO_2 emissions can be achieved through the use of sustainable aviation fuels. The Company is pioneering the development of sustainable jet fuels, made from biomass feedstock that through their total lifecycle produce lower CO_2 emissions than conventional fossil fuels. The Company has been working with a broad range of partners – universities, farmers, airlines and refineries as well as standard-setting organisations – to develop "drop-in" sustainable fuels that can be used in current aircraft without modification. Airbus currently has six development partnerships in place in Romania, Spain, Qatar, Brazil, Australia, China, and is pursuing research projects in local sustainable solutions in Canada and Malaysia. It also supports airlines with their commercial operations using sustainable fuels and is co-leading a key project with the EU to prepare a feasibility study and roadmap to ensure two million tonnes of biofuel availability for aviation in the EU by 2020.

Through Airbus' involvement in flights and its technical support, 50/50 blend alternative fuels are now certified for commercial flights (Fischer-Tropsch and HEFA processes). Over 1,500 commercial flights have now been flown with sustainable fuels worldwide. Airbus' sustainable fuels strategy is based around being the catalyst in the search for sustainable solutions for the production of affordable sustainable fuels in sufficient commercial quantities to face the environmental challenges for aviation.

The Company is also dedicated to the development and support of modern air traffic management systems, with the overall objective being to allow sustainable growth of air transport. The Company is interacting with and helping to develop air traffic management programmes such as "Single European Sky ATM Research" (SESAR) in Europe, as well as NextGen in the US. The Group subsidiary "Airbus ProSky" is dedicated to the development and support of modern air traffic management systems.

The use of innovative technologies, sustainable fuels and optimised air traffic and flight procedures for modern aircraft can all lead to a significant drop in CO_2 emissions. This was demonstrated in June 2012 when Airbus and Air Canada performed a flight using an Airbus A319 that reduced CO_2 emissions by over 40% compared to a similar regular flight.

Anticipating the End of an Aircraft Lifecycle

As part of its lifecycle approach, Airbus is addressing ways to recycle commercial aircraft through its Tarmac Aerosave joint venture, which is the first company dedicated to dismantling end-of-life aircraft in an environmentally-friendly fashion. The joint venture was established by a consortium of Airbus and its partners and became operational in 2009. Located at Tarbes airport in southwestern France, Tarmac Aerosave applies experience from the Airbus-led LIFE-PAMELA (Process for Advanced Management of End-of-Life Aircraft) experimental project, which defined methods for the environmentally responsible disposal of retired jetliners – including recovery and potential reuse of equipment and material. According to the project, up to 90% of an aircraft's weight could be recycled, and more than 70% of its components and materials could be reused or recovered through regulated recovery channels. Research is also underway at Airbus to demonstrate the feasibility of carbon composite recycling for the future.

Environmental Management (ISO 14001 / EMAS)

ISO 14001 is an internationally recognised standard of environmental management system efficiency for businesses and organisations. The Company encourages not only the environmental certification of its operations but also the development of a full lifecycle orientation for its products and services, as this remains the most cost-efficient and practical way to effectively reduce environmental impacts. Certified environmental management systems have been progressively implemented across the Company's manufacturing sites, and approximately 90% of the Company's employees operate under an ISO 14001. The site and product lifecycle orientation of the environmental management system attempts to create economic value by reducing environmental costs and exposure at each stage of the product life, from design to operations up to end of life.

In 2013, Airbus successfully completed the ISO 14001 re-certification process for its sites and products. The same achievement was made by Eurocopter in Germany and in Spain. Eurocopter also has newly certified sites in Singapore, Canada and the US.

Monitoring of the various achievements against objectives is being performed through the collection of a set of indicators. The consistency and reliability of the reporting exercise is being ensured through corporate procedures and guidelines derived from Global Reporting Initiative ("**GRI**") requirements, combined with an advanced environmental management information system that is operational within the Company worldwide.

Reducing Industrial Environmental Impact

In order to meet stakeholders' increasing demands for environmental impact related information and further movement towards eco-efficient industrial activities, and in anticipation of more stringent reporting regulations, it is essential for the Company to communicate on its environmental impact, and on the reduction projects implemented through the Divisions to achieve the 2020 targets. The group-wide environmental reporting system was implemented six years ago, organised around clear guidelines derived from GRI as well as greenhouse gas protocol requirements. It provides a status of the Group's environmental performance and enables the monitoring of progress achieved. The reporting process and the environmental data of the Company are externally audited every year.

In 2013, numerous initiatives were launched at the Division and site level to reduce the Group's environmental footprint by 2020. An "Energy Award" competition has in particular been launched to highlight projects which strive to achieve the Group's objectives on reducing our energy consumption by 30% and our CO_2 emissions by 50%. The Energy Award Ceremony took place during the 2nd Energy Network Event in October 2013 in Toulouse, awarding the best project throughout the Group in five categories: low carbon energy generation, innovation, employees awareness, energy efficiency in Facility Management and energy efficiency in Manufacturing or IT:

- Airbus Toulouse and Astrium Les Mureaux were rewarded in the "low carbon energy generation" category, with the wood boilers implemented on each site. In Toulouse, a 12 MW wood boiler house has been built to cover 60% of Clement Ader district heating needs: the neutral CO_2 impact of PEFC wood chips burned allows 12,000 CO_2 tons saving per year.
- Airbus Toulouse was rewarded in the "innovation" category, with the Solar cooling system project, which consists of installing a solar heat pump to produce both chilled water and hot water to cool iron bird hydraulic motors and to pre-heat air intake in Spring and Autumn in a specific building on site.
- Eurocopter Marignane was rewarded in the category "Employees awareness": people and head of manufacturing units, or FAL, were made aware of wasting energy, especially on non-working days. Industrial means not used are switched off whenever possible to try to reduce at minimum the electrical consumption and reach the electrical base load consumption.
- Cassidian Ulm was rewarded in the category "Energy efficiency in Facility Management" for their ISO 50001 certification, highlighting their effort to systematically analyse energy consumption and implement energy consumption reduction measures. 60 measures were identified in Ulm, leading over the last two years to a reduction of 20% in energy consumption, ensuring a net saving of €700,000 per year.
- Astrium Toulouse and Eurocopter Marignane were rewarded in the category "Energy efficiency in Manufacturing and IT", for their work to improve the efficiency of their data centers.

In addition to numerous facility management improvements, the Company has sought to integrate eco-efficiency firmly within its industrial strategy. Workshops have been conducted to identify Group best practices and to benchmark other enterprises and sectors. Best in class eco-efficient industrial practices and processes will be listed to become standards and applicable references for the Group.

Hazardous Substances Management

The European REACH (Registration, Evaluation and Authorisation and Restriction of Chemicals) regulation (EU No. 2007 / 1906) came into force on 1 June 2007. REACH aims at improving the protection of human health and the environment through more stringent regulation of chemical use by industries. It replaces the pre-existing EU regulatory framework on chemicals and introduces a range of new obligations, which is intended to reduce the risks that the 30,000 most frequently used chemicals may cause. The regulation brings about the phased withdrawal from use of some of the substances that are considered to be of very high concern for human health and the environment.

An internal Company REACH audit has been conducted to assess progress of the Divisions in meeting their obligations under the REACH regulation, and intensive efforts were devoted to exchange best practices and to allow the qualification of the most efficient possible solutions. While proactively moving towards the elimination of restricted or phase out substances, the Company and its Divisions are committed to the highest achievable control of hazardous chemicals, in full compliance with the applicable regulatory framework.

1.1.12 Employees

As of 31 December 2013, the Group workforce amounted to 144,061 employees (compared to 140,405 employees in 2012 and 133,115 employees in 2011), 96.5% of which consisted of full time employees. Depending on country and hierarchy level, the average working time is between 35 and 40 hours per week.

In 2013, 8,823 employees worldwide joined the Group (compared to 11,080 in 2012 and 8,238 in 2011). At the same time, 4,160 employees left the Group (compared to 4,042 in 2012 and 3,666 in 2011).

In total, 92.5% of the Group's active workforce is located in Europe on more than 100 sites.

Workforce by Division and Geographic Area

The tables below provide a breakdown of Group employees by Division and geographic area, including the percentage of part-time employees. Employees of companies accounted for by the proportionate method (such as ATR, MBDA) are included in the tables on the same proportionate basis.

Employees by Division	31 December 2013	31 December 2012	31 December 2011
Airbus	78,862	73,500	69,300
Eurocopter	23,374	22,435	20,759
Astrium	17,255	17,038	16,623
Cassidian	21,229	21,573	20,923
Headquarters	2,951	2,904	2,665
Other Businesses	390	2,955	2,845
Group Total	**144,061**	**140,405**	**133,115**

Employees by geographic area	31 December 2013	31 December 2012	31 December 2011
France	54,510	52,147	48,394
Germany	50,080	49,442	47,051
Spain	11,217	11,021	10,701
UK	14,626	14,894	13,467
Italy	603	464	480
US	3,254	3,245	2,829
Other Countries	9,771	9,193	10,193
Group Total	**144,061**	**140,405**	**133,115**

% Part time employees	31 December 2013	31 December 2012	31 December 2011
France	4.0%	4.1%	4.1%
Germany	4.3%	4.0%	3.9%
Spain	0.7%	0.8%	0.9%
UK	2.1%	2.1%	2.2%
US	0.6%	0.5%	1.4%
Other Countries	2.2%	2.4%	2.8%
Group Total	**3.5%**	**3.4%**	**3.5%**

1.1.13 Incorporation by Reference

The English versions of the following documents shall be deemed to be incorporated in and form part of this Registration Document:

- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2011, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 12 April 2012 and filed in English with the Chamber of Commerce of The Hague;
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2012, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 3 April 2013 and filed in English with the Chamber of Commerce of The Hague;
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2013, together with the related notes, appendices and Auditors' reports.

Copies of the above-mentioned documents are available free of charge upon request in English, French, German and Spanish at the registered office of the Company and on **www.airbus-group.com** (Investor Relations > Publications > Annual Report and Registration Document).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on **www.afm.nl** (Professionals > Registers > Approved prospectuses). The above-mentioned financial statements are also available in English for inspection at the Chamber of Commerce of The Hague.

1.2 Recent Developments

On 21 January 2014, Airbus Group signed an agreement with Astronics Corporation to sell substantially all of the assets and liabilities of its EADS North America Test and Services ("EADS NA T&S") business located in Irvine, California. EADS NA T&S is a provider of highly engineered automatic test systems, subsystems and instruments for the semi-conductor, consumer electronics, commercial aerospace and defence industries. The closing of the transaction is yet subject to approval by the US antitrust authorities (Hart-Scott-Rodino Act). The sale was approved by the Group's appropriate body only in January 2014, shortly prior to the signing of the agreement and thus was deemed to be classified as a disposal group only subsequent to the closing date.

On 16 December 2013, the Company has entered into a Share Purchase Agreement with Raiffeisenverband Salzburg to acquire 100% shares in Salzburg München Bank AG, a fully-licensed bank based in Munich with approximately €350 million total assets serving small and medium enterprises and private clients. The acquisition of Salzburg München Bank aims to provide additional financing options for the Group's businesses and is subject to obtaining regulatory approvals, *i.e.* the Ownership Control Procedures with the German Financial Supervisory Authority ("BaFin") and approval from the German competition authority ("BKartA").

2

Management's Discussion and Analysis of Financial Condition and Results of Operations

2.1 Operating and Financial Review

The following discussion and analysis is derived from and should be read together with the audited Consolidated Financial Statements (IFRS) of the Group as of and for the years ended 31 December 2013, 2012 and 2011 incorporated by reference herein. These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board as endorsed by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code.

The following discussion and analysis also contains certain "non-GAAP financial measures", *i.e.*, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, the Group makes use of the non-GAAP measures "EBIT*", "net cash" and "free cash flow".

The Group uses these non-GAAP financial measures to assess its consolidated financial and operating performance and believes they are helpful in identifying trends in its performance. These measures enhance management's ability to make decisions with respect to resource allocation and whether the Group is meeting established financial goals.

Non-GAAP financial measures have certain limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under IFRS. Because of these limitations, they should not be considered substitutes for the relevant IFRS measures.

2.1.1 Overview

With consolidated revenues of €59.3 billion in 2013, the Group is Europe's premier aerospace and defence company and one of the largest aerospace and defence companies in the world. In terms of market share, the Group is among the top two manufacturers of commercial aircraft, civil helicopters, commercial space launch vehicles and missiles, and a leading supplier of military aircraft, satellites and defence electronics. In 2013, it generated 80% of its total revenues in the civil sector (compared to 79% in 2012) and 20% in the defence sector (compared to 21% in 2012). As of 31 December 2013, the Group's active headcount was 144,061 employees.

2.1.1.1 Exchange Rate Information

The financial information presented in this document is expressed in euros, US dollars or pounds sterling. The following table sets out, for the periods indicated, certain information concerning the exchange rate between the euro and the US dollar and pound sterling, calculated using the official European Central Bank fixing rate:

	Average		Year End	
Year ended	*€-US$*	*€-£*	*€-US$*	*€-£*
31 December 2011	1.3920	0.8679	1.2939	0.8353
31 December 2012	1.2848	0.8109	1.3194	0.8161
31 December 2013	1.3281	0.8493	1.3791	0.8337

2.1.1.2 Reportable Business Segments

In 2013, the Group organised its businesses into the following five reportable segments:

¬ **Airbus Commercial**: development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services. Additionally, the development, manufacturing, marketing and sale of regional turboprop aircraft - ATR group - and aircraft components - SOGERMA group - are reclassified from "Other Businesses" and are managed by Airbus Commercial from 1 January 2013 onwards.

¬ **Airbus Military**: development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services;

The reportable segments, Airbus Commercial and Airbus Military, form the Airbus Division. The effect of internal subcontracting between Airbus Commercial and Airbus Military is eliminated in the consolidated figures of the Airbus Division.

¬ **Eurocopter**: development, manufacturing, marketing and sale of civil and military helicopters and provision of helicopter-related services;

¬ **Astrium**: development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers and provision of space-related services; and

¬ **Cassidian**: development, manufacturing, marketing and sale of missile systems, military combat aircraft and training aircraft; provision of defence electronics and of global security market solutions such as integrated systems for global border security and secure communications solutions and logistics; training, testing, engineering and other related services.

"**Other Businesses**" comprises the Group's activities managed in the US following the reclassification of ATR group and SOGERMA group to Airbus Commercial.

2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2011, 2012 and 2013

A380 programme. In 2011, the Group continued to make progress on the learning curve, leading to further improvement of the gross margin per aircraft, though still significantly negative. Moreover, following the discovery of hairline cracks in the wing rib feet of certain in-service A380 aircraft, a provision of €105 million for estimated warranty and repair costs for delivered aircraft was recorded in 2011.

In 2012, a solution to the wing rib issue was developed, with retrofit repairs on-going on delivered aircraft and design modifications incorporated into a new production standard. An additional charge of €-251 million was recorded in 2012 for estimated warranty and repair costs for delivered aircraft. Based on an updated technical solution concept to fix permanently the retrofit of the A380 wing rib issue, an additional amount of €85 million was recognised for the repair costs on delivered aircraft in 2013. Furthermore, Airbus continued to improve gross margin per aircraft in the year.

A350 XWB programme. In 2011, the A350 XWB programme entered into the manufacturing phase. Manufacturing and pre-assembly of the A350 XWB-900 progressed across all pre-final assembly sites, with the first major airframe sections delivered to the A350 XWB final assembly line in Toulouse at the end of 2011. Following a programme review in the second half of 2011, the Group recorded an adjustment on the loss-making contract provision of €200 million to reflect the entry into service which was then targeted for the first half of 2014.

In 2012, a subsequent programme review indicated a three-month slippage for entry into service – to the second half of 2014 – in respect of which the Group recorded a charge of €-124 million.

In 2013, the A350 XWB programme made progress towards certification. On 14 June 2013, the first A350 XWB "MSN1" took to the skies on its first flight and the flight test campaign accumulated more than 1,000 flight test hours. The ultimate load test of the wing has now been completed and the programme remains on track to achieve entry-into-service by the end of 2014. Airbus is now in the most critical phase of the A350 XWB programme. A fourth quarter net charge of € 434 million reflects a re-assessment of actual and estimated unit cost. Improvement actions have been launched to converge on cost targets. The industrial ramp-up preparation is underway and associated risks will continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customers' commitments.

Any change to schedule and cost assumptions could lead to an increasingly higher impact on provisions.

A400M programme. On 5 November 2010, the Group, OCCAR and the launch nations concluded their negotiations on various aspects of a new programme approach for the A400M, with an amendment to the A400M programme contract subsequently finalised on 7 April 2011. Technical progress on the A400M programme resulted in the recognition of A400M-related revenues of € 0.8 billion in 2011, € 0.5 billion in 2012 and € 1.0 billion in 2013.

In 2013, the A400M programme achieved civil and military certification. The initial two A400Ms were delivered to the French Air Force while the third aircraft, for Turkey, was awaiting acceptance in the delivery centre at the end of 2013. By the end of 2013 the industrial ramp-up was well underway. Progressive enhancement of military capability will follow with upgrades to be agreed and concluded with customers.

Restructuring provision. In 2013, a € 292 million provision was booked relating to the restructuring of the Airbus Defence and Space Division and Headquarters.

2.1.1.4 Current Trends

Airbus is targeting approximately the same level of commercial aircraft deliveries in 2014 as in 2013, as well as a level of gross commercial aircraft orders that is above the level of deliveries.

Any major production or market disruption or economic downturn could lead to revision of these figures.

2.1.2 Critical Accounting Considerations, Policies and Estimates

2.1.2.1 Scope of and Changes in Consolidation

Acquisitions and disposals of interests in various businesses can account, in part, for differences in the Group's results of operations for one year as compared to another year. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 4: Acquisitions and disposals".

Acquisitions

On 17 May 2013, Cassidian Cybersecurity SAS, Elancourt (France) acquired a 83.9% controlling interest in Arkoon Network Security SA, Lyon (France) ("**Arkoon**"), for a total consideration of € 14 million. On 14 June 2013 Cassidian Cybersecurity SAS made a mandatory simplified public offering on the remaining shares of Arkoon in line with General Regulations of the French Financial Market Authority ("AMF"). The subsequent tender offer and squeeze-out procedure of remaining shareholders left Cassidian as the sole shareholder of Arkoon on 15 July 2013. The total consideration for the remaining 16.1% of Arkoon was € 2.7 million. From the date of acquisition, Arkoon contributed € 6 million to Group revenues in 2013.

On 20 November 2012, the Group acquired Eltra Holdings Pte Ltd., Singapore (Singapore), an aerospace group involved in various aerospace supply chain and MRO activities for a total consideration of € 28 million.

On 16 November 2012, Cassidian acquired 99.8% of Netasq, Villeneuve-d'Ascq (France), a leading expert and pioneer in the IT security market for a total consideration of € 27 million.

On 1 October 2012, Cassidian acquired 75.1% of the shares of Carl Zeiss Optronics GmbH, Oberkochen (Germany), with the intention to run the optics and optronics activities of Carl Zeiss Optronics GmbH together with Carl Zeiss AG for a total consideration of € 121 million. Carl Zeiss Optronics GmbH is a manufacturer of optronic, optic and precision-engineered products for military and civil applications.

On 1 July 2012, Cassidian acquired 51% of Rheinmetall Airborne Systems GmbH, Bremen (Germany), for a total consideration of € 85 million, to pursue Rheinmetall's activities related to unmanned aerial systems as well as cargo loading systems together with Rheinmetall within a new entity.

On 3 April 2012, Astrium acquired 66.8% of Space Engineering SpA, Rome (Italy), a specialist in digital telecommunications, RF and antenna equipment engineering for both space and ground based applications for a total consideration of € 10 million.

In the first half year 2012, Airbus Helicopters expanded the MRO engine business of its subsidiary Vector Aerospace Corp., Toronto (Canada), via several asset deals, primarily in the Asia-Pacific region, for a total consideration of € 43 million.

On 19 December 2011, Astrium Holding S.A.S. acquired 100% of MobSat Group Holding S.a.r.l., Munsbach, Luxemburg, being the ultimate parent company of Vizada group ("**Vizada**"), from a consortium of investors led by Apax France, a French private equity fund and the former majority shareholder. Vizada is a commercial satellite service provider offering mobile and fixed connectivity services from multiple satellite network operators. The total consideration paid by Astrium included €413 million for the acquisition of Vizada's equity instruments as well as €325 million due to a mandatory extinguishment of the former Vizada debt structure.

On 20 October 2011, Airbus Operations GmbH acquired 74.9% of the shares and voting rights of PFW Aerospace AG, Speyer, Germany, the ultimate parent company of PFW Aerospace Group, for a total consideration of €4 million primarily arising from impacts due to the separate recognition of settlements of pre-existing relationships.

On 19 October 2011, Airbus Americas, Inc. acquired 100% of the shares and voting rights of Metron Holdings, Inc., Dulles, Virginia (USA), the ultimate parent company of Metron Aviation, a provider of air traffic flow management solutions, from its management team and two institutional investors for a total consideration of €55 million.

On 5 October 2011, Airbus S.A.S. obtained control of Satair A / S, Copenhagen, Denmark ("**Satair**"), an independent distributor of aircraft part and services, following a public voluntary conditional tender offer of DKr 580 / share for all of the outstanding shares of Satair, including an offer of DKr 378.66 / warrant for each warrant holder. As a result of the public voluntary offer the Group acquired 98.5% of Satair's shares during October and November 2011, while the remaining 1.5% of Satair's shares were acquired via linked squeeze out procedures finalised on 6 February 2012. The total consideration of €351 million for this acquisition includes €346 million paid in cash for 98.5% of Satair's shares and 100% of warrants during October and November 2011 as well as an amount of €5 million paid to the remaining shareholders (1.5% of Satair's shares) within linked squeeze-out procedures.

On 30 June 2011, Eurocopter Holding S.A.S. acquired 98.3% of Vector Aerospace Corporation, Toronto (Canada) ("**Vector**"), following a CAD 13.00 / share cash offer for all of the outstanding common shares of Vector, including all shares that could be issued on the exercise of options granted under Vector's share option plan. The remaining 1.7% shares of Vector were acquired via linked squeeze out procedures finalised on 4 August 2011. The total consideration for this independent global provider of original equipment manufacturer (OEM) approved maintenance, repair and overhaul (MRO) aviation services includes the amount paid in cash for the acquisition of 98.3% of Vector's shares (€452 million) at the end of June 2011 as well as the amount of €8 million paid to the remaining shareholders as part of the related squeeze out procedures.

On 9 June 2011, Cassidian increased via EADS Deutschland GmbH, Ottobrunn, Germany, its 45.0% shareholding in Grintek Ewation (Pty) Ltd., Pretoria, South Africa, a system engineering company, by acquiring a 42.4% stake formerly held by Saab South Africa Ltd., Centurion, South Africa, for €21 million within a step-acquisition.

On 7 June 2011, the Company purchased the remaining 25% of DADC Luft- und Raumfahrt Beteiligungs AG, Munich (Germany), from Daimler Luft- and Raumfahrt Holding AG, Ottobrunn, for a total consideration of €110 million.

On 10 May 2011, the GEO Information Division of Astrium Services (formerly Spot Image and Infoterra) expanded its investment in i-cubed LLC, Fort Collins, Colorado (USA), a provider of imagery and geospatial data management technologies and services, from 25.6% to 77.7% by a step-acquisition of the additional 52.1% for €6 million via its US subsidiary SPOT Image Corporation, Chantilly, Virginia (USA).

On 28 February 2011, Astrium Services GmbH obtained control of ND SatCom GmbH, Immenstaad (Germany), a supplier of satellite and ground systems equipment and solutions, by acquiring 75.1% of the shares and voting interests in the company for a total consideration of €5 million from SES ASTRA.

On 11 January 2011, Cassidian and Atlas Elektronik GmbH, Bremen, Germany ("**Atlas Elektronik**"), a joint venture of ThyssenKrupp AG and Cassidian, completed the merger of their maritime safety and security activities formerly carried out via their separate subsidiaries Sofrelog and Atlas Maritime Security. The new company named SIGNALIS was set up as a medium-sized corporation which will be co-owned by Cassidian (60%) and Atlas Elektronik (40%).

Transactions Not Yet Closed

On 16 December 2013, the Company entered into a Share Purchase Agreement with Raiffeisenverband Salzburg to acquire 100% shares in Salzburg München Bank AG, a fully-licensed bank based in Munich with approximately €350 million total assets serving small and medium enterprises and private clients. The acquisition of Salzburg München Bank aims to provide additional financing options for the Group's businesses and is subject to obtaining regulatory approvals, *i.e.* the ownership control procedures with the German Financial Supervisory Authority ("BaFin") and approval from the German antitrust authority ("BKartA").

Disposals

On 31 January 2013, ST Aerospace Ltd., Singapore (Singapore) acquired a 35% non-controlling interest in Elbe Flugzeugwerke, Dresden (Germany) (EFW) by increase in capital of €2.5 million in EFW. The Group, as the former sole shareholder, retains 65% of the shares of EFW.

On 13 May 2011, EADS North America, Inc. sold its subsidiary EADS North America Defense Security and Systems Solutions, Inc., San Antonio, Texas (USA), to Camber Corporation, Huntsville, Alabama (USA), for a total consideration of €18 million.

Transactions with Non-Controlling Shareholders

On 31 May 2013, Astrium Services GmbH, Ottobrunn (Germany) acquired remaining non-controlling interest of 24.9% in ND Satcom GmbH, Immenstaad (Germany) from SES S.A., Betzdorf (Luxemburg). The amount of the total consideration was € 1.

On 28 May 2012, Cassidian reduced its shareholding of 87.4% in Grintek Ewation (Pty) Ltd., Pretoria, South Africa, to 75% to comply with local black economic empowerment (BEE) requirements for € 7 million.

2.1.2.2 UK Pension Commitments

In the UK, the different pension plans in which the Group participates are currently underfunded. Accordingly, the Group has recorded a provision of € 0.9 billion as of 31 December 2013 (compared to € 1.0 billion as of 31 December 2012 and € 0.9 billion as of 31 December 2011) for its current share of the net pension underfunding in these plans. A related amount of actuarial gains and losses (cumulative) of € -1.0 billion has been recorded in total equity (net of deferred taxes) as of 31 December 2013 (compared to € -1.1 billion as of 31 December 2012 and € -1.0 billion as of 31 December 2011) in accordance with revised IAS 19.

For further information related to the Group's participation in pension plans in the UK, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 25b: Provisions for retirement plans".

2.1.2.3 Fair Value Adjustments

The merger of the operations of Aerospatiale Matra, Daimler Aerospace AG and Construcciones Aeronáuticas S.A., leading to the creation of the Group in 2000, was recorded using the purchase method of accounting with Aerospatiale Matra as the acquirer. Accordingly, the book value of certain assets and liabilities, mainly property, plant and equipment and inventories, was adjusted by an aggregate amount of € 1.8 billion, net of income taxes, to allocate a portion of the respective fair market values of Daimler Aerospace AG and Construcciones Aeronáuticas S.A. at the time of the merger (the "fair value adjustments"). These aggregate additions in value are generally being depreciated over four to 25 years for fixed assets and were amortised over approximately 24 months for inventories. In addition, in 2001 in connection with the formation of Airbus S.A.S., the Group adjusted the book value of Airbus fixed assets and inventories by an aggregate amount of € 0.3 billion, net of income taxes, to reflect their fair market values. The fair value adjustments lead to a depreciation expense that is recorded in cost of sales in the consolidated income statement. For management reporting purposes, the Group treats these depreciation charges as non-recurring items in EBIT pre-goodwill impairment and exceptionals. See "— 2.1.3.2 Use of EBIT*".

2.1.2.4 Impairment / Write-down of Assets

When a triggering event such as an adverse material market event or a significant change in forecasts or assumptions occurs, the Group performs an impairment test on the assets, group of assets, subsidiaries, joint ventures or associates likely to be affected. In addition, the Group tests goodwill for impairment in the fourth quarter of each financial year, whether or not there is any indication of impairment. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount.

Generally, the discounted cash flow method is used to determine the value in use of the assets. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by the Group's management. Consequently, slight changes to these elements can materially affect the resulting asset valuation and therefore the amount of the potential impairment charge.

The discount rates used by the Group are derived from the weighted average cost of capital of the businesses concerned. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Impairment of non-financial assets" and "— Note 14: Intangible assets".

An impairment of goodwill has an effect on profitability, as it is recorded in the line item "Other expenses" on the Group's consolidated income statement. No goodwill was impaired in 2010. In 2011, 2012 and 2013, the annual goodwill impairment tests within Other Businesses resulted in impairment charges of € 20 million, € 17 million and € 15 million, respectively.

2.1.2.5 Capitalised Development Costs

Pursuant to the application of IAS 38 "Intangible Assets", the Group assesses whether product-related development costs qualify for capitalisation as internally generated intangible assets. Criteria for capitalisation are strictly applied. All research and development costs not meeting the IAS 38 criteria are expensed as incurred in the consolidated income statement. € 97 million of product-related development costs were capitalised in accordance with IAS 38 in 2011, € 488 million in 2012 and € 421 million in 2013. The figures for 2012 and 2013 related mostly to A350 XWB programme development costs (€ 366 million in 2012 and € 354 million in 2013).

Capitalised development costs are generally amortised over the estimated number of units produced. If the number of units produced cannot be estimated reliably, capitalised development costs are amortised over the estimated useful life of the internally generated intangible asset. Amortisation of capitalised development costs (and impairments, if any) is mainly recognised within "Cost of sales". Amortisation of capitalised development costs amounted to € 116 million in 2011, € 171 million in 2012 and € 111 million in 2013, the latter relating among others to the A380 programme and FSTA programme.

Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use and subsequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Research and development expenses".

2.1.2.6 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements

More than 60% of the Group's revenues are denominated in US dollars, whereas a major portion of its costs is incurred in euros and, to a smaller extent, in pounds sterling. The Group uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on its profits. See "— 2.1.7.1 Foreign Exchange Rates" and "Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure".

Cash flow hedges. The Group generally applies cash flow hedge accounting to foreign currency derivative contracts that hedge the foreign currency risk on future sales as well as to certain interest rate swaps that hedge the variability of cash flows attributable to recognised assets and liabilities. Changes in fair value of the hedging instruments related to the effective part of the hedge are reported in accumulated other comprehensive income ("**AOCI**") – a separate component of total consolidated equity, net of applicable income taxes – and recognised in the consolidated income statement in conjunction with the result of the underlying hedged transaction, when realised. See "— 2.1.5 Changes in Consolidated Total Equity (including Non-controlling Interests)". The ineffective portion is immediately recorded in "Profit for the period". Amounts accumulated in equity are recognised in profit or loss in the periods when the hedged transaction affects the income statement, such as when the forecast sale occurs or when the finance income or finance expense is recognised in the income statement. If hedged transactions are cancelled, gains and losses on the hedging instrument that were previously recorded in equity are generally recognised in "Profit for the period". If the hedging instrument expires or is sold, terminated or exercised, or if its designation as hedging instrument is revoked, amounts previously recognised in equity remain in equity until the forecasted transaction or firm commitment occurs. Apart from derivative financial instruments, the Group also uses financial liabilities denominated in a foreign currency to hedge foreign currency risk inherent in forecast transactions. See "— 2.1.7.1 Foreign Exchange Rates".

Revenues in currencies other than the euro that are not hedged through financial instruments are translated into euro at the spot exchange rate at the date the underlying transaction occurs.

"Natural" hedges. The Group uses certain foreign currency derivatives to mitigate its foreign currency exposure arising from changes in the fair value of recognised assets and liabilities. To reflect the largely natural offset those derivatives provide to the remeasurement gains or losses of specific foreign currency balance sheet items, the Group presents the gains or losses of those foreign exchange rate derivatives as well as the fair value changes of the relating recognised assets and liabilities in EBIT* (rather than presenting the gains or losses of those foreign exchange rate derivatives in "other financial result" but the fair value changes of the relating recognised assets and liabilities in EBIT*) insofar as certain formal requirements are met, with no impact on net income. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Derivative financial instruments" and "— Note 12: Total finance costs — Other financial result".

2.1.2.7 Foreign Currency Translation

The Group's Consolidated Financial Statements are presented in euros. The assets and liabilities of foreign entities whose reporting currency is other than euro are translated using period-end exchange rates, while the corresponding income statements are translated using average exchange rates during the period. All resulting translation differences are included as a component of AOCI.

Transactions in foreign currencies are translated into euro at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at period-end are translated into euro using the period-end exchange rate. Foreign exchange gains and losses arising from translation of monetary assets are recorded in the consolidated income statement, except when deferred in equity as qualifying hedging instruments in cash flow hedges.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into euro at the exchange rate in effect on the date of the transaction. Translation differences on non-monetary financial assets and liabilities that are measured at fair value are reported as part of the fair value gain or loss. In addition, translation differences of non-monetary financial assets measured at fair value and classified as available for sale are included in AOCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity that was acquired after 31 December 2004 are treated as assets and liabilities of the acquired company and are translated into euro at the period-end exchange rate. Regarding transactions prior to that date, goodwill, assets and liabilities acquired are treated as those of the acquirer.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Foreign currency translation".

Currency Translation Mismatch

Customer advances (and the corresponding revenues recorded when sales recognition occurs) are translated at the exchange rate prevailing on the date they are received. US dollar-denominated costs are converted at the exchange rate prevailing on the date they are incurred. To the extent that US dollar-denominated customer advances differ, in terms of timing of receipt or amount, from corresponding US dollar-denominated costs, there is a foreign currency exchange impact (mismatch) on EBIT*. Additionally, the magnitude of any such difference, and the corresponding impact on EBIT*, is sensitive to variations in the number of deliveries.

2.1.2.8 Accounting for Sales Financing Transactions in the Financial Statements

In order to support product sales, primarily at Airbus, the Group may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties. Certain sales contracts may include the provision of an asset value guarantee, whereby the Group guarantees a portion of the market value of an aircraft or helicopter during a limited period, starting at a specific date after its delivery (in most cases, 12 years post-delivery). See "— 2.1.6.4 Sales Financing" and "Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies". The accounting treatment of sales financing transactions varies based on the nature of the financing transaction and the resulting exposure.

On balance sheet. When, pursuant to a financing transaction, the risks and rewards of ownership of the financed aircraft reside with the customer, the transaction is characterised as either a loan or a finance lease. In such instances, revenues from the sale of the aircraft are recorded upon delivery, while financial interest is recorded over time as financial income. The outstanding balance of principal is recorded on the statement of financial position (on balance sheet) in long-term financial assets, net of any accumulated impairments. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 17: Investments in associates accounted for under the equity method, other investments and other long-term financial assets".

By contrast, when the risks and rewards of ownership remain with the Group, the transaction is characterised as an operating lease. The Group's general policy is to avoid, whenever possible, operating leases for new aircraft to be delivered to customers. Rather than recording 100% of the revenues from the "sale" of the aircraft at the time of delivery, rental income from such operating leases is recorded in revenues over the term of the respective leases. The leased aircraft are recorded at production cost on the statement of financial position (on balance sheet) as property, plant and equipment, and the corresponding depreciation and potential impairment charges are recorded in cost of sales. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 15: Property, plant and equipment".

If the present value of an asset value guarantee exceeds 10% of the sales price of the aircraft, the sale of the underlying aircraft is accounted for as an operating lease in the Consolidated Financial Statements. In this case, upon aircraft delivery, the cash payment received from the customer is recognised on the consolidated statement of financial position as deferred income and amortised straight-line up to the amount, and up to the last exercise date, of the asset value guarantee. The production cost of the aircraft is recorded on the statement of financial position as property, plant and equipment. Depreciation expenses are recorded in cost of sales in the consolidated income statement. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 15: Property, plant and equipment" and "— Note 30: Deferred income".

Off balance sheet — contingent commitments. Certain sales financing commitments, such as lease in / lease out structures and asset value guarantees the present value of which is below the 10% threshold, are not recorded on the statement of financial position (on balance sheet).

As a result, transactions relating to such asset value guarantees are accounted for as sales, with the related exposure deemed to be a contingent commitment. To reduce exposure under asset value guarantees and to minimise the likelihood of their occurrence, the Group extends them with prudent guaranteed asset values and restrictive exercise conditions, including limited exercise window periods.

Under lease in / lease out structures, which Airbus and ATR applied in the past to allow investors to take advantage of certain jurisdictions' leasing-related tax benefits, the risks and rewards of ownership of the aircraft are typically borne by a third party, usually referred to as the head lessor. The head lessor leases (directly or indirectly) the aircraft to Airbus or ATR, which in turn sub-leases it to the customer. To the extent possible, the terms of the head lease and sub-lease match payment streams and other financial conditions. Such commitments by Airbus or ATR are reported as off-balance sheet contingent liabilities. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies".

Provisions and allowances. Under its provisioning policy for sales financing risk, the Group records provisions to fully cover its estimated financing and asset value net exposure. Provisions pertaining to sales financing exposure, whether on-balance sheet or off-balance sheet, are recorded as impairments of the related assets or in provisions. Provisions recorded as liabilities relate primarily to off-balance sheet commitments. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions". Provisions are recorded as impairments of the related assets when they can be directly related to the corresponding asset. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 15: Property, plant and equipment" and "— Note 17: Investments in associates accounted for under the equity method, other investments and other long-term financial assets". While management views its estimates of valuations of collateral as conservative, changes in provisions reflecting revised estimates may have a material impact on net income in future periods.

2.1.2.9 Provisions for Loss-Making Contracts

The Group records provisions for loss-making contracts when it becomes probable that total contract costs will exceed total contract revenues. Due to the size, length of time and nature of many of the Group's contracts, the estimation of total revenues and costs at completion is complicated and subject to many assumptions, judgements and estimates. The introduction of new aircraft programmes or major derivative aircraft programmes adds an additional element of complexity to the assumptions, judgements and estimates related to expected development, production and certification schedules and anticipated cost components, including possible customer penalties and supplier claims. The Group's contracts may also include customer options to cancel or extend the contract under certain circumstances, requiring a judgment as to the probability that these options will be exercised.

Loss-making contract provisions are therefore reviewed and reassessed regularly. However, future changes in the assumptions used by the Group or a change in the underlying circumstances, such as the fluctuation of certain foreign exchange rates, may lead to a revaluation of past loss-making contract provisions and have a corresponding positive or negative effect on the Group's future financial performance.

2.1.3 Performance Measures

2.1.3.1 Order Backlog

Year-end order backlog consists of contracts signed up to that date. Only firm orders are included in calculating order backlog – for commercial aircraft, a firm order is defined as one for which the Group receives a non-refundable down payment on a definitive contract. Defence-related orders are included in the backlog upon signature of the related procurement contract (and the receipt, in most cases, of an advance payment). Commitments under defence "umbrella" or "framework" agreements by governmental customers are not included in backlog until they are officially notified to the Group.

For commercial aircraft contracts, amounts of order backlog reflected in the table below are derived from catalogue prices, escalated to the expected delivery date and, to the extent applicable, converted into euro (at the corresponding hedge rate for the hedged portion of expected cash flows, and at the period-end spot rate for the non-hedged portion of expected cash flows). The amount of defence-related order backlog is equal to the contract values of the corresponding programmes.

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2013, 2012 AND 2011(1)

	Year ended 31 December 2013		Year ended 31 December 2012		Year ended 31 December 2011	
	Amount in €bn	*In percentage(3)*	*Amount in €bn*	*In percentage(3)*	*Amount in €bn*	*In percentage(3)*
Airbus(4)(5)	647.4	94%	525.5(2)	93%	495.5	92%
Airbus Commercial	*627.1*	*91%*	*505.3(2)*	*89%*	*475.5*	*88%*
Airbus Military	*20.8*	*3%*	*21.1*	*4%*	*21.3*	*4%*
Eurocopter	12.4	2%	13.0	2%	13.8	2%
Astrium	13.1	2%	12.7	2%	14.7	3%
Cassidian	14.3	2%	15.6	3%	15.5	3%
Total Divisional backlog	**687.2**	**100%**	**566.8**	**100%**	**539.5**	**100%**
Other Businesses	0.3		0.5(2)		3.0	
HQ / Consolidation	(0.8)		(0.8)(2)		(1.5)	
Total	**686.7**		**566.5**		**541.0**	

(1) Without options.
(2) 2012 figures are adjusted due to the inclusion of ATR group and SOGERMA group in Airbus Commercial (formerly in Other Businesses).
(3) Before "Other Businesses" and "HQ / Consolidation".
(4) Based on catalogue prices for commercial aircraft activities.
(5) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level. See "— 2.1.1 Overview".

2013 compared to 2012. The € 120.2 billion increase in the order backlog from 2012, to € 686.7 billion, primarily reflects the Group's strong order intake in 2013 (€ 218.7 billion), which significantly exceeded the revenues accounted for in the same year (€ 59.3 billion), although the weaker US dollar spot rate used for conversion of the non-hedged portion of the backlog into euro at year end (€-US$ 1.38 as compared to €-US$ 1.32 at the end of 2012) had a negative impact on order backlog of approximately € -25 billion.

Airbus' backlog increased by € 121.9 billion from 2012, to € 647.4 billion, reflecting a strong increase at Airbus Commercial. Airbus Commercial's backlog increased by € 121.8 billion from 2012, to € 627.1 billion, primarily reflecting a book-to-bill ratio of more than two (calculated using units of 1,503 new net orders). Order intake consisted of 1,503 net orders in 2013 excluding ATR (as compared to 833 in 2012), driven mainly by the A320 family, which received 1,162 net firm orders (876 A320neo and 286 A320ceo). Total order backlog at Airbus Commercial amounted to

5,559 aircraft at the end of 2013 (as compared to 4,682 aircraft at the end of 2012). Airbus Military's backlog decreased by € -0.3 billion from 2012, to € 20.8 billion, reflecting a book-to-bill ratio of less than one with new net orders of € 2.6 billion. Order intake at Airbus Military consisted of 17 net orders in 2013 (as compared to 32 in 2012). Total order backlog at Airbus Military amounted to 206 aircraft at the end of 2013 (as compared to 220 aircraft at the end of 2012).

Eurocopter's backlog decreased by € -0.6 billion from 2012, to € 12.4 billion, reflecting a book-to-bill ratio of slightly less than one with new net orders of € 5.8 billion. Order intake consisted of 422 net orders in 2013 (as compared to 469 in 2012), driven mainly by orders for civil helicopters. Total order backlog amounted to 995 helicopters at the end of 2013 (as compared to 1,070 helicopters at the end of 2012).

Astrium's backlog increased by € 0.4 billion from 2012, to € 13.1 billion, reflecting a book-to-bill ratio of more than one with net orders of € 6.2 billion, driven mainly by launchers, defence and export contracts for satellites as well as earth observation contracts.

Cassidian's backlog decreased by € -1.3 billion from 2012, to € 14.3 billion, reflecting a book-to-bill ratio of less than one with net orders of € 5.0 billion. Order intake included significant export contracts for the Eurofighter and missiles as well as key orders for sensors.

2012 compared to 2011. The € 25.5 billion increase in the order backlog from 2011, to € 566.5 billion, primarily reflects the Group's strong order intake in 2012 (€ 102.5 billion), in particular at Airbus. This increase was partially offset by the weaker US dollar spot rate used for conversion of the non-hedged portion of the backlog into euro at year end (€-US$ 1.32 as compared to €-US$ 1.29 at the end of 2011), which had a negative impact on order backlog of approximately € -9 billion.

Airbus' backlog increased by € 27.9 billion from 2011, to € 523.4 billion, reflecting the backlog increase at Airbus Commercial. Airbus Commercial's backlog increased by € 27.7 billion from 2011, to € 503.2 billion, reflecting a book-to-bill ratio of more than two with new orders of € 87.3 billion, partially offset by the negative net foreign currency adjustment to the non-hedged portion of the order backlog. Order intake consisted of 833 net orders in 2012 excluding ATR (as compared to 1,419 in 2011), broken down as follows: 739 A320 family aircraft, 85 A330 / A350 XWBs and nine A380s. Total order backlog at Airbus Commercial amounted to 4,682 aircraft at the end of 2012 (as compared to 4,437 aircraft at the end of 2011). Airbus Military's backlog decreased by € -0.2 billion from 2011, to € 21.1 billion, reflecting a book-to-bill ratio of slightly less than one with new orders of € 1.9 billion. Order intake at Airbus Military consisted of 32 net orders in 2012 (as compared to five in 2011). Total order backlog at Airbus Military amounted to 220 aircraft at the end of 2012 (as compared to 217 aircraft at the end of 2011).

Eurocopter's backlog decreased by € -0.8 billion from 2011, to € 13.0 billion, reflecting a book-to-bill ratio of less than one with new orders of € 5.4 billion. Order intake consisted of 469 net orders in 2012 (as compared to 457 in 2011), reflecting orders for civil helicopters, in particular for the Ecureuil, EC135 and EC145 families. Total order backlog amounted to 1,070 helicopters at the end of 2012 (as compared to 1,076 helicopters at the end of 2011).

Astrium's backlog decreased by € -2.0 billion from 2011, to € 12.7 billion, reflecting a book-to-bill ratio of less than one with new orders of € 3.8 billion. Order intake was driven mainly by services activity including Vizada.

Cassidian's backlog increased slightly by € 0.1 billion from 2011, to € 15.6 billion, with new orders of € 5.0 billion despite the challenging market environment. Order intake was driven mainly by the Eurofighter and missile export business.

The table below illustrates the proportion of civil and defence backlog at the end of each of the past three years.

	Year ended 31 December 2013		Year ended 31 December 2012		Year ended 31 December 2011	
	Amount in €bn[(1)]	*In percentage*	*Amount in €bn[(1)]*	*In percentage*	*Amount in €bn[(1)]*	*In percentage*
Backlog:						
Civil Sector	639.5	93%	516.9	91%	488.2	90%
Defence Sector	47.2	7%	49.6	9%	52.8	10%
Total	**686.7**	**100%**	**566.5**	**100%**	**541.0**	**100%**

(1) Including "Other Businesses" and "HQ / Consolidation".

2.1.3.2 Use of EBIT*

The Group uses EBIT pre-goodwill impairment and exceptionals (EBIT*) as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges thereon. It also comprises disposal and impairment impacts related to goodwill in the Group.

Set forth below is a table reconciling the Group's profit before finance costs and income taxes (as reflected in the Group's consolidated income statement) with the Group's EBIT*.

(in €m)	Year ended 31 December 2013	Year ended 31 December 2012(1)	Year ended 31 December 2011
Profit before finance costs and income taxes	2,607	2,089	1,541
Disposal and impairment of goodwill	15	17	42
Exceptional depreciation / disposal	39	38	41
EBIT*(1)	**2,661**	**2,144**	**1,624**

(1) Previous years' figures are adjusted due to revised IAS 19.

2.1.3.3 EBIT* Performance by Division

Set forth below is a breakdown of the Group's consolidated EBIT* by Division for the past three years.

(in €m)	Year ended 31 December 2013	Year ended 31 December 2012	Year ended 31 December 2011
Airbus(1)	1,710	1,252(2)(3)	584
Airbus Commercial	*1,595*	*1,147(2)(3)*	*543*
Airbus Military	*166*	*93*	*49*
Eurocopter	397	309(2)	259
Astrium	347	311(2)	267
Cassidian	432	128(2)	331
Total Divisional EBIT*	**2,886**	**2,000**	**1,441**
Other Businesses	(7)	2(3)	59
HQ / Consolidation(4)	(218)	142	124(2)
Total	**2,661**	**2,144(2)**	**1,624**

(1) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level. See "— 2.1.1 Overview".
(2) 2012 EBIT* figures are adjusted per segment due to revised IAS 19. In 2011 the total IAS 19 adjustment is reflected in HQ / Consolidation.
(3) Previous year's figures are adjusted due to the inclusion of ATR group and SOGERMA group into Airbus Commercial (formerly in Other Businesses).
(4) HQ / Consolidation includes results from headquarters, which mainly consist of the "share of profit from associates accounted for under the equity method" from Group's investment in Dassault Aviation.

2013 compared to 2012. The Group's consolidated EBIT* increased by 24.1%, from €2.1 billion for 2012 to €2.7 billion for 2013, primarily reflecting the increased EBIT* at the four divisions in 2013.

Airbus' EBIT* increased by 36.6%, from €1.3 billion for 2012 to €1.7 billion for 2013, due primarily to an increase at Airbus Commercial. Airbus Commercial's EBIT* increased by 39.1%, from €1.1 billion for 2012 to €1.6 billion for 2013, mainly due to continued operational improvements including higher aircraft deliveries (626 deliveries in 2013 excluding ATR deliveries), as compared to 588 deliveries in 2012 with margin recognition for 585 (excluding ATR deliveries), an improvement in the price of delivered aircraft net of escalation and lower A380 losses as well as lower expenses for A380 wing rib provisioning. See "— 2.1.4.1 Consolidated Revenues". Partially offsetting this EBIT* increase was higher A350 XWB programme support costs, a net charge of €434 million on the A350 XWB programme (See "— 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2011, 2012 and 2013") and negative currency effects.

Airbus Military's EBIT* increased by 78.5% from €93 million for 2012 to €166 million for 2013, primarily due to volume and margin improvements from technically maturing programmes, particularly for tankers.

Eurocopter's EBIT* increased by 28.5%, from €309 million for 2012 to €397 million for 2013. 2012 EBIT* included a net charge of €-100 million for renegotiations of certain governmental contracts.

Astrium's EBIT* increased by 11.6%, from €311 million for 2012 to €347 million for 2013. The EBIT* improvement was driven by volume and productivity in the launchers, defence and satellites businesses as well as margin improvement from the early deployment of the AGILE transformation programme. These positive factors mitigated lower services activity.

Cassidian's EBIT* increased by 237.5%, from €128 million for 2012 to €432 million for 2013. The recovery in Cassidian's business was confirmed, supported by the transformation programme launched in December 2012 and continued programme execution, particularly in the Eurofighter. Research and development expenses increased mainly due to recent acquisitions. EBIT* in 2012 included charges of €-198 million linked to restructuring and portfolio de-risking.

The EBIT* of Other Businesses decreased from € 2 million for 2012 to € -7 million for 2013.

Headquarters / Consolidation EBIT* decreased from € 142 million for 2012 to € -218 million for 2013, mainly due to the restructuring provision of € 292 million booked at Headquarters / Consolidation.

2012 compared to 2011. The Group's consolidated EBIT* increased by 32.0%, from € 1.6 billion for 2011 to € 2.1 billion for 2012, reflecting the increased EBIT* at Airbus, Airbus Helicopters and Astrium. Partially offsetting this increase was a deterioration in EBIT* at Cassidian and Other Businesses in 2012.

Airbus' EBIT* increased by 114.4%, from € 0.6 billion for 2011 to € 1.3 billion for 2012, due primarily to an increase at Airbus Commercial. Airbus Commercial's EBIT* increased by 111.2%, from € 0.5 billion for 2011 to € 1.1 billion for 2012, mainly due to operational improvements, including higher aircraft deliveries (588 deliveries in 2012 with margin recognition for 585, as compared to 534 deliveries in 2011 with margin recognition for 536) and an improvement in the price of delivered aircraft net of escalation. Also contributing to the EBIT* increase was an improvement in hedge rates. See "— 2.1.4.1 Consolidated Revenues". Partially offsetting the EBIT* increase at Airbus Commercial was (i) a charge of € -251 million for estimated warranty costs in repairing the wing rib feet of delivered A380 aircraft, (ii) a charge of € -124 million related to the three-month shift of entry into service for the A350 XWB programme (to the second half of 2014), (iii) a charge of € -76 million related to the closure of the Hawker Beechcraft programme, and (iv) € -71 million in currency translation adjustments, including those related to the mismatch between US dollar-denominated customer advances and corresponding US dollar-denominated costs as well as the revaluation of loss-making contract provisions.

Airbus Military's EBIT* increased by 89.8%, from € 49 million for 2011 to € 93 million for 2012, primarily due to a favourable delivery mix with margin improvements from technically maturing programmes.

Eurocopter's EBIT* increased by 19.3%, from € 259 million for 2011 to € 309 million for 2012, primarily due to a favourable mix effect. Partially offsetting the EBIT* increase was an increase in research and development expenses as well as a € 100 million charge to reflect the status of on-going renegotiations of certain governmental helicopter programmes.

Astrium's EBIT* increased by 16.9%, from € 267 million for 2011 to € 312 million for 2012, primarily due to efficiency and productivity gains coming through the operational performance as a result of the "AGILE" transformation programme. Partially offsetting the EBIT* increase was an increase in research and development expenses, globalisation efforts as well as some Vizada integration costs.

Cassidian's EBIT* decreased by 57.1%, from € 331 million for 2011 to € 142 million for 2012, primarily due to a provision of € 98 million recorded for restructuring costs in line with the business transformation, and an additional expense of € -100 million for impairment charges, in particular for the secure systems and solutions business. Partially offsetting the EBIT* decrease was a reduction in research and development expenses.

The EBIT* of Other Businesses decreased by 96.9%, from € 59 million for 2011 to € 2 million for 2012, primarily due to the inclusion of ATR group and SOGERMA group in Airbus Commercial from 2012 onwards (in 2011 in Other Businesses). The 2011 EBIT* included a gain from a divestiture at EADS North America.

Foreign currency impact on EBIT*. More than 60% of the Group's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a lesser extent, pounds sterling. Given the long-term nature of its business cycles (evidenced by its multi-year backlog), the Group hedges a significant portion of its net foreign exchange exposure to mitigate the impact of exchange rate fluctuations on its EBIT*. See "— 2.1.7.1 Foreign Exchange Rates" and "Risk Factors – 1. Financial Market Risks – Exposure to Foreign Currencies". In addition to the impact that hedging activities have on the Group's EBIT*, the latter is also affected by the impact of revaluation of certain assets and liabilities at the closing rate and the impact of natural hedging.

During 2013, cash flow hedges covering approximately US$ 23.5 billion of the Group's US dollar-denominated revenues matured. In 2013, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €-US$ 1.37, as compared to €-US$ 1.36 in 2012. This difference resulted in an approximate € -0.08 billion decrease in EBIT* from 2012 to 2013, mainly at Airbus. In addition, other currency translation adjustments, including those related to the mismatch between US dollar-denominated customer advances and corresponding US dollar-denominated costs as well as the revaluation of loss-making contract provisions, had a negative effect of € -0.03 billion on EBIT* compared to 2012.

During 2012, cash flow hedges covering approximately US$ 22.2 billion of the Company's US dollar-denominated revenues matured. In 2012, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €-US$ 1.36, as compared to €-US$ 1.37 in 2011. This difference resulted in an approximate € 0.2 billion increase in EBIT* from 2011 to 2012, of which the majority was at Airbus. In addition, other currency translation adjustments, including those related to the mismatch between US dollar-denominated customer advances and corresponding US dollar-denominated costs as well as the revaluation of loss-making contract provisions, had an approximate negative effect of € -0.1 billion on EBIT* compared to 2011. See "— 2.1.2.7 Foreign Currency Translation".

2.1.3.4 New Divisional Structure

As mentioned in "— 1.1.1 Overview", the defence and space businesses of Airbus Military, Astrium and Cassidian have been combined into one new division, Airbus Defence and Space, as of 1 January 2014.

Set forth below is a summary of the measures for the activities of Airbus Military, Astrium and Cassidian when regrouped into the structure of the new Division for the past two years.

(in €m)	**Year ended 31 December 2013** *(Restated)*	Year ended 31 December 2012[1] *(Restated & pro forma)*	Change
Order Intake (net)	**13,454**	10,512	+28.0%
Order Book	**47,845**	49,219	-2.8%
Revenues	**14,422**	13,520	+6.7%
EBIT*	**690**	522	+32.2%
in % of revenues	***4.8%***	*3.9%*	

(1) 2012 figures are pro forma, amended with revised IAS 19.

2

2.1.4 Results of Operations

Set forth below is a summary of the Group's consolidated income statements (IFRS) for the past three years.

(in €m, except for earnings per share)	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Revenues	59,256	56,480	49,128
Cost of sales[1]	(50,895)	(48,582)	(42,351)
Gross margin	**8,361**	**7,898**	**6,777**
Selling and administrative expenses[1]	(2,913)	(2,869)	(2,414)
Research and development expenses	(3,160)	(3,142)	(3,152)
Other income	236	184	359
Other expenses	(263)	(229)	(221)
Share of profit from associates accounted for under the equity method and other income from investments	346	247	192
Profit before finance costs and income taxes[1]	**2,607**	**2,089**	**1,541**
Interest result	(329)	(285)	13
Other financial result	(301)	(168)	(233)
Income taxes[1]	(502)	(438)	(337)
Profit for the period[1]	**1,475**	**1,198**	**984**
Attributable to:			
Equity owners of the parent (Net Income)[1]	**1,465**	**1,197**	**980**
Non-controlling interests	10	1	4
Earnings per share (basic) *(in €)*[1]	**1.85**	**1.46**	**1.21**
Earnings per share (diluted) *(in €)*[1]	**1.84**	**1.46**	**1.20**

(1) 2011 and 2012 figures are adjusted due to revised IAS 19.

Set forth below are year-to-year comparisons of results of operations, based upon the Group's consolidated income statements.

2.1.4.1 Consolidated Revenues

Set forth below is a breakdown of Group's consolidated revenues by Division for the past three years.

(in €m)	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Airbus[2]	42,012	39,273[1]	33,103
Airbus Commercial	*39,889*	*37,624*[1]	*31,159*
Airbus Military	*2,893*	*2,131*	*2,504*
Eurocopter	**6,297**	6,264	5,415
Astrium	5,784	5,817	4,964
Cassidian	5,976	5,740	5,803
Total Divisional revenues	**60,069**	**57,094**[1]	**49,285**
Other Businesses	409	586[1]	1,252
HQ / Consolidation[3]	(1,222)	(1,200)[1]	(1,409)
Total	**59,256**	**56,480**	**49,128**

(1) 2012 figures are adjusted due to the inclusion of ATR group and SOGERMA group into Airbus Commercial (formerly in Other Businesses).
(2) Airbus reports in two segments: Airbus Commercial and Airbus Military. Eliminations between Airbus Commercial and Airbus Military are treated at the Airbus Division level. See "— 2.1.1 Overview".
(3) HQ / Consolidation includes, in particular, adjustments and eliminations for intercompany transactions.

For 2013, consolidated revenues increased by 4.9%, from €56.5 billion for 2012 to €59.3 billion for 2013. The increase was primarily due to higher revenues at Airbus.

For 2012, consolidated revenues increased by 15.0%, from €49.1 billion for 2011 to €56.5 billion for 2012. The increase was primarily due to higher revenues at Airbus, Eurocopter and Astrium.

Airbus

For 2013, Airbus' consolidated revenues increased by 7.0%, from €39.3 billion for 2012 to €42.0 billion for 2013. The increase was due to higher revenues at both Airbus Commercial and Airbus Military. For 2012, Airbus' consolidated revenues increased by 16.6%, from €33.1 billion for 2011 to €38.6 billion for 2012. The increase was due to higher revenues at Airbus Commercial, partially offset by a decrease in revenues at Airbus Military.

Airbus Commercial

Set forth below is a breakdown of deliveries of commercial aircraft, excluding ATR deliveries, by product type for the past three years.

Number of aircraft	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Single-aisle	493	455	421
Long-range	108	103	87
Very large	25	30	26
Total	**626**	**588**[1]	**534**[2]

(1) 585 aircraft with revenue recognition (three A330-200 delivered under operating lease).
(2) 536 aircraft with revenue recognition (two A330-200 delivered under operating lease in 2010 were sold down in 2011).

For 2013, Airbus Commercial's consolidated revenues increased by 6.0%, from €37.6 billion for 2012 to €39.9 billion for 2013. The increase was primarily due to higher aircraft deliveries (626 deliveries in 2013, as compared to 588 deliveries in 2012 with revenue recognition for 585), both years excluding ATR deliveries.

For 2012, Airbus Commercial's consolidated revenues increased by 20.7%, from €31.2 billion for 2011 to €37.6 billion for 2012. The increase was primarily due to (i) higher aircraft deliveries (588 deliveries in 2012 with margin recognition for 585, as compared to 534 deliveries in 2011 with margin recognition for 536), (ii) an approximate €1.4 billion positive impact of improved hedge and average exchange rates, and (iii) an improvement in the price of delivered aircraft net of escalation and (iv) the inclusion of ATR group and SOGERMA group in 2012 (2011 in Other Businesses). For a discussion of the impact of exchange rate variations on Group results of operations, see "— 2.1.2.6 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements","— 2.1.2.7 Foreign Currency Translation","— 2.1.7.1 — Foreign Exchange Rates" and "Risk Factors — 1. Financial Market Risks — Exposure to Foreign Currencies".

Airbus Military

Set forth below is a breakdown of deliveries of military transport aircraft by product type for the past three years.

Number of aircraft	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
A400M	2	-	-
CN235	5	8	7
C212	0	2	3
C295	14	10	10
P-3	3	4	3
A330 MRTT (Tanker)	7	5	6
Total	**31**	**29**	**29**

2

For 2013, Airbus Military's consolidated revenues increased by 35.8%, from €2.1 billion for 2012 to €2.9 billion for 2013. The increase was primarily due to the A400M ramp up, including the delivery of two A400Ms to the French Air Force, and higher volume both for tankers and for light and medium aircraft.

For 2012, Airbus Military's consolidated revenues decreased by 14.9%, from €2.5 billion for 2011 to €2.1 billion for 2012. The decrease was primarily due to lower A400M and tanker revenues.

Eurocopter

Set forth below is a breakdown of deliveries of helicopters by product type for the past three years.

Number of aircraft	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Tiger	11	10	16
Light	269	227	237
Medium	136	168	189
Heavy	81	70	61
of which NH90	44	*35*	*32*
Total	**497**	**475**	**503**

For 2013, consolidated revenues of Eurocopter remained stable at €6.3 billion in 2013, accompanied by an overall increase in helicopter deliveries from 475 in 2012 to 497 in 2013. The stable revenue level reflects a weaker revenue mix effect.

For 2012, consolidated revenues of Eurocopter increased by 15.7%, from €5.4 billion for 2011 to €6.3 billion for 2012, despite an overall decrease in helicopter deliveries from 503 in 2011 to 475 in 2012. The revenue increase was primarily due to higher repair and overhaul support activities, as well as additional revenues of €0.2 billion in 2012 related to the first full-year consolidation of Vector Aerospace. See "— 2.1.2.1 Scope of and Changes in Consolidation Perimeter". Higher NH90 and Super Puma revenues also contributed to the increase.

Astrium

For 2013, consolidated revenues of Astrium amounted to € 5.8 billion, stable with the 2012 level, reflecting a good level of programme execution despite lower activity in services.

For 2012, consolidated revenues of Astrium increased by 17.2%, from €5.0 billion for 2011 to €5.8 billion for 2012. The revenue increase was primarily due to strong programme execution and growth in services activities, including additional revenues of €0.5 billion in 2012 related to the first-time consolidation of Vizada. See "— 2.1.2.1 Scope of and Changes in Consolidation Perimeter".

Cassidian

For 2013, consolidated revenues of Cassidian increased by 4.1%, from €5.7 billion for 2012 to €6.0 billion for 2013. Revenues reflect continued programme execution, particularly in Eurofighter.

For 2012, consolidated revenues of Cassidian decreased by 1.1%, from €5.8 billion for 2011 to €5.7 billion for 2012. Revenues were roughly stable across Cassidian's business segments year-over-year.

Other Businesses

For 2013, consolidated revenues of Other Businesses decreased by 30.2%, from €0.6 billion for 2012 to €0.4 billion for 2013. The decrease mainly reflects lower LUH deliveries from EADS North America.

For 2012, consolidated revenues of Other Businesses decreased by 53.2%, from €1.3 billion for 2011 to €0.6 billion for 2012.

2.1.4.2 Consolidated Cost of Sales

For 2013, consolidated cost of sales increased by 4.8% despite certain cost savings, from € 48.6 billion for 2012 to € 50.9 billion for 2013. The increase was primarily due to strong delivery patterns and costs related to business growth at Airbus as well as a restructuring provision and charges incurred for restructuring, A350 XWB and A380 programmes and negative currency effects. See "— 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2011, 2012 and 2013". Consolidated cost of sales also includes the amortisation of capitalised development costs pursuant to IAS 38, which amounted to € -111 million in 2013 compared to € -171 million in 2012. Notwithstanding the above stated items, the gross margin remains stable at 14.1% in 2013 compared to 14.0% in 2012.

For 2012, consolidated cost of sales increased by 14.7%, from € 42.4 billion for 2011 to € 48.6 billion for 2012. The increase was primarily due to strong delivery patterns and costs related to business growth at Airbus, as well as charges incurred on the A380 and A350 XWB programmes in 2012. Consolidated cost of sales also includes the amortisation / impairment of capitalised development costs pursuant to IAS 38, which amounted to € -171 million in 2012 compared to € -116 million in 2011. Notwithstanding the above stated items, the gross margin increased from 13.8% in 2011 to 14.0% in 2012.

2.1.4.3 Consolidated Selling and Administrative Expenses

For 2013, consolidated selling and administrative expenses remained stable at € 2.9 billion.

For 2012, consolidated selling and administrative expenses increased by 18.8%, from € 2.4 billion for 2011 to € 2.9 billion for 2012. A large portion of the increase was due to changes in consolidation scope linked to the full year inclusion of 2011 acquisitions (mainly Vizada, Vector Aerospace and Satair), as well as restructuring costs at Cassidian.

2.1.4.4 Consolidated Research and Development Expenses

For 2013, consolidated research and development expenses increased slightly by 0.6%, from € 3.1 billion for 2012 to € 3.2 billion for 2013, primarily reflecting R&D activities at Airbus Commercial. The main contribution to the expenses comes from the A350 XWB programme. In addition, an amount of € 354 million of development costs for the A350 XWB programme has been capitalised.

For 2012, consolidated research and development expenses decreased slightly by 0.3%, from € 3.2 billion for 2011 to € 3.1 billion for 2012, in particular due to the capitalisation of €0.5 billion in development costs under IAS 38. See "— 2.1.2.5 Capitalised development costs". The focus continues on major development programmes across the portfolio, in particular at Airbus (*e.g.*, A350 XWB).

2.1.4.5 Consolidated Other Income and Other Expenses

Consolidated other income and other expenses include gains and losses on disposals of investments in fixed assets and income from rental properties.

For 2013, other income and other expenses was € -27 million net as compared to € -45 million for 2012. The net increase was mainly due to the sale of some land and buildings to MBDA.

For 2012, other income and other expenses was € -45 million net as compared to € 138 million for 2011. The net decrease was mainly due to the settlement of European government refundable advances following Airbus' termination of the A340 programme in 2011, which had a positive effect of € 192 million on other income in 2011. Also included was a goodwill impairment charge in 2012 amounting to € -17 million.

2.1.4.6 Consolidated Share of Profit from Associates Accounted for under the Equity Method and Other Income from Investments

Consolidated share of profit from associates accounted for under the equity method and other income from investments principally includes results from companies accounted for under the equity method and the results attributable to non-consolidated investments.

For 2013, the Group recorded € 346 million in consolidated share of profit from associates accounted for under the equity method and other income from investments as compared to € 247 million for 2012. The € 99 million increase is mainly derived from the result of the Group's equity investment in Dassault Aviation. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 11: Share of profit from associates accounted for under the equity method and other income from investments".

For 2012, the Group recorded € 247 million in consolidated share of profit from associates accounted for under the equity method and other income from investments as compared to € 192 million for 2011. The € 55 million increase reflects among others the increased contribution from the Group's equity investment in Dassault Aviation.

2.1.4.7 Consolidated Interest Result

Consolidated interest result reflects the net of interest income and expense arising from financial assets and liabilities, including interest expense on refundable advances provided by European governments to finance R&D activities.

For 2013, the Group recorded a consolidated net interest expense of € -329 million, as compared to a consolidated net interest expense of € -285 million for 2012. The deterioration in interest result is primarily due to lower interest income recorded on the Group's cash balances.

For 2012, the Company recorded a consolidated net interest expense of € -285 million, as compared to a consolidated net interest income of € 13 million for 2011. The deterioration in interest result is primarily due to lower interest income recorded on the Group's cash balances. In addition, the 2011 interest result included a positive effect of € 120 million following Airbus' termination of the A340 programme in 2011. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 27: Other financial liabilities".

2.1.4.8 Consolidated Other Financial Result

This line item includes, among others, the impact from the revaluation of financial instruments, the effect of foreign exchange valuation of monetary items and the unwinding of discounted provisions. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Derivative financial instruments — Embedded derivatives". This line item also includes the valuation of the premium paid for US dollar options used for foreign exchange hedging.

For 2013, consolidated other financial result declined to € -301 million from € -168 million for 2012. This negative € -133 million change mainly results from the deterioration of the impact of revaluation changes of US-dollar- and pound sterling-denominated cash balances on the euro-denominated statements of financial position of Group companies.

For 2012, consolidated other financial result improved to € -168 million from € -233 million for 2011, reflecting among others an improved impact from the revaluation of financial instruments compared to 2011.

2.1.4.9 Consolidated Income Taxes

For 2013, income tax expense was € -502 million as compared to € -438 million for 2012. The increase was primarily due to the higher taxable income recorded in 2013 (€ 1,977 million) as compared to 2012 (€ 1,636 million). The effective tax rate was 25% in 2013. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 13: Income taxes".

For 2012, income tax expense was € -438 million as compared to € -337 million for 2011. The increase was primarily due to the higher taxable income recorded in 2012 (€ 1,636 million) as compared to 2011 (€ 1,321 million). The effective tax rate was 27% in 2012.

2.1.4.10 Consolidated Non-Controlling Interests

For 2013, consolidated profit for the period attributable to non-controlling interests was € 10 million, as compared to € 1 million for 2012 and € 4 million for 2011.

2.1.4.11 Consolidated Profit for the Period Attributable to Equity Owners of the Parent (Net Income)

As a result of the factors discussed above, the Group recorded consolidated net income of € 1,465 million for 2013, as compared to consolidated net income of € 1,197 million for 2012 and € 980 million for 2011.

2.1.4.12 Earnings per Share

Basic earnings were € 1.85 per share in 2013, as compared to € 1.46 per share in 2012. The number of issued shares as of 31 December 2013 was 783,157,635. The denominator used to calculate earnings per share was 792,466,862 shares, reflecting the weighted average number of shares outstanding during the year. In 2011, the Company reported basic earnings of € 1.21 per share.

Diluted earnings were € 1.84 per share in 2013, as compared to € 1.46 per share in 2012. The denominator used to calculate diluted earnings per share was 794,127,812, reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all potential ordinary shares. In 2011, the Company reported diluted earnings of € 1.20 per share. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 23: Total equity" and "— Note 38: Earnings per share".

2.1.5 Changes in Consolidated Total Equity (Including Non-Controlling Interests)

The following table sets forth a summary of the changes in consolidated total equity for the period 1 January 2013 through 31 December 2013.

(in €m)	
Balance as at 31 December 2012 (adjusted)[(1)]	**10,420**
Profit for the period	1,475
Remeasurement of defined benefit liability	(48)
Accumulated other comprehensive income	1,408
Thereof foreign currency translation adjustments	*(161)*
Capital increase	244
Capital decrease	(74)
Share-based payment (IFRS 2)	107
Cash distribution to shareholders / dividends paid to non-controlling interests	(469)
Equity transaction (IAS 27)	(94)
Change in treasury shares	(1,915)
Balance as at 31 December 2013	**11,054**

(1) Comparative information is adjusted retrospectively due to revised IAS 19 and due to purchase price allocation adjustments of prior year's acquisitions. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 4: Acquisitions and disposals".

The increase in consolidated total equity in 2013 primarily reflects the increase in accumulated other comprehensive income ("**AOCI**") (€ 1.4 billion), with the latter mainly due to the positive variation (net of tax) of the year-end mark-to-market valuation of that portion of the Group's hedge portfolio qualifying for cash flow hedge accounting under IAS 39 ("**cash flow hedges**"), as well as profit for the period recorded for 2013. The increase in consolidated total equity was partially offset by, among others, a change in treasury shares (€ -1.9 billion) and the cash distribution to shareholders / dividends paid to non-controlling interests (€ -0.5 billion).

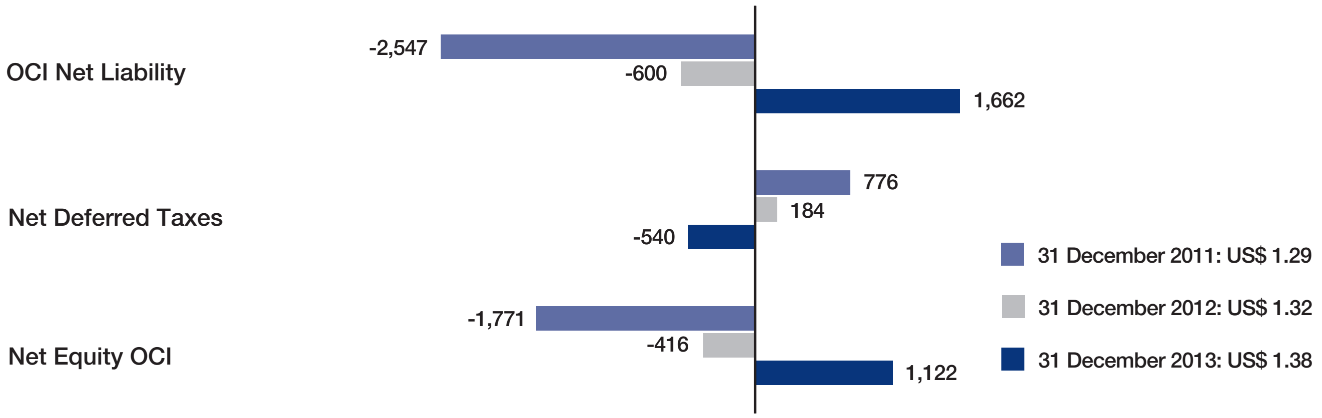
Set forth below is a discussion on the calculation of AOCI and the related impact on consolidated total equity. For a discussion of the other line items affecting consolidated total equity, see "— EADS N.V. Consolidated Financial Statements (IFRS) — Consolidated Statements of Changes in Equity (IFRS) for the years ended 31 December 2013, 2012 and 2011".

2.1.5.1 Cash Flow Hedge Related Impact on AOCI

As of 31 December 2013, the notional amount of the Group's portfolio of outstanding cash flow hedges amounted to US$ 75.9 billion, hedged against the euro and the pound sterling. The year-end mark-to-market valuation of this portfolio required under IAS 39 resulted in a positive pre-tax AOCI valuation change of € 2.3 billion from 31 December 2012, based on a closing rate of €-US $1.38, as compared to a positive pre-tax AOCI valuation change of € 1.9 billion as of 31 December 2012 from 31 December 2011, based on a closing rate of €-US$ 1.32. For further information on the measurement of the fair values of financial instruments see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34: Information about financial instruments".

Positive pre-tax mark-to-market values of cash flow hedges are included in other financial assets, while negative pre-tax mark-to-market values of cash flow hedges are included in other financial liabilities. Year-to-year changes in the mark-to-market value of effective cash flow hedges are recognised as adjustments to AOCI. These adjustments to AOCI are net of corresponding changes to deferred tax assets (for cash flow hedges with negative mark-to-market valuations) and deferred tax liabilities (for cash flow hedges with positive mark-to-market valuations). Set out below is a graphic presentation of cash flow hedge related movements in AOCI over the past three years (in €m).

CASH FLOW HEDGE RELATED MOVEMENTS IN AOCI IN €M (BASED ON YEAR-END EXCHANGE RATES)



As a result of the positive change in the fair market valuation of the cash flow hedge portfolio in 2013, AOCI amounted to a net asset of € 1.7 billion for 2013, as compared to a net liability of € -0.6 billion for 2012. The corresponding € -0.7 billion tax effect led to a net deferred tax asset of € -0.5 billion as of 31 December 2013 as compared to a net deferred tax asset of € 0.2 billion as of 31 December 2012.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 34b: Carrying amounts and fair values of financial instruments" for further information.

2.1.5.2 Currency Translation Adjustment Impact on AOCI

The € -161 million currency translation adjustment related impact on AOCI in 2013 mainly reflects the effect of the variation of the US dollar.

2.1.6 Liquidity and Capital Resources

The Group's objective is to maintain sufficient liquidity at all times to meet its present and future cash requirements and maintain a favourable credit rating. It attempts to achieve this objective by:

- implementing measures designed to generate cash;
- developing and maintaining access to the capital markets; and
- containing its exposure to customer financing.

The Group defines its consolidated net cash position as the sum of (i) cash and cash equivalents and (ii) securities, minus (iii) financing liabilities (all as recorded in the consolidated statement of financial position). The net cash position as of 31 December 2013 was € 9.1 billion (€ 12.3 billion as of 31 December 2012).

This net cash position is further supported by a € 3.0 billion syndicated back-up facility, undrawn as of 31 December 2013 with no financial covenants, as well as a Euro medium term note programme and commercial paper programme. See "— 2.1.6.3 Consolidated Financing Liabilities". The factors affecting the Group's cash position, and consequently its liquidity risk, are discussed below.

EADS N.V. has two official long-term credit ratings, the first being A2 with a stable outlook by Moody's Investors Service Inc. ("**Moody's**"), and the second A with a stable outlook by Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). EADS N.V. also has an unsolicited long-term credit rating of A- with a stable outlook by Fitch Polska S.A. ("**Fitch Ratings**"). Standard and Poor's and Fitch Ratings are established in the European Union and, as of the date of this Registration Document, are registered as credit rating agencies in accordance with EC Regulation 1060 / 2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). Moody's is not established in the European Union and not registered under the CRA Regulation but Moody's Investors Service Ltd., its European Union credit rating agency affiliate, is registered under the CRA Regulation and has endorsed Moody's rating.

2.1.6.1 Cash Flows

The Group generally finances its manufacturing activities and product development programmes, and in particular the development of new commercial aircraft, through a combination of flows generated by operating activities, customer advances, risk-sharing partnerships with sub-contractors and European government refundable advances. In addition, the Group's military activities benefit from government-financed research and development contracts. If necessary, the Group may raise funds in the capital markets.

The following table sets forth the variation of the Group's consolidated net cash position over the periods indicated.

(in €m)	**Year ended 31 December 2013**	Year ended 31 December 2012	Year ended 31 December 2011
Consolidated net cash position at 1 January	**12,292**	**11,681**	**11,918**
Gross cash flow from operations[1]	4,318	4,772	3,392
Changes in other operating assets and liabilities	(2,164)	(76)	1,386
Thereof customer financing	*(319)*	*(146)*	*135*
Cash used for investing activities[2]	(2,988)	(3,448)	(3,820)
Thereof industrial capital expenditures	*(2,949)*	*(3,270)*	*(2,197)*
Thereof acquisitions	*(16)*	*(201)*	*(1,535)*
Free cash flow[3]	**(834)**	**1,248**	**958**
Free cash flow before customer financing	*(515)*	*1,394*	*823*
Cash distribution to shareholders / non-controlling interests	(469)	(379)	(183)
Changes in capital and non-controlling interests	171	144	(65)
Change in treasury shares	(1,915)	(5)	(1)
Contribution to plan assets of pension schemes	(223)	(856)	(489)
Other changes in financial position	32	459	(457)
Consolidated net cash position as of 31 December	**9,054**	**12,292**	**11,681**

(1) Represents cash provided by operating activities, excluding (i) changes in other operating assets and liabilities (working capital) and (ii) contribution to plan assets of pension schemes (€-489 million for 2011; €-856 million for 2012; € -223 million for 2013).
(2) Does not reflect change of securities (net investment of €-378 million for 2011; net disposal of €3,422 million for 2012; net disposal of €1,272 million for 2013), which are classified as cash and not as investments solely for the purposes of this net cash presentation.
(3) Does not reflect change of securities and contribution to plan assets of pension schemes.

The net cash position as of 31 December 2013 was €9.1 billion, a 26.3% decrease from 31 December 2012. The decrease primarily reflects the cash used for investing activities (€-3.0 billion), the build-up of other operating assets and liabilities (€-2.2 billion) and the changes in treasury shares (€-1.9 billion), partially offset by the gross cash flow from operations (€4.3 billion).

Gross Cash Flow from Operations

Gross cash flow from operations decreased by 9.5% to €4.3 billion for 2013, primarily due to higher pay-outs for provision usage.

Changes in Other Operating Assets and Liabilities

Changes in other operating assets and liabilities is comprised of inventories, trade receivables, other assets and prepaid expenses netted against trade liabilities, other liabilities (including customer advances), deferred income and customer financing. They resulted in a €-2.2 billion negative impact on the net cash position for 2013, as compared to a negative impact of €-76 million for 2012.

In 2013, the main net contributor to the negative working capital variation was the change in inventory (€-3.2 billion) reflecting inventory growth at Airbus especially for the A380, A400M and A350 XWB programmes as well as at Eurocopter. This negative variation within the year was partially offset by (i) the change in trade liabilities (€0.6 billion) and by (ii) pre-delivery payments from customers (€0.5 billion), which nevertheless decreased compared to 2012.

In 2012, the main net contributor to the negative working capital variation was the change in inventory (€-1.5 billion) reflecting inventory growth in particular at Airbus due to the progressive ramp-up on single-aisle and long-range aircraft production. The negative variations within the year were partially offset by (i) pre-delivery payments from customers (€1.2 billion), which nevertheless decreased compared to 2011 due to lower order intake mainly at Airbus, and (ii) the change in trade liabilities (€0.8 billion).

European government refundable advances. As of 31 December 2013, total European Government refundable advances received, recorded on the statement of financial position in the line items "non-current other financial liabilities" and "current other financial liabilities" due to their specific nature, amounted to €6.4 billion, including accrued interest.

European government refundable advances (net of reimbursements) as recorded on the statement of financial position increased in 2013, due primarily to refundable advances received for the A350 XWB. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 27: Other financial liabilities".

Set out below is a breakdown of the total amount of European government refundable advances outstanding, by product / project.

(in €bn)	**2013**	2012	2011
Long-range	2.2	1.9	1.5
A380	3.6	3.7	3.8
Eurocopter	0.2	0.2	0.2
Others	0.4	0.3	0.2
Total	**6.4**	**6.1**	**5.7**

2

Cash Used for Investing Activities

Management categorises cash used for investing activities into three components: (i) industrial capital expenditures, (ii) acquisitions and (iii) others.

Industrial capital expenditures. Industrial capital expenditures (investments in property, plant and equipment and intangible assets) amounted to € -2.9 billion for 2013, as compared to € -3.3 billion for 2012 and € -2.2 billion for 2011. Capital expenditures in 2013 related to programmes at Airbus of € -2.2 billion (a large portion of which related to the A350 XWB) and additional projects in the other Divisions of € -0.7 billion, mainly driven by investment at Eurocopter and Astrium. Capital expenditures include product-related development costs that are capitalised in accordance with IAS 38. See "—2.1.2.5 Capitalised Development Costs".

For the period 2014 to 2015, it is expected that the majority of the Group's capital expenditures will occur in connection with Airbus activities, in particular for the A350 XWB programme, and be broadly distributed across the Group's home markets of France, Germany, Spain and the UK.

Acquisitions. In 2013, the € -16 million figure principally reflects the net cash used for the Group's acquisition of Arkoon.

In 2012, the € -0.2 billion figure reflects the net cash used for the Group's acquisitions during the year, in particular acquisitions at Cassidian (€ -123 million for Carl Zeiss Optronics GmbH, Rheinmetall Airborne Systems GmbH and Netasq) and asset deals at Eurocopter (€ -43 million). See "— Notes to the Consolidated Financial Statements (IFRS) — Note 31: Consolidated statements of cash flows".

Free Cash Flow

The Group defines free cash flow as the sum of (i) cash provided by operating activities and (ii) cash used for investing activities, minus (iii) change of securities and (iv) contribution to plan assets of pension schemes. As a result of the factors discussed above, free cash flow amounted to € -0.8 billion for 2013 as compared to € 1.2 billion for 2012 and € 1.0 billion for 2011. Free cash flow before customer financing was € -0.5 billion for 2013 as compared to € 1.4 billion for 2012 and € 0.8 billion for 2011.

Change in Treasury Shares

Change in treasury shares for 2013 amounted to € -1.9 billion which were used for the share buy-back of around 53 million shares. The share buy-back supported the increase of the free float to more than 70%.

Contribution to Plan Assets of Pension Schemes

The cash outflows of € -0.2 billion, € -0.9 billion and € -0.5 billion in 2013, 2012 and 2011, respectively, primarily relate to a contribution to the Contractual Trust Arrangement (CTA) for allocating and generating pension plan assets in accordance with IAS 19, as well as to plan assets in the UK and to German benefit funds. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25b: Provisions for retirement plans". In 2014, the Group intends to make additional contributions to plan assets in order to reduce the provision for retirement plans on its statement of financial position.

Other Changes in Financial Position

In 2013, the positive change of € 32 million reflects among others currency effects on financing liabilities and on cash and cash equivalents. In 2012, the positive change of € 459 million mainly results from revaluation of securities and financing liabilities. In 2011, the negative change of € -457 million results from increases in financing liabilities due to the newly consolidated companies.

2.1.6.2 Consolidated Cash and Cash Equivalents and Securities

The cash and cash equivalents and securities portfolio of the Group is invested mainly in non-speculative financial instruments, mostly highly liquid, such as certificates of deposit, overnight deposits, commercial paper, other money market instruments and bonds. See "— 2.1.7.2 Interest Rates" and "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

The Group has a fully automated cross-border cash pooling system (covering France, Germany, Spain, the Netherlands, the UK and the US). The cash pooling system enhances management's ability to assess reliably and instantaneously the cash position of each subsidiary within the Group and enables management to allocate cash optimally within the Group depending upon shifting short-term needs.

Total cash and cash equivalents in 2013 included €0.3 billion from the 37.5% consolidation of MBDA compared to €0.4 billion in 2012 and €0.7 billion in 2011.

2.1.6.3 Consolidated Financing Liabilities

The following table sets forth the composition of the Group's consolidated financing liabilities, including both short- and long-term debt, as of 31 December 2013:

	31 December 2013			
(in €m)	Not exceeding 1 year	Over 1 year up to 5 years	More than 5 years	Total
Bonds	0	1,560	780	2,340
Liabilities to financial institutions	955	463	754	2,172
Loans	116	207	30	353
Finance leases	13	62	97	172
Others	561	0	3	564
Total	**1,645**	**2,292**	**1,664**	**5,601**(1)

(1) Financing liabilities include non-recourse Airbus debt for € 229 million.

The outstanding balance of financing liabilities increased from €4.8 billion as of 31 December 2012 to €5.6 billion as of 31 December 2013. This increase is mainly related to the US$ 1 billion bond issue in April 2013.

Financing liabilities include liabilities connected with sales financing transactions amounting to € 229 million as of 31 December 2013, most of which bore interest at variable rates. See "— 2.1.6.4 Sales Financing".

Liabilities to financial institutions as of 31 December 2013 also include €0.6 billion short-term liabilities from securities lending activities (2012: €0).

EMTN programme. The Group has a €3 billion Euro Medium Term Note ("**EMTN**") Programme in place, with two tranches outstanding as of 31 December 2013:

- €0.5 billion of notes issued in 2003 and maturing in 2018, bearing interest at 5.5% (effective interest rate: 5.6%) and subsequently swapped into a variable rate of three-month EURIBOR plus 1.72%; and
- €1.0 billion of notes issued in 2009 and maturing in 2016, bearing interest at 4.625% (effective interest rate: 4.7%) and subsequently swapped into a variable rate of three-month EURIBOR plus 1.57%.

US bond. On 17 April 2013, the Group placed an inaugural US$ 1 billion issue on the U.S. institutional market under 144A / Reg S format. The bond carries a fixed coupon of 2.70% (effective interest rate 2.73%) and matures in April 2023.

Commercial paper programme. The Group has the ability to issue commercial paper on a rolling basis, under a so-called "*billet de trésorerie*" programme. This commercial paper would bear interest at fixed or floating rates with individual maturities ranging from 1 day to 12 months. The programme has been in place since 2003 and has a maximum authorised volume limit of €3 billion. As of 31 December 2013, there was no outstanding amount under the programme.

European Investment Bank loans. In 2004, the European Investment Bank granted a long-term loan to the Group in the amount of US$421 million maturing in 2014 and bearing interest at 5.11% (effective interest rate: 5.11%). In 2011, the Group entered into a US$721 million long-term credit agreement maturing in 2021 (with straight line amortisation from August 2015 onwards) with the European Investment Bank, bearing interest at a variable rate of three-month USD LIBOR plus 0.85%. The Group concurrently swapped the variable interest rate into a fixed rate of 3.2%. In 2013, the Group entered into a US$406 million long-term credit agreement maturing in 2020 with the European Investment Bank, bearing interest at a variable rate of three-month USD LIBOR plus 0.93%.

Development Bank of Japan loan. In 2011, the Group entered into a US$300 million loan maturing in 2021 (bullet loan) with the Development Bank of Japan, fully drawn down and bearing interest at a variable rate of three-month USD LIBOR plus 1.15%. The Group concurrently swapped the variable interest rate into a fixed rate of 4.76%.

For further information, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 26: Financing liabilities".

2.1.6.4 Sales Financing

The Group favours cash sales and encourages independent financing by customers, in order to avoid retaining credit or asset risk in relation to delivered products. However, in order to support product sales, primarily at Airbus, Eurocopter and ATR, the Group may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties.

The financial markets remain unpredictable, which may cause the Group to increase its future outlays in connection with customer financing of commercial aircraft, mostly through finance leases and secured loans. Nevertheless, it intends to keep the amount as low as possible.

Dedicated and experienced teams structure such financing transactions and closely monitor total Group finance and asset value exposure and its evolution in terms of quality, volume and intensity of cash requirements. The Group aims to structure all financing it provides to customers in line with market-standard contractual terms so as to facilitate any subsequent sale or reduction of such exposure.

In determining the amount and terms of a financing transaction, Airbus and ATR take into account the airline's credit rating as well as risk factors specific to the intended operating environment of the aircraft and its expected future value. Market yields and current banking practices also serve to benchmark the financing terms offered to customers.

4.1% of the €5.6 billion of total consolidated financing liabilities as of 31 December 2013 related to the funding of the Group's sales financing assets, which are of a long-term nature and have predictable payment schedules.

Set out below is a breakdown of the total amount of sales financing liabilities outstanding.

(in €m)	**2013**	2012	2011
Liabilities to financial institutions	190	313	421
Loans	39	32	111
Total sales financing liabilities	**229**	**345**	**532**

All of the €229 million total sales financing liabilities as of 31 December 2013 are in the form of non-recourse debt, where the Group's repayment obligations are limited to its receipts from transaction counterparties. A significant portion of financial assets representing non-cancellable customer commitments have terms closely matching those of the related financing liabilities. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 26: Financing liabilities". See also "— 2.1.2.8 Accounting for Sales Financing Transactions in the Financial Statements".

Furthermore, in 1999, Airbus received a reinvestment note from Deutsche Bank AG in the amount of US$800 million, bearing a fixed interest rate of 9.88% with an outstanding debt of €157 million as of 31 December 2013 (2012: €195 million, 2011: €224 million).

Sales financing transactions are generally collateralised by the underlying aircraft. Additionally, Airbus, Eurocopter and ATR benefit from protective covenants and from security packages tailored according to the perceived risk and the legal environment of each transaction.

The Group classifies the exposure arising from its sales financing activities into two categories: (i) customer financing exposure, where the customer's credit – its ability to perform its obligations under a financing agreement – constitutes the risk; and (ii) asset value exposure, where the risk relates to decreases in the future value of the financed aircraft. See also "— Risk Factors — 1. Financial Market Risks — Exposure to Sales Financing Risk".

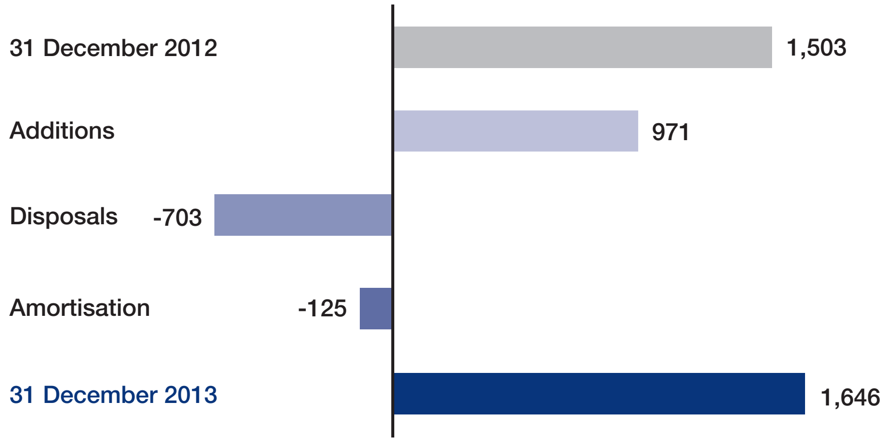
Customer Financing Exposure

Gross exposure. Gross customer financing exposure is computed as the sum of (i) the net book value of aircraft under operating leases; (ii) the outstanding principal amount of finance leases or loans; and (iii) the net present value of the maximum commitment amounts under financial guarantees.

Gross customer financing exposure from operating leases, finance leases and loans differs from the value of related assets on the Group's statement of financial position and related off-balance sheet contingent commitments for the following reasons: (i) assets are recorded in compliance with IFRS, but may relate to transactions where there is limited recourse to Airbus, Eurocopter or ATR; (ii) the value of the assets is impaired or depreciated on the consolidated statement of financial position; (iii) off-balance sheet gross exposure is calculated as the net present value of future payments, whereas the financial statements present the total future payments in nominal terms; and (iv) exposure related to certain asset value guarantees recorded as operating leases in the financial statements is categorised under asset value exposure, not customer financing exposure.

Airbus' Gross customer financing exposure amounted to US$1.6 billion (€1.2 billion) as of 31 December 2013. The chart below illustrates the evolution of this exposure during 2013 (in US$ million).

EVOLUTION OF AIRBUS GROSS EXPOSURE DURING 2013 IN US$



Airbus gross customer financing exposure as of 31 December 2013 is distributed over 95 aircraft, operated at any time by approximately 29 airlines. In addition, the level of exposure may include other aircraft-related assets, such as spare parts. More than 90% of Airbus gross customer financing exposure is distributed over 17 airlines in 14 countries (this excludes backstop commitments).

ATR's gross customer financing exposure amounted to US$ 0.1 billion (€ 74 million) as of 31 December 2013. This exposure is distributed over 105 aircraft. The Group proportionally consolidates only 50% of ATR and shares the risk with its partner, Alenia.

Eurocopter's gross customer financing exposure amounted to € 84 million as of 31 December 2013. This exposure is distributed over 58 helicopters.

Net exposure. Net exposure is the difference between gross exposure and the estimated value of the collateral security. Collateral value is assessed using a dynamic model based on the net present value of expected future rentals from the aircraft in the leasing market and potential cost of default. This valuation model yields results that are typically lower than residual value estimates by independent sources in order to allow for what management believes is its conservative assessment of market conditions, as well as for repossession and transformation costs. See "— 2.1.2.8 Accounting for Sales Financing Transactions in the Financial Statements".

The table below shows the transition from gross to net financing exposure (which does not include asset value guarantees) as of 31 December 2013, 2012 and 2011. It includes 100% of Airbus' and Eurocopter's customer financing exposure and 50% of ATR's exposure, reflecting the Group's stake in ATR.

		Airbus			ATR 50%			Eurocopter			Group Total		
(in €m)	Note[1]	**31/12/2013**	31/12/2012	31/12/2011	**31/12/2013**	31/12/2012	31/12/2011	**31/12/2013**	31/12/2012	31/12/2011	**31/12/2013**	31/12/2012	31/12/2011
Operating leases	15	591	693	497	-	-	-	-	-	-	591	693	497
Finance leases & loans	17	679	783	1,062	40	19	13	70	70	46	789	872	1,121
Others		44	-	-	2	10	29	-	2	-	46	12	29
On balance sheet customer financing		**1,314**	**1,476**	**1,559**	**42**	**29**	**42**	**70**	**72**	**46**	**1,426**	**1,577**	**1,647**
Off balance sheet customer financing		**134**	**318**	**357**	**39**	**45**	**56**	**14**	**12**	**40**	**187**	**375**	**453**
Non-recourse transactions on balance sheet		(212)	(461)	(721)	-	-	-	-	-	-	(212)	(461)	(721)
Off balance sheet adjustments		(43)	(194)	(90)	-	-	-	-	-	-	(43)	(194)	(90)
Gross Customer Financing Exposure	**33**	**1,193**	**1,139**	**1,105**	**81**	**74**	**98**	**84**	**84**	**86**	**1,358**	**1,297**	**1,289**
Collateral values	33	(851)	(741)	(627)	(75)	(61)	(86)	(41)	(48)	(53)	(967)	(850)	(766)
Net exposure		**342**	**398**	**478**	**6**	**13**	**12**	**43**	**36**	**33**	**391**	**447**	**523**
Asset impairments and provisions on:													
Operating leases	33	(169)	(223)	(127)	-	-	-	-	-	-	(169)	(223)	(127)
Finance leases & loans	33	(124)	(132)	(172)	-	-	-	-	-	-	(124)	(132)	(172)
On balance sheet commitments	33	(4)	-	-	(6)	(13)	(12)	(43)	(36)	(33)	(53)	(49)	(45)
Off balance sheet commitments	33	(45)	(43)	(179)	-	-	-	-	-	-	(45)	(43)	(179)
Asset impairments and provisions		**(342)**	**(398)**	**(478)**	**(6)**	**(13)**	**(12)**	**(43)**	**(36)**	**(33)**	**(391)**	**(447)**	**(523)**
Residual exposure		-	-	-	-	-	-	-	-	-	-	-	-

(1) The indicated numbers refer to the number of the Notes to Consolidated Financial Statements (IFRS).

The gross value of consolidated operating leases shown in the table above (€591 million in 2013, €693 million in 2012 and €497 million in 2011) is accounted for in "Property, plant and equipment" at net book value of operating leases before impairment. Corresponding accumulated asset impairments (€-169 million in 2013, €-223 million in 2012 and €-127 million in 2011) are charged against this net book value. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 15: Property, plant and equipment" and "— Note 33: Commitments and contingencies".

Also shown in the table above is the gross value for consolidated finance leases and loans (€789 million in 2013, €872 million in 2012 and €1,121 million in 2011). Consolidated finance leases (€384 million in 2013, €448 million in 2012 and €618 million in 2011) are accounted for as long-term financial assets, recorded at their book value before impairment. Loans (€405 million in 2013, €424 million in 2012 and €503 million in 2011) are also accounted for as long-term financial assets, recorded at their outstanding gross amount. Corresponding overall accumulated impairments (€ -124 million in 2013, €-132 million in 2012 and €-172 million in 2011) are charged against the book values. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 17: Investments in associates accounted for under the equity method, other investments and other long-term financial assets".

Off-balance sheet customer financing exposure at Airbus, ATR (accounted for at 50% by the Group) and Eurocopter was €187 million in 2013, €375 million in 2012 and €453 million in 2011. These amounts reflect the total nominal value of future payments under lease in / lease out structures. The corresponding net present value of future payments (discounted and net of mitigating factors) is included in total gross financing exposure for an amount of €144 million in 2013, €181 million in 2012 and €363 million in 2011. A provision of €45 million has been accrued for in the

Group's balance sheet as of 31 December 2013 to cover the full amount of the corresponding net exposure. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies".

Asset Value Exposure

A significant portion of the Group's asset value exposure arises from outstanding asset value guarantees, primarily at Airbus. Management considers the financial risks associated with such guarantees to be manageable. Three factors contribute to this assessment: (i) the guarantee only covers a tranche of the estimated future value of the aircraft, and its level is considered prudent in comparison to the estimated future value of each aircraft; (ii) the asset value guarantee-related exposure is diversified over a large number of aircraft and customers; and (iii) the exercise dates of outstanding asset value guarantees are distributed through 2025, resulting in low levels of exposure maturing in any year. In addition, these asset value guarantees must generally be exercised during a pre-defined window and contain specific conditions that must be met in order for them to be exercisable. Airbus is currently engaged in taking mitigation action to reduce the impact of asset value guarantees falling due in the coming years relating to A340s in particular.

Gross exposure. Gross asset value exposure is defined as the sum of the maximum guaranteed tranche amounts (as opposed to the sum of the maximum guaranteed asset value amounts) under outstanding asset value guarantees. As of 31 December 2013, gross asset value exposure was US$ 1.5 billion (€ 1.1 billion). The off-balance sheet portion of gross asset value exposure, representing asset value guarantees with net present values of less than 10% of the sales price of the corresponding aircraft, was € 871 million, excluding € 205 million where the risk is considered to be remote. In many cases, the risk is limited to a specific portion of the residual value of the aircraft. The remaining gross asset value exposure is recorded on-balance sheet.

Net exposure. The present value of the risk inherent to the given asset value guarantees, where a settlement is considered to be probable, is fully provided for and included in the amount of the provision for asset value risks of € 589 million as of 31 December 2013. This provision covers a potential expected shortfall between the estimated value of the aircraft of the date upon which the guarantee can be exercised and the value guaranteed on a transaction basis taking counter guarantees into account. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions".

Backstop Commitments

While backstop commitments to provide financing related to orders on Airbus', Eurocopter's and ATR's backlog are also given, such commitments are not considered to be part of gross exposure until the financing is in place, which occurs when the aircraft is delivered. This is due to the fact that (i) past experience suggests it is unlikely that all such proposed financings actually will be implemented (although it is possible that customers not benefiting from such commitments may nevertheless request financing assistance ahead of aircraft delivery), (ii) until the aircraft is delivered, Airbus or ATR retain the asset and do not incur an unusual risk in relation thereto (other than the corresponding work-in-progress), and (iii) third parties may participate in the financing.

Airbus orders and backstop commitments. Over the last three years (2013, 2012 and 2011), the average number of newly ordered aircraft in respect of which a backstop commitment has been offered amounted to 12% of the average orders recorded over the same period, *i.e.* 146 supported aircraft per year out of 1,252 orders per year on average. These financing commitments may or may not materialise at the contractual delivery date of the aircraft. In addition, the level of financing support together with the terms and conditions offered to customers will vary.

Airbus deliveries and financing support implemented at delivery. Over the last three years (2013, 2012 and 2011), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to 1% of the average number of deliveries over the same period, *i.e.* 8 aircraft financed per year out of 583 deliveries per year on average. This financing support may take the form of senior or junior loans or guarantees. Such support may have originated from the Group's contractual backstop commitments provided at signing of the purchase agreement (see above) or may be the result of a request for financing assistance made by the customer ahead of aircraft delivery.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies" for further discussion of the Group's sales financing policies and accounting procedures.

2.1.7 Hedging Activities

2.1.7.1 Foreign Exchange Rates

More than 60% of the Group's revenues are denominated in US dollars, with approximately half of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs is incurred primarily in euros, and to a lesser extent, in pounds sterling. Consequently, to the extent that the Group does not use financial instruments to hedge its net current and future exchange rate exposure from the time of a customer order to the time of delivery, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies, and to a lesser extent, by market changes in the exchange rate of pound sterling against the euro. As the Group intends to generate profits only from its operations and not through speculation on foreign currency exchange rate movements, the Group uses hedging strategies solely to mitigate the impact of exchange rate fluctuations on its EBIT*. See "— 2.1.3.3 EBIT* Performance by Division — Foreign Currency Impact on EBIT*". See also "— Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure".

As the Group uses financial instruments to hedge its net foreign currency exposure, the portion of its US dollar-denominated revenues not hedged by financial instruments is exposed to changes in exchange rates. Of this non-hedged portion of revenues, a certain percentage (relating to customer pre-delivery payments) is converted into euro at the spot rate effective at the time the payment was received by the Group. The remainder of non-hedged US dollar-denominated revenues (corresponding to payments upon delivery) are subject to changes in the spot rate at the time of delivery. See "— 2.1.2.7 Foreign Currency Translation".

Exposure on aircraft sales. For products such as aircraft, the Group typically hedges firmly committed sales in US dollars. The hedged items are defined as firmly committed future cash inflows for a given month based upon final payments at delivery. Usually, the Group designates a portion of the total monthly cash inflows as the hedged position to cover its expected foreign currency exposure. Therefore, as long as the actual gross foreign currency cash inflows (per month) exceed the portion designated as being hedged, a postponement or cancellation of sales transactions and corresponding cash inflows have no impact on the hedging relationship. Similarly, though to a lesser extent, the Group hedges its expected foreign currency exposure arising from US dollar cash outflows in the commercial aircraft business on a first outflow basis. The amount of the expected flows to be hedged can cover up to 100% of the equivalent of the net US dollar exposure at inception. The coverage ratio is adjusted to take into account macroeconomic movements affecting the spot rates and interest rates as well as the robustness of the commercial cycle.

Exposure on non-aircraft business. For the non-aircraft business the Group hedges in- and outflows in foreign currencies from firmly committed or forecast sales and purchase contracts. In the non-aircraft business, hedges are typically contracted in lower volumes but follow similar first flow logic or are designated based on agreed milestone payments.

Exposure on treasury operations. In connection with its treasury operations, the Group enters into foreign exchange swap contracts (notional amount of € 1.8 billion as of 31 December 2013) to adjust for short-term fluctuations of non-euro cash balances at the Business Unit level. Year-to-year changes in the fair market value of these swaps are recorded in the consolidated income statement in the line item "other financial result" if not designated as hedging instruments. These changes may have a material impact on the Group's net income.

Embedded derivatives. The Group also has foreign currency derivative instruments which are embedded in certain purchase and lease contracts denominated in a currency other than the functional currency of the significant parties to the contract, principally US dollar and pound sterling. Gains or losses relating to such embedded foreign currency derivatives are reported in the line item "other financial result" if not designated as hedging instruments. These changes may have a material impact on the Group's net income. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Derivative financial instruments — Embedded derivatives". In addition, the Group hedges currency risk arising from financial transactions in other currencies than euro, such as funding transactions or securities.

Hedge portfolio. The Group manages a long-term hedge portfolio with a maturity of several years hedging its net exposure to US dollar sales, mainly relating to the activities of Airbus Commercial (and to a lesser extent, of ATR, Eurocopter, Astrium and Cassidian). The net exposure is defined as the total currency exposure (US dollar-denominated revenues), net of the part that is "naturally hedged" by US dollar-denominated costs. This hedge portfolio covers to a large extent the Group's highly probable transactions. For financial reporting purposes, foreign currency transactions qualify as a hedged item if they are included in the internally audited order book or are otherwise considered highly probable, *e.g.* because of contractual or planning evidence.

The table below sets forth the notional amount of foreign exchange hedges in place as of 31 December 2013, and the average US dollar rates applicable to corresponding EBIT*.

	2014	2015	2016	2017+	Total
Total Hedges *(in US$bn)*	**24.2**	**20.8**	**17.1**	**13.8**	**75.9**
Forward Rates *(in US$)*					
€-US$[(1)]	1.35	1.35	1.32	1.32	
£-US$	1.57	1.58	1.56	1.57	

(1) Including collars at their least favourable rates.

For further information regarding the notional amounts of the Group's foreign exchange derivative financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34d: Notional amounts of derivative financial instruments".

2.1.7.2 Interest Rates

The Group uses an asset-liability management approach with the objective of limiting its interest rate risk. The Group undertakes to match the risk profile of its assets with a corresponding liability structure. The remaining net interest rate exposure is managed through several types of interest rate derivatives in order to minimise risks and financial impacts.

Hedging instruments that are specifically designated to debt instruments (such as the notes issued under the EMTN programme) have at the maximum the same nominal amounts, as well as the same maturity dates, as the corresponding hedged item.

The cash and cash equivalents and securities portfolio of the Group is invested in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. The majority of interest rate hedges qualifies for hedge accounting as either fair value hedges or cash flow hedges. For this portfolio, the Group holds on a regular basis an asset management committee which aims at limiting the interest rate risk on a fair value basis through a value-at-risk approach.

For information regarding the notional amounts of the Group's interest rate derivative financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34d: Notional amounts of derivative financial instruments". For further information relating to market risk and the ways in which the the Group attempts to manage this risk, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

2.1.7.3 Commodity Price Risk

The Group is exposed to risk relating to fluctuations in the prices of commodities used in the supply chain. The Group manages these risks in the procurement process and to a certain extent uses derivative financial instruments in order to mitigate the risks associated with the purchase of raw materials.

2.2 Financial Statements

The Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the year ended 31 December 2013, together with the related notes, appendices and Auditors' reports, shall be deemed to be incorporated in and form part of this Registration Document.

In addition, the English versions of the following documents shall be deemed to be incorporated in and form part of this Registration Document:

¬ the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the year ended 31 December 2011, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 12 April 2012 and filed in English with the Chamber of Commerce of The Hague; and

¬ the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the year ended 31 December 2012, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 3 April 2013 and filed in English with the Chamber of Commerce of The Hague.

Copies of the above-mentioned documents are available free of charge upon request in English, French, German and Spanish at the registered office of the Company and on **www.airbus-group.com** (Investor Relations > Publications > Annual Report and Registration Document).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on **www.afm.nl** (Professionals > Registers > Approved prospectuses). The above-mentioned financial statements are also available in English for inspection at the Chamber of Commerce of The Hague.

The Company confirms that the reports of the auditors incorporated by reference herein have been accurately reproduced and that as far as the Company is aware and is able to ascertain from the information provided by the auditors, no facts have been omitted which would render such reports inaccurate or misleading.

2.3 Statutory Auditors' Fees

Services provided to the Group by Statutory Auditors and Members of their network for the financial years 2013, 2012 and 2011:

	KPMG Accountants N.V.						Ernst & Young Accountants LLP					
	2013		2012		2011		**2013**		2012		2011	
	Amount in €K	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*
Audit												
Audit process, certification, examination of individual and consolidated accounts	5,201	63.6%	5,780	55.0%	5,675	70.0%	5,931	68.8%	5,836	61.3%	5,851	69.2%
Additional tasks	2,196	26.9%	3,725	35.5%	1,678	20.7%	2,123	24.6%	3,158	33.2%	2,338	27.6%
Sub-total	**7,397**	**90.5%**	**9,505**	**90.5%**	**7,353**	**90.7%**	**8,054**	**93.4%**	**8,994**	**94.5%**	**8,189**	**96.8%**
Other services as relevant												
Legal, tax, employment	769	9.4%	961	9.2%	715	8.8%	566	6.6%	519	5.5%	201	2.4%
Information technology	8	0.1%	20	0.1%	37	0.5%	-	-	-	-	70	0.8%
Other	-	-	22	0.2%	6	0.1%	-	-	-	-	-	-
Sub-total	**777**	**9.5%**	**1,003**	**9.5%**	**758**	**9.3%**	**566**	**6.6%**	**519**	**5.5%**	**271**	**3.2%**
Total	**8,174**	**100%**	**10,508**	**100%**	**8,111**	**100%**	**8,620**	**100%**	**9,513**	**100%**	**8,460**	**100%**

2.4 Information Regarding the Statutory Auditors

	Date of first appointment	Expiration of current term of office(1)
KPMG Accountants N.V. Laan van Langerhuize 1 – 1186 DS Amstelveen — The Netherlands Represented by A.A. van Eimeren	10 May 2000	27 May 2014
Ernst & Young Accountants LLP Antonio Vivaldistraat 150 — 1083 HP Amsterdam — The Netherlands Represented by C. T. Reckers	24 July 2002	27 May 2014

(1) The Annual General Meeting of Shareholders held on 29 May 2013 appointed Ernst & Young Accountants LLP and KPMG Accountants N.V. as the Company's auditors for the 2013 financial year. A resolution will be submitted to the Annual General Meeting of Shareholders to be held on 27 May 2014, in order to appoint KPMG Accountants N.V. as the Company's auditor for the 2014 financial year.

KPMG Accountants N.V., Ernst & Young Accountants LLP and their respective representatives are registered with the NBA (*Nederlandse Beroepsorganisatie van Accountants*; formerly Royal NIVRA).

3

General Description of the Company and its Share Capital

3.1 General Description of the Company

3.1.1 Commercial and Corporate Names, Seat and Registered Office

Commercial Name: Airbus Group

Statutory Name: European Aeronautic Defence and Space Company EADS N.V.

Registered Office: Mendelweg 30, 2333 CS Leiden, the Netherlands

Seat *(statutaire zetel)*: Amsterdam

Tel: +31 (0)71 5245 600

Fax: +31 (0)71 5232 807

3.1.2 Legal Form

The Company is a public limited liability company (*naamloze vennootschap*) organised under the laws of the Netherlands. As a company operating worldwide, the Company is subject to, and operates under, the laws of each country in which it conducts business.

3.1.3 Governing Laws and Disclosures

The Company is governed by the laws of the Netherlands (in particular Book 2 of the Dutch Civil Code) and by its Articles of Association (the "**Articles of Association**").

The Company is subject to various legal provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**WFT**"). In addition, given the fact that its shares are admitted for trading on a regulated market in France, Germany and Spain, the Company is subject to certain laws and regulations in these three jurisdictions. A summary of the main regulations applicable to the Company in relation to information to be made public in these three jurisdictions, as well as the Netherlands, is set out below.

3.1.3.1 Periodic Disclosure Obligations

Pursuant to Directive 2004 / 109 / EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "**Transparency Directive**"), the Company is required to disclose certain periodic and on-going information (the "**Regulated Information**").

Pursuant to the Transparency Directive, the Company must disseminate such Regulated Information throughout the European Community in a manner ensuring fast access to such information on a non-discriminatory basis. For this purpose, the Company may use a professional service provider (wire). In addition, Regulated Information must be filed at the same time with the relevant competent market authority. The Company must then ensure that Regulated Information remains publicly available for at least five years.

Finally, Regulated Information must be made available for central storage by a mechanism that is officially designated by the Company's home Member state.

Dutch Regulations

For the purpose of the Transparency Directive, supervision of the Company is effected by the Member state in which it maintains its corporate seat, which is the Netherlands. The competent market authority that assumes final responsibility for supervising compliance by the Company in this respect is the AFM.

Under the Transparency Directive as implemented under Dutch law, the Company is subject to a number of periodic disclosure requirements, such as:

- publishing an Annual Financial Report, together with an audit report drawn up by the Statutory Auditors, within four months after the end of each financial year;
- publishing a semi-Annual Financial Report, within two months after the end of the first six months of the financial year; and
- publishing quarterly financial reports, within a period between ten weeks after the beginning and six weeks before the end of the first or second six-month period of the financial year.

In addition, the Company must file with the AFM, within five days following their adoption by the Company's shareholders, its audited annual financial statements (including the consolidated ones), the management report, the Auditors' report and other information related to the financial statements.

The Company has also provided in this Registration Document a list of certain corporate and financial documents and other information that it has published or made available to the public over the last 12 months and details of where these documents can be obtained (see "— 3.5 Annual Securities Disclosure Report").

French Regulations

Since the Transparency Directive was implemented in France on 20 January 2007, the Company is no longer required to comply with certain disclosure obligations pursuant to the general regulations of the AMF.

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in France the same information as that provided abroad.

German Regulations

Since the Transparency Directive was implemented in Germany on 20 January 2007, the Company is no longer required to comply with certain disclosure obligations pursuant to the German Stock Exchange Act (*Börsengesetz*) and the German Stock Exchange Admissions Regulation (*Börsenzulassungs-Verordnung*).

Due to the listing of the Company's shares in the *Prime Standard* sub-segment of the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange, the Company is subject to certain post-listing obligations as described below. The Company is included *inter alia* in the selection index MDAX, the MidCap index of *Deutsche Börse AG.*

Pursuant to sections 50 and 51 of the Exchange Rules (*Börsenordnung*) of the Frankfurt Stock Exchange, the Company is required to publish consolidated annual and semi-annual financial statements as well as quarterly financial reports, which may be prepared in English only. In addition, pursuant to section 52 of the Exchange Rules, the Company is required to publish a financial calendar at the beginning of each financial year in German and English. The Company is also required to hold an analysts' meeting at least once per year in addition to the press conference regarding the annual financial statements.

Save for certain exceptions, pursuant to section 69 of the German Stock Exchange Admissions Regulation, the Company has to apply for admission of shares issued at a later date to the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange.

Spanish Regulations

Since the entering into force of the law and regulation implementing the Transparency Directive in Spain in April and December 2007, respectively, the Company is no longer required to comply with certain disclosure obligations pursuant to the Spanish Securities Act as developed by Royal Decree 1362 / 2007 of 19 October 2007.

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in Spain the same information as that provided abroad.

3.1.3.2 Ongoing Disclosure Obligations

Pursuant to the Transparency Directive, Regulated Information includes in particular "inside information" as defined pursuant to Article 6 of Directive 2003 / 6 / EC on insider dealing and market manipulation (the "**Market Abuse Directive**"). Such information must be disseminated throughout the European Community (see introduction to section "— 3.1.3.1 Periodic Disclosure Obligations").

Inside information consists of information of a precise nature which has not been made public that relates, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Inside information must be disclosed to the markets as soon as possible. However, an issuer may under its own responsibility delay the public disclosure of inside information so as not to prejudice its legitimate interests provided that such omission would not be likely to mislead the public and provided that the issuer is able to ensure the confidentiality of that information.

Dutch Regulations

Following the implementation of the Transparency Directive into Dutch law, the Company must publicly disclose Regulated Information and also file Regulated Information with the AFM, which will keep all relevant Regulated Information in a publicly available register. The Company will, whenever it discloses inside information pursuant to applicable mandatory law as part of the Regulated Information, disclose and disseminate throughout the European Community any such information.

Under Dutch law, the Company must also publish any change in the rights attached to its shares, as well as any changes in the rights attached to any rights issued by the Company to acquire the Company's shares.

French Regulations

Any inside information as defined above will be disclosed in France by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in France equivalent information to that provided abroad.

German Regulations

Any inside information as defined above will be disclosed in Germany by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in Germany equivalent information to that provided abroad.

Spanish Regulations

Pursuant to Article 82 of the Spanish Securities Act, the Company is required to make public, as soon as possible, any fact or decision that may substantially affect the quotation of its shares (“**a Relevant Event**”). Any Relevant Event must be notified to the CNMV simultaneously with its diffusion by any other means, as soon as the relevant fact is known, the relevant decision has been made or, the relevant agreement has been executed, as the case may be. The Company may, under its own responsibility, delay the publication of any Relevant Event if it considers that such publication damages its legitimate interests, provided that such lack of publication does not mislead the public and that the Company is in a position to guarantee the confidentiality of the relevant information. Nonetheless, the Company will immediately inform the CNMV should it decide to delay the publication of any Relevant Event. Furthermore, pursuant to the Spanish Securities Act, the Company must post details of any Relevant Event on its website. The Company must try to ensure that the relevant information is disclosed simultaneously to all types of investors in the Member States of the European Union where it is listed.

An order dated 1 June 2009 requires that the Company appoint at least one official spokesperson to respond to any inquiries that the CNMV may have in relation to a Relevant Event disclosed by the Company. This spokesperson must be able to officially reply on behalf of the Company and must have access to senior management in order to verify any information requested by the CNMV.

A circular dated 4 November 2009 further provides that the publication of any Relevant Event must be made via the CIFRADOC system (the CNMV’s electronic system for notifications and communications) and that publication by different means is only possible under exceptional circumstances, subject to approval by the General Markets Directorate (*Dirección General de Mercados*).

Pursuant to the Spanish Securities Act and its implementing rules and regulations, the Company is also required:

(i) to have a website which must contain as a minimum the information specified by Spanish regulations;

(ii) to make available to shareholders and file a Corporate Governance Report with the CNMV in the Spanish language or in a language customary in the sphere of international finance on an annual basis; and

(iii) to make available to shareholders a Directors’ remuneration report in the Spanish language on an annual basis.

3.1.4 Date of Incorporation and Duration of the Company

The Company was incorporated on 29 December 1998 for an unlimited duration.

3.1.5 Objects of the Company

Pursuant to its Articles of Association, the objects of the Company are to hold, co-ordinate and manage participations or other interests and to finance and assume liabilities, provide for security and/or guarantee debts of legal entities, partnerships, business associations and undertakings that are involved in:

- the aeronautic, defence, space and/or communication industry; or
- activities that are complementary, supportive or ancillary thereto.

3.1.6 Commercial and Companies Registry

The Company is registered with the Registry of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 24288945.

3.1.7 Inspection of Corporate Documents

The Articles of Association are available for inspection in Dutch at the Chamber of Commerce.

In France, the Articles of Association are available at the head office of Airbus Group (4, rue du Groupe d’Or, 31703 Blagnac, France, Tel.: +33 5 81 31 75 00) and at the Paris office of Airbus Group (37, boulevard de Montmorency, 75781 Paris Cedex 16, France, Tel.: + 33 1 42 24 24 24).

In Germany, the Articles of Association are available at the Munich office of Airbus Group (Willy-Messerschmitt-Str. – Tor 1, 81663 Munich, Germany, Tel.: +49 89 60 70).

In Spain, the Articles of Association are available at the CNMV and at the Madrid office of Airbus Group (Avenida de Aragón 404, 28022 Madrid, Spain, Tel.: +34 91 585 70 00).

3.1.8 Financial Year

The financial year of the Company starts on 1 January and ends on 31 December of each year.

3.1.9 Allocation and Distribution of Income

3.1.9.1 Dividends

The Board of Directors shall determine which part of the profits of the Company shall be attributed to reserves. The remaining distributable profit shall be at the disposal of the shareholders' meeting.

The shareholders' meeting may resolve (if so proposed by the Board of Directors) that all or part of a distribution on shares shall be paid in shares of the Company or in the form of assets as opposed to cash.

The declaration of a dividend, an interim dividend or another distribution to the shareholders shall be made known to them within seven days after such declaration. Declared dividends, interim dividends or other distributions shall be payable on such date(s) as determined by the Board of Directors.

Dividends, interim dividends and other distributions on shares shall be paid by bank transfer to the bank or giro accounts designated in writing to the Company by, or on behalf of, shareholders at the latest 14 days after their announcement.

The persons entitled to a dividend, interim dividend or other distribution shall be the shareholders as at a record date to be determined by the Board of Directors for that purpose, which date may not be a date prior to the date on which such dividend, interim dividend or other distribution is declared.

3.1.9.2 Liquidation

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses shall be distributed amongst the holders of the shares in proportion to their shareholdings.

3

3.1.10 General Meetings

3.1.10.1 Calling of Meetings

Shareholders' Meetings are held as often as the Board of Directors deems necessary, when required under Section 2:108a of the Dutch Civil Code (as a result of a decrease of the Company's equity to or below half of the Company's paid up and called up capital) or upon the request of shareholders holding, individually or together, at least 10% of the total issued share capital of the Company. The Annual General Meeting of Shareholders of the Company is held within six months of the end of the financial year.

The Board of Directors must give notice of shareholders' meetings through publication of a notice on the Company's website (**www.airbus-group.com**), which will be directly and permanently accessible until the shareholders' meeting. The Company must comply with the statutory rules providing for a minimum convening period, which currently require at least 42 days of notice. The convening notice must state the items required under Dutch law.

Shareholders' Meetings are held in Amsterdam, The Hague, Rotterdam or Haarlemmermeer (Schiphol Airport). The Board of Directors may decide that shareholders' meetings may be attended by means of electronic or video communication devices from the locations mentioned in the convening notice.

The Board of Directors must announce the date of the Annual General Meeting of Shareholders at least ten weeks before the Meeting. A matter which one or more shareholders or other parties with meeting rights collectively representing at least the statutory threshold (which is currently 3% of the issued share capital) have requested in writing to be put on the agenda for a general meeting of shareholders shall be included in the convening notice or shall be announced in the same fashion, if the substantiated request or a proposal for a resolution is received by the Company no later than the 60th day before the general meeting. When exercising the right to put a matter on the agenda for a general meeting of shareholders, the respective shareholder or shareholders are obliged to disclose their full economic interest to the Company. The Company must publish such disclosure on its website.

A request as referred to in the preceding paragraph may only be made in writing. The Board of Directors can decide that in "writing" is understood to include a request that is recorded electronically.

3.1.10.2 Right to Attend Shareholders' Meetings

Each holder of one or more shares may attend shareholders' meetings, either in person or by written or electronically recorded proxy, speak and vote according to the Articles of Association. See "— 3.1.10.4 Conditions of Exercise of Right to Vote". A shareholder or person who has the right to attend a meeting can see to it that he is represented by more than one proxy holder, provided that only one proxy holder can be appointed for each share.

The persons who have the right to attend and vote at shareholders' meetings are those who are so on record in a register designated for that purpose by the Board of Directors on the registration date referred to in Section 2:119 of the Dutch Civil Code which is currently the 28th day prior to the day of the shareholders' meeting (the "**Registration Date**"), irrespective of who may be entitled to the shares at the time of that meeting.

If the Board of Directors so decides, any person who is entitled to exercise the rights set out in the above paragraph (either in person or by means of a written or electronically recorded proxy) and is attending the shareholders' meeting by means of electronic and video communication from another designated location in such a manner that the person acting as Chairman of the shareholders' meeting is convinced that such a person is properly participating in the shareholders' meeting, shall be deemed to be present or represented at the shareholders' meeting, shall be entitled to vote and shall be counted towards a quorum accordingly.

In advance of a shareholders' meeting, as a prerequisite to attending and voting at such shareholders' meeting, the Company, or alternatively an entity or person so designated by the Company, must be notified in writing by each person entitled and intending to attend the shareholders' meeting, not earlier than the Registration Date, of the intention to attend the meeting, including such person's identity and the composition, nature and size of such person's "Interest" (as such term is defined under the Articles of Association). Ultimately this notice must be received by the Company, or alternatively an entity or person so designated by the Company, on the day mentioned in the convening notice.

The Company has the right to request additional information and documentation with respect to the Interest of a person who has indicated his or her intention to attend a shareholders' meeting. For as long as a shareholder has not complied with this request, his or her meeting and voting rights would be suspended.

The Company may direct any person who wishes to enter a shareholders' meeting to identify himself or herself by means of a valid passport or a valid driver's license and to be submitted to security restrictions. If a person were to fail to comply, such person could be refused entry to, or be ejected from, the shareholders' meeting.

Holders of shares that are registered in the shareholders' register kept in Amsterdam have the option of holding them through Euroclear France S.A. In this case the shares are registered in the name of Euroclear France S.A.

Shareholders holding their shares in the Company through Euroclear France S.A. who wish to attend shareholders' meetings will have to request from their financial intermediary or accountholder an admission card and be given a proxy to this effect from Euroclear France S.A. in accordance with the instructions specified by the Company in the convening notice. For this purpose, a shareholder will also be able to request that it be registered directly (and not through Euroclear France S.A.) in the register of the Company. However, only shares registered in the name of Euroclear France S.A. may be traded on stock exchanges.

In order to exercise their voting rights, the shareholders will also be able, by contacting their financial intermediary or accountholder, to give their voting instructions to Euroclear France S.A. or to any other person designated for this purpose, as specified by the Company in the convening notice.

Pursuant to its Articles of Association, the Board of Directors may provide for electronic means of attendance, speaking and voting at the shareholders' meetings. The use of such electronic means will depend on the availability of the necessary technical means and market practice.

3.1.10.3 Majority and Quorum

All resolutions are adopted by means of a simple majority of the votes cast except when a qualified majority is prescribed by the Articles of Association or by Dutch law. No quorum is required for any shareholders' meeting to be held except as required under applicable law for a very limited number of resolutions of an extraordinary nature. Dutch law requires a special majority for the passing of certain resolutions: *inter alia*, capital reduction, exclusion of pre-emption rights in connection with share issues, statutory mergers or statutory de-mergers; the passing of such resolutions requires a majority of two-thirds of the votes cast if 50% of the share capital with voting rights is not present at the shareholders' meeting (or otherwise a simple majority). In addition, resolutions to amend the Articles of Association or to dissolve the Company may only be adopted with a majority of at least two-thirds of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting, and resolutions to amend certain provisions of the Articles of Association may only be adopted with a majority of at least 75% of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting.

Pledgees of shares and beneficiaries of a usufruct, which do not have voting rights, do not have the right to attend and to speak at shareholders' meetings. The owners of shares which are subject to a pledge or a usufruct, which do not have voting rights, are entitled to attend and to speak at shareholders' meetings.

3.1.10.4 Conditions of Exercise of Right to Vote

In all shareholders' meetings, each shareholder has one vote in respect of each share it holds. The major shareholders of the Company – as set forth in "— 3.3.2 Relationships with Principal Shareholders" – do not enjoy different voting rights from those of the other shareholders.

A shareholder whose shares are subject to a pledge or usufruct shall have the voting rights attaching to such shares unless otherwise provided by law or by the Articles of Association or if, in the case of a usufruct, the shareholder has granted voting rights to the usufructuary. Pursuant to the Articles of Association and subject to the prior consent of the Board of Directors, a pledgee of shares in the Company may be granted the right to vote in respect of such pledged shares.

The Articles of Association provide: *"The right to vote can be granted to a usufructuary. The right to vote can be granted to a pledgee, but only with the prior consent of the Board of Directors. No vote may be cast at the General Meeting on a share that is held by the Company or a subsidiary; nor for a share in respect of which one of them holds the depository receipts. Usufructuaries and pledgees of shares that are held by the Company or its subsidiaries are, however, not excluded from their voting rights, in case the right of usufruct or pledge was vested before the share was held by the Company or its subsidiary."*

3.1.11 Disclosure of Holdings

Pursuant to the WFT, any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights of the Company must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person whose interest in the capital or voting rights of the Company meets, exceeds or falls below one or several of the above-mentioned thresholds due to a change in Airbus Group's outstanding capital, or in voting rights attached to the shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the notification by the Company. Among other things, the Company is required to notify the AFM immediately if its outstanding share capital or voting rights have changed by 1% or more since the Company's previous notification.

If at the end of a calendar year the composition of a shareholder's holding differs from its previous disclosure as a result of the conversion of certain types of securities or following the exercise of rights to acquire voting rights, this shareholder must then provide an update of its previous disclosure within four weeks of the end of each calendar year by giving written notice thereof to the AFM. The disclosures are published by the AFM on its website (**www.afm.nl**).

Pursuant to the Articles of Association, shareholders must notify the Company when meeting or crossing the thresholds above. The Articles of Association also contain disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds.

Under the Articles of Association, the disclosure obligations of shareholders are enhanced in several ways beyond what is required under the WFT, including by requiring the disclosure of additional information, tying the disclosure obligations to a broader range of interests in the capital or voting rights of the Company and by requiring a shareholder to notify the Company if his or her interest reaches, exceeds or falls below the Mandatory Disposal Threshold (as defined below) or if the interest of a shareholder (alone or a member of a concert) which is above such Mandatory Disposal Threshold charges in its composition, nature and/or size.

Failure to comply with the legal obligation to notify a change in shareholding under the WFT is a criminal offence punishable by criminal and administrative penalties as well as civil law penalties, including the suspension of voting rights. Failure to comply with a notification under the Articles of Association can lead to a suspension of meeting and voting rights.

Disclosure Requirements for Members of the Board of Directors and the Executive Committee

Disclosure of Holdings

In addition to the requirements under the WFT regarding the disclosure of holdings in case the specified thresholds are met or exceeded or if holdings fall below these thresholds, Members of the Board of Directors must report to the AFM the number of shares in the Company and attached voting rights [1] held by him or an entity controlled by him, within two weeks following his appointment as Director, whether or not such shareholdings meet or exceed any of the specified thresholds. Subsequently, any Member of the Board of Directors is required to notify the AFM of any changes in such number of shares in the Company and attached voting rights.

(1) In this context, the term "shares" also includes for example depositary receipts for shares and rights resulting from an agreement to acquire shares or depositary receipts for shares, specifically call options, warrants, and convertible bonds. Equally, the term "voting rights" also includes actual or contingent rights to voting rights (*e.g.*, embedded in call options, warrants or convertible bonds).

Disclosure of Transactions Carried Out on Any Securities Issued by the Company

Based on Section 5:60 of the WFT, certain persons discharging managerial or supervisory responsibilities within the Company and, where applicable, persons closely associated with them (together "**Insiders**", as defined below), are required to notify the AFM within five trading days of all transactions conducted for their own account involving shares of the Company, or derivatives or other financial instruments related to such shares, unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year.

"**Insiders**" for the Company include (i) Members of the Board of Directors and the Executive Committee of the Company, (ii) persons closely associated with any person mentioned under category (i) (including their spouses, life partners or any partner considered by national law as equivalent to the spouse, blood relatives, dependent children and other relatives who have shared the same household), and (iii) legal entities, trusts or partnerships whose managerial responsibilities are discharged by any person referred to in categories (i) or (ii) or which are directly or indirectly controlled by such a person, or that have been set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person.

The Company has adopted specific internal insider trading rules (the "**Insider Trading Rules**") in order to ensure compliance with the above requirements and with other share trading regulations applicable in the Netherlands, France, Germany and Spain. The Insider Trading Rules are available on the Company's website, and provide in particular that: (i) all employees and Directors are prohibited from conducting transactions in the Company's shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in the Company's shares or stock options within very limited periods and have specific information obligations to the ITR Compliance Officer of the Company and the competent financial market authorities with respect to certain transactions. The ITR Compliance Officer is responsible for the implementation of the Insider Trading Rules and for reporting to the AFM.

Pursuant to Section 5:59 paragraph of the WFT, the Company must maintain a list of all persons working for it by virtue of a labour relationship or otherwise, who may have access to inside information. Equivalent requirements exist under French, German and Spanish law.

According to paragraph 15a of the German Securities Trading Act, persons with significant managerial responsibility within the Company (*i.e.* for the Company, the Members of the Board of Directors and of the Executive Committee), or the persons closely associated with them, must disclose transactions conducted for their own account involving shares of the Company or financial instruments that relate to those shares, especially derivatives. These persons have to notify the Company and the German Federal Financial Supervisory Authority of the transactions within five trading days unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year. Since implementation of the Transparency Directive into German law on 20 January 2007, the Company is no longer required to publish such notifications on its website or in a German supra-regional mandatory stock exchange newspaper.

3.1.12 Mandatory Disposal

3.1.12.1 Mandatory Disposal Threshold Restricting Ownership to 15%

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others (the "**Mandatory Disposal Threshold**"). An interest ("**Interest**") includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be deemed to be at someone's disposal pursuant to the Dutch Financial Supervision Act, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed. Any shareholder having an interest of more than the Mandatory Disposal Threshold must reduce its interest below the Mandatory Disposal Threshold, for instance by disposing of its Excess Shares, within two weeks. The same applies to concerts of shareholders and other persons who together hold an interest exceeding the Mandatory Disposal Threshold. Should such shareholder or concert not comply with not exceeding the 15% Mandatory Disposal Threshold by the end of such two-week period, their Excess Shares would be transferred to a Dutch law foundation ("*Stichting*"), which can, and eventually must, dispose of them.

The Dutch law foundation would issue depositary receipts to the relevant shareholder in return for the Excess Shares transferred to the foundation, which would entitle the relevant shareholder to the economic rights, but not the voting rights, attached to such Company shares. The foundation's Articles of Association and the terms of administration governing the relationship between the foundation and the depositary receipt holders provide, *inter alia*, that:

¬ the Board Members of the foundation must be independent from the Company, any grandfathered persons and their affiliates (see "— 3.1.12.2 Exemptions from Mandatory Disposal Threshold") and any holder of depositary receipts and their affiliates (there is an agreement under which the Company will, *inter alia*, cover the foundation's expenses and indemnify the Board Members against liability);

¬ the Board Members are appointed (except for the initial Board Members who were appointed at incorporation) and dismissed by the Management Board of the foundation (the Company may however appoint one Board Member in a situation where there are no foundation Board Members);

- the foundation has no discretion as to the exercise of voting rights attached to any Company shares held by it and will in a mechanical manner vote to reflect the outcome of the votes cast (or not cast) by the other shareholders, and the foundation will distribute any dividends or other distributions it receives from the Company to the holders of depositary receipts; and
- no transfer of a depositary receipt can be made without the prior written approval of the foundation's board.

For any shareholder or concert, the term "Excess Shares", as used above, refers to such number of shares comprised in the interest of such shareholder or concert exceeding the Mandatory Disposal Threshold which is the lesser of: (a) the shares held by such shareholder or concert which represent a percentage of the Company's issued share capital that is equal to the percentage with which the foregoing interest exceeds the Mandatory Disposal Threshold; and (b) all shares held by such person or concert.

This restriction is included in the Articles of Association to reflect the Company's further normalised governance going forward aiming at a substantial increase of the free float and to safeguard the interests of the Company and its stakeholders (including all its shareholders), by limiting the possibilities of influence above the level of the Mandatory Disposal Threshold or takeovers other than a public takeover offer resulting in a minimum acceptance of 80% of the share capital referred to below.

3.1.12.2 Exemptions from Mandatory Disposal Threshold

The restrictions pursuant to the Mandatory Disposal Threshold under the Articles of Association do not apply to a person who has made a public offer with at least an 80% acceptance (including any Company shares already held by such person). These restrictions also have certain grandfathering exemptions for the benefit of shareholders and concerts holding interests exceeding the Mandatory Disposal Threshold on the date that the current Articles of Association entered into force (the "**Exemption Date**").

Different grandfathering regimes apply to such shareholders and concerts depending on the interests and the nature thereof held by each such shareholder or concert on the Exemption Date.

The Company has confirmed that (i) the specific exemption in Article 16.1.b of the Articles of Association applies to Sogepa, as it held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date and (ii) the specific exemption in Article 16.1.c applies to the concert among Sogepa, GZBV and SEPI, as they held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

3

3.1.13 Mandatory Offers

3.1.13.1 Takeover Directive

The Directive 2004 / 25 / EC on takeover bids (the "**Takeover Directive**") sets forth the principles governing the allocation of laws applicable to the Company in the context of a takeover bid for the shares of the Company. The Takeover Directive refers to the rules of the Netherlands and the rules of the European Union Member State of the competent authority that must be chosen by the Company from among the various market authorities supervising the markets where its shares are listed.

For the Company, matters relating to, *inter alia*, the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be determined by the laws of the European Union Member State having the competent authority, which will be selected by the Company at a future date.

Matters relating to the information to be provided to the employees of the Company and matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority will be governed by Dutch law (see "— 3.1.13.2 Dutch Law").

3.1.13.2 Dutch Law

The bill implementing the Takeover Directive (the "**Takeover Act**") in Dutch Law entered into force on 28 October 2007. In accordance with the Takeover Act, shareholders are required to make an unconditional public offer for all issued and outstanding shares in the Company's share capital if they – individually or acting in concert (as such term is defined below), directly or indirectly – have 30% or more of the voting rights (significant control) in the Company. In addition to the other available exemptions listed below, the requirement to make a public offer does not apply to persons, who at the time the Takeover Act came into force, already held – individually or acting in concert – 30% or more of the voting rights in the Company. In the case of such a concert, a new Member of the concert can be exempted if it satisfies certain conditions.

Under the Takeover Act, natural persons, legal entities or companies are "acting in concert" if they cooperate on the basis of an agreement with the objective to acquire significant control (as defined above) in the target company, or if they cooperate with the target company with the objective to prevent the success of an announced public offer for the shares in such target company. The following categories of natural persons, legal entities or companies are in any event deemed to be "acting in concert" under the Takeover Act: (i) legal entities or companies that form a group of companies as defined in section 2:24b of the Dutch Civil Code, (ii) legal entities or companies and their subsidiaries, and (iii) natural persons and their subsidiary companies.

In addition to the exemption stated above, the obligation to make a public offer does not apply to the natural person, legal entity or company that, amongst others:

¬ acquires significant control as a result of declaring unconditional (*gestand doen*) a public offer made for all shares (or depositary receipts) in the target company, provided that the bidder as a consequence can exercise more than 50% of the votes at the target company's shareholders' meeting;
¬ is a legal entity, independent from the target company, that acquires significant control after a public offer has been announced by a third party, provided that such entity (i) holds the shares in the target company for a maximum period of two years and for purposes of protection of the target company and (ii) the corporate objects of such entity are to preserve the interests of the target company;
¬ is a legal entity, independent from the target company, which has issued depositary receipts for the shares in the target company with the cooperation of such target company;
¬ acquires significant control as a result of: (i) an intra-group transfer of the shares representing significant control; or (ii) a transfer between a parent company and its subsidiary;
¬ acquires significant control acting in concert with one or more other natural persons, legal entities or companies, in which case the obligation to make a public offer lies with the natural person, legal entity or company that can exercise most of the voting rights in the shareholders' meeting of the target company; or
¬ acts as a custodian (if and to the extent it cannot exercise any voting rights in its sole discretion).

The obligation to make a public offer also does not apply if, amongst others:

¬ the natural person, legal entity or company, after acquiring significant control, loses such control within a thirty day grace period (which may be extended by the Enterprise Chamber of the Court of Appeals in Amsterdam court to ninety days in total), unless (i) loss of control is due to a transfer to a natural person, legal entity or company to which one of the exemptions set out above applies, or (ii) the acquirer of the significant control has exercised its voting rights during the grace period; or
¬ the target company's shareholders' meeting agrees upfront with the acquisition of significant control – and any subsequent acquisition of shares – by a third party with 90% of votes cast in favour of such proposal, excluding any votes by such third party and any of its concert parties.

Under the Takeover Act, a minority shareholder may also make a request for his shares to be purchased by an offeror who holds at least 95% of the issued share capital and the voting rights. This claim must be brought before the Enterprise Chamber of the Court of Appeals in Amsterdam within the three-month period after the closing of the acceptance period of the public offer.

3.2 General Description of the Share Capital

3.2.1 Issued Share Capital

As of 31 December 2013, the Company's issued share capital amounted to €783,157,635, consisting of 783,157,635 fully paid-up shares of a nominal value of €1 each.

3.2.2 Authorised Share Capital

As of 31 December 2013, the Company's authorised share capital amounted to €3 billion, consisting of 3,000,000,000 shares of €1 each.

3.2.3 Modification of Share Capital or Rights Attached to the Shares

Unless such right is limited or excluded by the shareholders' meeting (or the Board of Directors, if authorised by the shareholders' meeting to do so) as described below, holders of shares have a pre-emptive right to subscribe for any newly issued shares pro rata to the aggregate nominal value of shares held by them, except for shares issued for consideration other than cash and shares issued to employees of the Company or of a Group company. For the contractual position as to pre-emption rights, see "— 3.3.2 Relationships with Principal Shareholders".

The shareholders' meeting has the power to issue shares. The shareholders' meeting may also authorise the Board of Directors for a period of no more than five years, to issue shares and to determine the terms and conditions of share issuances.

The shareholders' meeting also has the power to limit or to exclude pre-emption rights in connection with new issues of shares, and may authorise the Board of Directors for a period of no more than five years, to limit or to exclude pre-emption rights. All resolutions in this context must be approved by a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at said meeting, except that resolutions to issue shares or to grant rights to subscribe for shares for an aggregate issue price in excess of €500,000,000 per issuance, without preferential subscription rights, as well as delegation of those powers to the Board of Directors, have to be approved by 75% of the votes cast during the shareholders' meeting.

Pursuant to the shareholders' resolution adopted at the Annual General Meeting of Shareholders held on 29 May 2013, the Board of Directors was granted powers (i) to issue shares and to grant rights to subscribe for shares which are part of the Company's authorised share capital, provided that such powers shall be limited to 0.15% of the Company's authorised share capital from time to time and (ii) to limit or exclude preferential subscription rights, in both cases for a period expiring at the Annual General Meeting of Shareholders to be held in 2014. Shareholders will be asked to grant new authorisations at the Company's Annual General Meeting of Shareholders to be held on 27 May 2014, provided that such delegations will be limited to (i) 0.3% of the Company's authorised share capital from time to time for the purpose of funding the Company and its Group companies and (ii) 0.2% of the Company's authorised share capital from time to time for the purpose of employee share ownership plans ("**ESOP**") and long term incentive plans ("**LTIP**"), and will not involve an issuance of shares, or granting of rights to subscribe for shares, which requires a 75% voting majority.

The shareholders' meeting may reduce the issued share capital by cancellation of shares, or by reducing the nominal value of the shares by means of an amendment to the Articles of Association. The cancellation of shares requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at said meeting; the reduction of nominal value by means of an amendment to the Articles of Association requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting, except that under the Articles of Association, the required majority is 75% for certain amendments to the Articles of Association.

3.2.4 Securities Granting Access to the Company's Share Capital

Except for stock options granted for the subscription of Company shares (See "— Corporate Governance — 4.3.3 Long-Term Incentive Plans" and "Notes to the Consolidated Financial Statements ("IFRS") — Note 35: Share-Based Payment"), there are no securities that give access, immediately or over time, to the share capital of the Company.

The table below shows the total potential dilution that would occur if all the stock options issued as of 31 December 2013 were exercised:

	Number of shares	Percentage of diluted capital	Number of voting rights	Percentage of diluted voting rights(1)
Total number of Company shares issued as of 31 December 2013	783,157,635	99.452%	780,322,514	99.450%
Total number of Company shares which may be issued following exercise of stock options	4,314,115	0.548%	4,314,115	0.550%
Total potential Company share capital	**787,471,750**	**100%**	**784,636,629**	**100%**

(1) The potential dilutive effect on capital and voting rights of the exercise of these stock options may be limited as a result of the Company's share purchase programmes and in the case of subsequent cancellation of repurchased shares. See "— 3.3.7.1 Dutch law and information on share repurchase programmes".

3.2.5 Changes in the Issued Share Capital since Incorporation of the Company

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium(1)	Total number of issued shares after transaction	Total issued capital after transaction
29 December 1998	Incorporation	NLG 1,000	100	-	100	NLG 100,000
3 April 2000	Conversion into €	€1	50,000	-	50,000	€50,000
8 July 2000	Issue of shares in exchange for contributions by Aerospatiale Matra, DASA AG and SEPI	€1	715,003,828	€1,511,477,044	715,053,828	€715,053,828
13 July 2000	Issue of shares for the purpose of the initial public offering and listing of the Company	€1	80,334,580	€1,365,687,860	795,388,408	€795,388,408
21 September 2000	Issue of shares for the purpose of the employee offering carried out in the context of the initial public offering and listing of the Company	€1	11,769,259	€168,300,403	807,157,667	€807,157,667
5 December 2001	Issue of shares for the purpose of an employee offering (note d'opération approved by the COB(2) on 13 October 2001 under number 01-1209)	€1	2,017,894	€19,573,571.80	809,175,561	€809,175,561
4 December 2002	Issue of shares for the purpose of an employee offering (note d'opération approved by the COB on 11 October 2002 under number 02-1081)	€1	2,022,939	€14,470,149.33	811,198,500	€811,198,500
5 December 2003	Issue of shares for the purpose of an employee offering (note d'opération approved by the COB on 25 September 2003 under number 03-836)	€1	1,686,682	€19,363,109.36	812,885,182	€812,885,182
20 July 2004	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 6 May 2004	€1	5,686,682	-	807,198,500	€807,198,500
3 December 2004	Issue of shares for the purpose of an employee offering (note d'opération approved by the AMF on 10 September 2004 under number 04-755)	€1	2,017,822	€34,302,974	809,216,322	€809,216,322
In 2004	Issue of shares following exercise of options granted to employees(3)	€1	362,747	€6,133,436	809,579,069	€809,579,069
25 July 2005	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 11 May 2005	€1	1,336,358	-	808,242,711	€808,242,711
29 July 2005	Issue of shares for the purpose of an employee offering (note d'opération approved by the AMF on 4 May 2005 under number 05-353)	€1	1,938,309	€34,618,198.74	810,181,020	€810,181,020
In 2005	Issue of shares following exercise of options granted to employees(3)	€1	7,562,110	€144,176,031.61	817,743,130	€817,743,130
20 July 2006	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 4 May 2006	€1	6,656,970	-	811,086,160	€811,086,160
In 2006	Issue of shares following exercise of options granted to employees(3)	€1	4,845,364	€89,624,589	815,931,524	€815,931,524
In 2007	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 4 May 2007	€1	4,568,405	-	811,363,119	€811,363,119
9 May 2007	Issue of shares for the purpose of an employee offering	€1	2,037,835	€33,482,173	813,400,954	€813,400,954
In 2007	Issue of shares following exercise of options granted to employees(3)	€1	613,519	€9,438,683	814,014,473	€814,014,473

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.
(2) Predecessor of the AMF.
(3) For information on stock option plans under which these options were granted to the Company's employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium(1)	Total number of issued shares after transaction	Total issued capital after transaction
In 2008	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 26 May 2008	€1	1,291,381	-	812,723,092	€812,723,092
25 July 2008	Issue of shares for the purpose of an employee offering	€1	2,031,820	€22,084,500	814,754,912	€814,754,912
In 2008	Issue of shares following exercise of options granted to employees(3)	€1	14,200	€208,030	814,769,112	€814,769,112
31 July 2009	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 27 May 2009	€1	22,987	-	814,746,125	€814,746,125
18 December 2009	Issue of shares for the purpose of an employee offering	€1	1,358,936	€13,263,215	816,105,061	€816,105,061
In 2010	Issue of shares following exercise of options granted to employees(3)	€1	297,661	€4,477,168	816,402,722	€816,402,722
29 July 2011	Issue of shares for the purpose of an employee offering	€1	2,445,527	€34,602,580	818,848,249	€818,848,249
9 August 2011	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 26 May 2011	€1	78,850	-	818,769,399	€818,769,399
In 2011	Issue of shares following exercise of options granted to employees(3)	€1	1,712,892	€25,995,005	820,482,291	€820,482,291
30 July 2012	Issue of shares for the purpose of an employee offering	€1	2,177,103	€38,084,482	822,659,394	€822,659,394
8 August 2012	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 31 May 2012	€1	553,233	-	822,106,161	€822,106,161
In 2012	Issue of shares following exercise of options granted to employees(3)	€1	5,261,784	€98,893,293	827,367,945	€827,367,945
20 June 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	47,648,691	-	779,719,254	€779,719,254
29 July 2013	Issue of shares for the purpose of an employee offering	€1	2,113,245	€57,580,650	781,832,499	€781,832,499
27 September 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	3,099,657	-	778,732,842	€778,732,842
27 September 2013	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 29 May 2013	€1	2,448,884	-	776,283,958	€776,283,958
In 2013	Issue of shares following exercise of options granted to employees(3)	€1	6,873,677	€176,017,918	783,157,635	€783,157,635

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.
(2) Predecessor of the AMF.
(3) For information on stock option plans under which these options were granted to the Company's employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

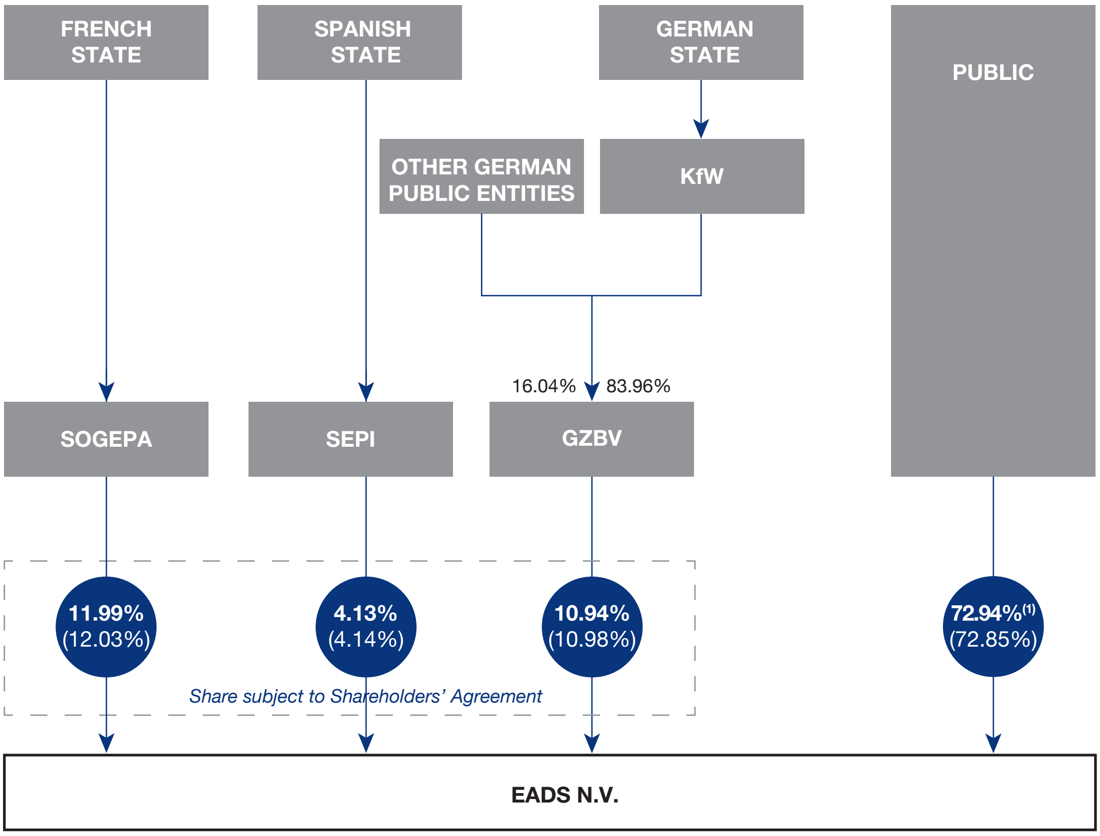
3.3 Shareholdings and Voting Rights

3.3.1 Shareholding Structure

As of 31 December 2013, the République Française (the "**French State**") held 11.99% of the outstanding Company shares through *Société de Gestion de Participations Aéronautiques* ("**Sogepa**"), the German State held 10.94% through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**"), a subsidiary of Kreditanstalt für Wiederaufbau ("**KfW**"), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, and the Spanish State held 4.13% through *Sociedad Estatal de Participaciones Industriales* ("**SEPI**"). The public (including the Company's employees) and the Company held, respectively, 72.51% and 0.36% of the Company's share capital.

The diagram below shows the ownership structure of the Company as of 31 December 2013 (% of capital and of voting rights (in parentheses) before exercise of outstanding stock options granted for the subscription of Company shares). See "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

OWNERSHIP STRUCTURE OF EADS N.V. AS OF 31 DECEMBER 2013



(1) Including warehoused shares of parties to the Shareholders' Agreement (0.07%) and shares held by the Company itself (0.36%).

As of 31 December 2013, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 2,835,121 of its own shares, equal to 0.36% of issued share capital. The treasury shares owned by the Company do not carry voting rights.

For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see "— Corporate Governance — 4.2.1 Remuneration Policy".

Approximately 2.13% of the share capital (and voting rights) was held by the Company's employees as of 31 December 2013.

3.3.2 Relationships with Principal Shareholders

On 5 December 2012, the Board of Directors, the Company's then-core shareholders – Daimler AG ("**Daimler**"), Daimler Aerospace AG ("**DASA**"), *Société de Gestion de l'Aéronautique, de la Défense et de l'Espace* ("**Sogeade**"), Lagardère SCA ("**Lagardère**"), Sogepa and SEPI – and KfW reached an agreement (the "**Multiparty Agreement**") on far-reaching changes to the Company's shareholding structure and governance. The Multiparty Agreement aimed at further normalising and simplifying the governance of the Company while securing a shareholding structure that allowed France, Germany and Spain to protect their legitimate strategic interests. This represented a major step forward in the evolution of the governance of the Company.

The Multiparty Agreement provided for significant changes to the Company's shareholding structure. In addition, a series of related transactions (collectively referred to as the "**Consummation**") occurred shortly after the Extraordinary General Meeting of Shareholders held on 27 March 2013. This resulted in several changes in the governance of the Company, including changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of the Company. The Participation Agreement (the "**Participation Agreement**") among the Company's former core shareholders and, as at 31 December 2012 including KfW (together, the "**Former Consortium Members**"), a Dutch law contractual partnership between DASA and Sogeade managed by EADS Participations B.V. (the "**Contractual Partnership**") and the related arrangements (collectively, the "**Former Consortium**") were terminated and replaced in part by a more limited shareholders' agreement (the "**Shareholders' Agreement**") among only GZBV, Sogepa and SEPI (who have agreed to hold, collectively, less than 30% of the voting interests in the Company). The Shareholders' Agreement does not give the parties to it any rights to designate Members of the Board of Directors or management team or to participate in the governance of the Company.

3.3.2.1 Changes to Shareholding Structure

In a transaction contemplated by the Multiparty Agreement, on 6 December 2012, Daimler sold 61.1 million EADS N.V. shares (approximately 7.44% of the outstanding EADS N.V. shares) through an accelerated book building transaction (the "**ABB**"). This reduced Daimler's economic interest in the Company to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding EADS N.V. shares as part of the ABB. In a second transaction, KfW acquired (through a wholly owned subsidiary) 65% of the shares in a consortium of private and public-sector investors ("**Dedalus**") on 2 January 2013, which brought its stake in Dedalus to 78%. The remaining 22% is held by certain other German public entities. Dedalus held an economic interest of 7.44% in the Company as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in the Company and an economic interest of 8.56% in the Company - 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in the Company via Dedalus. The joint economic interest of KfW and such German public entities in the Company was thus 10.2% immediately following these acquisitions.] On 4 April 2013, SEPI sold 9,560,000 Company shares (approximately 1.15% of the outstanding Company shares). On 9 April 2013, Lagardère sold its remaining 61,000,000 Company shares (approximately 7.4% of the outstanding Company shares). On 17 April 2013, the French State sold through Sogepa 12,977,088 Company shares (approximately 1.56% of the outstanding Company shares) and Daimler sold its remaining 61,100,000 Company shares (approximately 7.5% of the outstanding Company shares). On 26 April 2013 the French State sold another 17,451,000 Company shares (approximately 2.1% of the outstanding Company shares). On 31 July 2013 SEPI sold another 2,802,450 Company shares (approximately 0.36% of the outstanding Company shares). On 30 December 2013 GZBV bought 1,872,072 Company shares (approximately 0.24% of the outstanding Company shares). The aforementioned transactions ultimately led to the French State holding 11.99% of the outstanding Company shares through Sogepa, the German State holding 10.94% through GZBV and the Spanish State holding 4.13% through SEPI as of 31 December 2013. For more recent developments see section 3.3.4 below.

3.3.2.2 New Corporate Governance Arrangements

After the Consummation, the corporate governance arrangements of the Company were substantially changed. These changes are intended to further normalise and simplify the Company's corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Certain changes to the Company's corporate governance arrangements were provided for in the Articles of Association, including (i) disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds and (ii) ownership restrictions prohibiting any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others. See sections 3.1.11 and 3.1.12 above. In addition, there were changes in the composition of the Board of Directors and its internal rules. See section 4 below.

3.3.2.3 Core Shareholder Arrangements

Grandfathering Agreement

At the Consummation, the French State, Sogepa, the German State, KfW and GZBV (all parties together the "**Parties**" and each, individually, as a "**Party**") entered into an agreement with respect to certain grandfathering rights under the Articles of Association. Below is a summary of such agreement.

Individual Grandfathering Rights

A Party that is individually grandfathered pursuant to Article 16.1. b of the Articles of Association (such Party holding "**Individual Grandfathering Rights**") shall remain individually grandfathered in accordance with the Articles of Association if the new concert with respect to the Company (the "**New Concert**") is subsequently terminated (for instance by terminating the Shareholders' Agreement) or if it exits the New Concert.

Loss of Individual Grandfathering Rights

A Party holding Individual Grandfathering Rights as well as any of its affiliates who are grandfathered pursuant to Article 16.1. b in conjunction with Article 16.3 of the Articles of Association (such affiliates holding "**Derived Grandfathering Rights**", and the Individual Grandfathering Rights and the Derived Grandfathering Rights, together, the "**Grandfathering Rights**") shall all no longer be entitled to exercise their Grandfathering Rights in the event:

- the New Concert is terminated as a result of it or any of its affiliates having actually or constructively terminated such Concert; or
- it or its relevant affiliate(s) exit(s) the New Concert,

and such termination or exit is not for good cause and is not based on material and on-going violations of the New Concert arrangements, including, without limitation, of the Shareholders' Agreement, by the other principal Member of the New Concert.

In the event that in the future the voting rights in the Company of the other principal Member of the New Concert together with those of its affiliates would for an uninterrupted period of three months represent less than 3% of the outstanding aggregate voting rights of the Company, the Grandfathering Rights of the Party including its affiliates which were no longer entitled to use their Grandfathering Rights shall from then on revive and Sogepa and GZBV shall jointly notify the Company to that effect.

Notification to the Company

The Company will not be required to take any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-concert Grandfathering Agreement unless and until it receives (i) a joint written instruction from Sogepa and GZBV with respect to the taking of any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-concert Grandfathering Agreement, or (ii) a copy of a binding advice rendered by three independent, impartial and neutral Expert Adjudicators in order to settle any dispute between the Parties arising out of or in connection with the post-concert Grandfathering Agreement.

The Company will not incur any liability to any of the Parties by taking such actions following receipt of any such joint instruction or binding advice, and the Company will not be required to interpret the post-concert Grandfathering Agreement or any such joint instruction or binding advice.

Notwithstanding the description under "Various provisions – Jurisdiction" below, the courts of the Netherlands will have exclusive jurisdiction to resolve any dispute, controversy or claim affecting the rights or obligations of the Company under the post-concert Grandfathering Agreement.

Various provisions

Termination. The post-concert Grandfathering Agreement terminates only if either the French State and its affiliates or the German State and its affiliates no longer hold shares in the Company.

Governing law. Laws of the Netherlands.

Jurisdiction. Binding advice for any dispute, controversy or claim arising out of or in connection with the post-concert Grandfathering Agreement in accordance with the procedure set forth in the post-concert Grandfathering Agreement; provided, however, that to the extent application to the courts is permitted to resolve any such dispute controversy or claim, the courts of the Netherlands shall have exclusive jurisdiction.

End of Former Consortium and Shareholders' Agreement

At the Consummation, the Former Consortium was terminated, and Sogepa, GZBV and SEPI entered into the Shareholders' Agreement, which has a much more limited scope than the Former Consortium.

Below is a further description of the Shareholders' Agreement, based solely on a written summary of the main provisions of the Shareholders' Agreement that has been provided to the Company by Sogepa, GZBV and SEPI (all parties together the "**Shareholders**") pursuant to the Multiparty Agreement.

Governance of the Company

Appointment of the Directors. The shareholders shall vote in favour of any draft resolution relating to the appointment of Directors submitted to the shareholders' meeting of the Company in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the shareholders shall exercise their best endeavours so that such person is appointed as a Director.

Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of the Company, provided such person qualifies as an Independent Director pursuant to the conditions set forth in the Board Rules, and shall vote as shareholders in any shareholders' meeting in favour of such appointment and against the appointment of any other person for such position.

If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has / have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the shareholders shall exercise their best endeavours so that these persons are appointed as Directors.

Modification of the Articles of Association. Sogepa and GZBV shall consult each other on any draft resolution intending to modify the Board Rules and/or the Articles of Association. Unless Sogepa and GZBV agree to vote in favour together on such draft resolution, the shareholders shall vote against such draft resolution. If Sogepa and GZBV reach a mutual agreement on such draft resolution, the shareholders shall vote in favour of such draft resolution.

Reserved Matters. With respect to the matters requiring the approval of a Qualified Majority at the Board level ("**Reserved Matters**"), all the Directors shall be free to express their own views. If the implementation of a Reserved Matter would require a decision of the shareholders' meeting of the Company, Sogepa and GZBV shall consult each other with a view to reaching a common position. Should Sogepa and GZBV fail to reach a common position, Sogepa and GZBV shall remain free to exercise on a discretionary basis their votes.

Prior consultation. Sogepa and GZBV shall consult each other on any draft resolution submitted to the shareholders' meeting other than related to Reserved Matters and the Board Rules.

Balance of Interests

The shareholders agree their common objective to seek a balance between themselves of their respective interest in the Company as follows:

- to hold as closely as reasonably possible to 12% of the voting rights for Sogepa, together with any voting rights attributable to Sogepa and/or to the French State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties;
- to hold as closely as reasonably possible to 12% of the voting rights for GZBV, together with any voting rights attributable to GZBV and/or to the German State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties;
- to hold as closely as reasonably possible to 4% of the voting rights for SEPI, together with any voting rights attributable to SEPI and/or to the Spanish State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties.

Mandatory Takeover Threshold

The total aggregate voting rights of the shareholders shall always represent less than 30% of the voting rights of the Company, or less than any other threshold the crossing of which would trigger for any shareholder a mandatory takeover obligation (the "**MTO Threshold**"). In the event that the total aggregate voting rights of the shareholders exceed the MTO Threshold, the shareholders shall take all appropriate actions as soon as reasonably practicable, but in any event within 30 days, to fall below the MTO Threshold.

Transfer of Securities

Permitted transfer. Transfer of securities by any shareholder to one of its affiliates.

Pre-emption right. Pro rata pre-emption rights of the shareholders in the event any shareholder intends to transfer any of its securities to a third party directly or on the market.

Call-option right. Call-option right for the benefit of the shareholders in the event that the share capital or the voting rights of any shareholders cease to be majority owned directly or indirectly by the French State, the German State or the Spanish State as applicable.

Tag-along right. Tag-along right for the benefit of SEPI in the event that Sogepa, the French State or any of their affiliates and any French public entity and GZBV, the German State or any of their affiliates and any public entity propose together to transfer all of their entire voting rights interests.

Various provisions

Termination. The Shareholders' Agreement may cease to apply in respect of one or more Shareholders and/or their affiliates, subject to the occurrence of certain changes in its or their shareholding interest in the Company or in its or their shareholders.

Governing law. Laws of the Netherlands.

Jurisdiction. Arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce, with the seat of arbitration in The Hague (The Netherlands).

3.3.2.4 Undertakings with Respect to Certain Interests of Certain Stakeholders

The Company has made certain undertakings and entered into certain agreements in connection with certain interests of its former core shareholders and the German State.

State Security Agreements and Related Undertakings and Negotiations

The Company and the French State have entered into an amendment to the current convention between the French State and the Company relating to the ballistic missiles business of the Company (as so amended, the "**French State Security Agreement**"). Under the French State Security Agreement, certain sensitive French military assets will be held by a Company subsidiary (the "**French Defence Holding Company**"). At the Consummation, the Company contributed certain sensitive French military assets to the French Defence Holding Company. The French State has the right to approve or disapprove of – but not to propose or appoint – three outside Directors to the Board of Directors of the French Defence Holding Company (the "**French Defence Outside Directors**"), at least two of whom must qualify as Independent Directors under the Board Rules if they were Members of the Board. Two of the French Defence Outside Directors are required to also be Members of the Board. French Defence Outside Directors may neither (i) be employees, managers or corporate officers of a company belonging to the Group (although they may be Members of the Board) nor (ii) have material on-going professional relationships with the Group.

The Company and the German State have entered into an agreement relating to the protection of essential interests to the German State's security (the "**German State Security Agreement**"). Under the German State Security Agreement, certain sensitive German military assets are held by a Company subsidiary (the "**German Defence Holding Company**"). The German State has the right to approve or disapprove of – but not to propose or appoint – three outside Directors to the Supervisory Board of the German Defence Holding Company (the "**German Defence Outside Directors**"), at least two of whom must qualify as Independent Directors under the Board Rules if they were Members of the Board. Two of the German Defence Outside Directors are required to also be Members of the Board. The qualifications to serve as a German Defence Outside Director are comparable to those to serve as a French Defence Outside Director, with the additional requirement that a German Defence Outside Director may not be a civil servant.

The Company has agreed to negotiate with the Spanish State in order to reach a special security agreement relating to the protection of the essential security interests of the Spanish State.

Dassault Aviation

The Company entered into an agreement with the French State pursuant to which the Company would:

- grant the French State a right of first offer in case of the sale of all or part of its shareholding in Dassault Aviation; and
- commit to consult with the French State prior to making any decision at any shareholders' meeting of Dassault Aviation.

Stock Exchange Listings

The Company has undertaken to the parties to the Shareholders' Agreement that for the duration of the Shareholders' Agreement EADS N.V. shares will remain listed exclusively in France, Germany and Spain.

Specific Rights of the French State

Pursuant to an agreement entered into between the Company and the French State (the "**Ballistic Missiles Agreement**"), the Company has granted to the French State (a) a veto right and subsequently a call option on the ballistic missiles activity exercisable under certain circumstances, including if (i) a third party acquires, directly or indirectly, either alone or in concert, more than 15% or any multiple thereof of the share capital or voting rights of the Company or (ii) the sale of the ballistic missiles assets or of the shares of such companies carrying out such activity is considered and (b) a right to oppose the transfer of any such assets or shares.

The Company, the French State and MBDA are parties to a similar convention regarding the assets comprising the French nuclear airborne systems under which the French State has similar rights.

3.3.3 Form of Shares

The shares of the Company are in registered form. The Board of Directors may decide with respect to all or certain shares, on shares in bearer form.

Shares shall be registered in the shareholders' register without the issue of a share certificate or, should the Board of Directors so decide, with respect to all or certain shares, with the issue of a certificate. Share certificates shall be issued in such form as the Board of Directors may determine. Registered shares shall be numbered in the manner to be determined by the Board of Directors.

3.3.4 Changes in the Shareholding of the Company since its Incorporation

The Company was founded with an authorised share capital of 500,000 Netherlands Guilders ("**NLG**") divided into 500 shares each having a nominal value of 1,000 NLG, of which 100 were issued to Aerospatiale Matra on 29 December 1998. These shares were transferred to DASA AG by way of notarised transfer certificate on 28 December 1999.

The changes in the shareholding of the Company since its initial public offering and listing are set forth below (for a description of the changes in the issued share capital of the Company since its incorporation, see "— 3.2.5 Changes in the Issued Share Capital since Incorporation of the Company").

Starting in July 2000, 4,293,746 Company shares were distributed without payment of consideration by the French State to certain former shareholders of Aerospatiale Matra as a result of its privatisation in June 1999. The last distribution took place in July 2002.

In addition, in January 2001, the French State and Lagardère sold on the market all of their Company shares (respectively 7,500,000 and 16,709,333 Company shares) other than their Indirect Company Shares (and, in the case of the French State, other than the Company shares to be distributed to former shareholders of Aerospatiale Matra, see "— 3.3.2 Relationships with Principal Shareholders — Specific Rights and Undertakings of the French

State") that they held as a result of the non-exercise of the over-allotment option granted to the underwriters in the context of the initial public offering carried out by the Company for the purpose of its listing in July 2000 (including, in the case of Lagardère, those shares other than its Indirect Company Shares purchased from the French Financial Institutions at the end of the exercise period of the over-allotment option).

On 8 July 2004, Daimler announced that it had placed on the market (in the context of a hedging transaction) all of its Company shares (22,227,478 Company shares), representing 2.73% of the capital and 2.78% of the Company voting rights at that date, except for its Indirect Company Shares.

On 11 November 2005, DASA transferred its entire interest in the Company to its wholly owned subsidiary DaimlerChrysler Luft-und Raumfahrt Beteiligungs GmbH & Co. KG ("**DC KG**"). However, in November 2006, DC KG then transferred its entire interest in the Company back to DASA.

On 4 April 2006, Daimler and Lagardère announced the entry into simultaneous transactions aimed at reducing by 7.5% each their respective shareholdings in the Company. Daimler entered into a forward sale agreement of approximately 61 million Company shares with a group of investment banks. Daimler indicated that it had lent these shares to the banks in anticipation of the settlement of the forward sale. Lagardère issued mandatory exchangeable bonds. The Company shares deliverable at the maturity of the bonds represented a maximum of 7.5% of the share capital of the Company, or approximately 61 million Company shares, and were delivered in three equal tranches representing 2.5% of the share capital of the Company. The first two tranches were delivered in June 2007 and June 2008, with delivery of the third tranche brought forward from June 2009 to March 2009, as discussed below.

On 8 September 2006, the Company was notified that JSC Vneshtorgbank (formerly Bank of Foreign Trade) acquired 41,055,530 shares of the Company representing 5.04% of the share capital of the Company at that date.

On 9 February 2007, Daimler reached an agreement with the Dedalus consortium by which it effectively reduced its shareholding in the Company from 22.5% to 15%, while maintaining the balance of voting rights between German and French shareholders. The Dedalus consortium thereby acquired a 7.5% equity interest in the Company, with Daimler continuing to control the voting rights of the entire 22.5% package of Company shares.

On 26 December 2007, JSC Vneshtorgbank sold and transferred 41,055,530 Company shares to the Bank for Development and Foreign Economic Affairs (*Vnesheconombank*). The Company was notified of such transaction thereafter.

On 26 January 2009, Lagardère and Natixis, the sole subscriber to and sole holder of the outstanding mandatory exchangeable bonds issued by Lagardère in 2006, signed an amendment to the subscription contract whereby they agreed, on the initiative of Natixis, to bring forward the redemption date of the mandatory exchangeable bonds – and consequently, the delivery date of the third tranche of Company shares – from 25 June 2009 to 24 March 2009. Under the terms of this amendment, Lagardère delivered 20,370,000 Company shares, representing 2.5% of the capital and voting rights of the Company, to Natixis on 24 March 2009.

On 19 March 2010, Daimler and the Dedalus consortium of private and public-sector investors confirmed the continuation of the agreement reached on 9 February 2007 concerning the equity interests and voting rights in the Company (as discussed above). At Germany's Federal Chancellery on 16 March 2010, Daimler and the investors stated their willingness to maintain the existing agreement without any changes. As a result, Daimler continued to hold 22.5% of the voting rights in the Company while its economic interest remained at 15%. Thus, the existing balance of voting rights between German and French shareholders was unchanged.

On 10 November 2011, Daimler announced that it had reached an agreement in principle with the German federal government that KfW would take over an equity interest in the Company from Daimler.

On 6 December 2012 pursuant to a transaction contemplated by the Multiparty Agreement, Daimler sold 61.1 million Company shares (approximately 7.44% of the outstanding Company shares) through an ABB. This reduced Daimler's economic interest in the Company to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding Company shares as part of the ABB. In a second transaction, KfW acquired (through a wholly owned subsidiary) 65% of the shares in Dedalus on 2 January 2013, which brought its stake in Dedalus to 78%. The remaining 22% was held by certain other German public entities. Dedalus held an economic interest of 7.44% in the Company as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in the Company and an economic interest of 8.56% in the Company – 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in the Company via Dedalus. The joint economic interest of KfW and such German public entities in the Company was thus 10.2% following these acquisitions.

On 19 March 2013, KfW transferred the 2.76% of the Company shares which it held directly to GZBV. As part of the Consummation, 7.44% of the outstanding Company shares held by DASA were transferred to GZBV, and DASA, which now holds a 7.44% economic and voting interest in the Company, became a wholly owned subsidiary of Daimler. GZBV, which now holds a 10.2% economic and voting interest in the Company, is now owned 83.96% by KfW and 16.04% by the other German public entities which were investors in Dedalus immediately prior to such transfer.

As part of the Consummation, 7.44% of the outstanding Company shares held by Sogeade were transferred to Sogepa, and Sogeade, which now holds a 7.44% economic and voting interest in the Company, became a wholly owned subsidiary of Lagardère.

On 4 April 2013, SEPI sold 9,560,000 Company shares (approximately 1.15% of the outstanding Company shares).

On 9 April 2013, Lagardère sold its remaining 61,000,000 Company shares (approximately 7.4% of the outstanding Company shares).

On 17 April 2013, the French State sold through Sogepa 12,977,088 Company shares (approximately 1.56% of the outstanding Company shares) and Daimler sold its remaining 61,100,000 Company shares (approximately 7.5% of the outstanding Company shares).

On 26 April 2013, the French State sold 17,451,000 Company shares (approximately 2.1% of the outstanding Company shares).

On 31 July 2013, SEPI sold 2,802,450 Company shares (approximately 0.36% of the outstanding Company shares).

End of December 2013 GZBV acquired 1,872,072 Company shares (approximately 0.24% of the outstanding Company shares).

On 16 January 2014, the French State announced it sold through Sogepa around 8,000,000 Company shares (approximately 1% of the outstanding Company shares) in line with a bilateral agreement between the French and German States which provides that the German State shall increase its voting rights in the Company to 11% and the French State shall reduce its voting rights to the same level. Following this transaction, the French State through Sogepa, the German State through GZBV and the Spanish State through SEPI jointly remained the majority shareholders of the Company, with a minimum 26% of the voting rights.

The evolution in ownership of the share capital and voting rights of the Company over the past three years is set forth in the table below:

	Position as of 31 December 2013			Shareholders	Position as of 31 December 2012			Position as of 31 December 2011		
Shareholders	% of capital	% of voting rights	Number of shares		% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares
SOGEPA	11.99%	12.03%	93,864,165	Sogeade	22.16%	22.30%	183,337,704	22.35%	22.45%	183,337,704
GZBV(1)	10.94%	10.98%	85,709,822	DASA	14.77%	14.87%	122,225,136	22.35%	22.45%	183,337,704
SEPI	4.13%	4.14%	32,330,381	SEPI	5.40%	5.44%	44,690,871	5.45%	5.47%	44,690,871
-	-	-	-	KfW	2.75%	2.76%	22,725,182	-	-	-
Sub-total New Shareholder Agt.	**27.06%**	**27.16%**	**211,904,368**	**Sub-total Contractual Partnership**	**45.08%**	**45.37%**	**372,978,893**	**50.14%**	**50.36%**	**411,366,279**
Foundation "SOGEPA"	0.07%	0.07%	575,606	French State	0.06%	0.06%	502,746	0.06%	0.06%	502,746
Public(2)	72.51%	72.84%	568,418,146	Public(2)	54.23%	54.57%	448,659,771	49.35%	49.58%	404,943,474
Own share buy-back(3)	0.36%	-	2,835,121	Own share buy-back(3)	0.63%	-	5,226,535	0.45%	-	3,669,792
Total	**100%**	**100%**	**783,157,635**	**Total**	**100%**	**100%**	**827,367,945**	**100%**	**100%**	**820,482,291**

(1) KfW & other German public entities.
(2) Including Company employees. As of 31 December 2013, the Company's employees held approximately 2.13% of the share capital (and voting rights).
(3) The shares owned by the Company do not carry voting rights.

To the knowledge of the Company, there are no pledges over the shares of the Company.

The Company requested disclosure of the identity of the beneficial holders of its shares held by identifiable holders ("*Titres au porteur identifiables*") holding more than 2,000 shares each. The study, which was completed on 31 December 2013, resulted in the identification of 2,341 shareholders holding a total of 564,747,390 Company shares (including 4,050,831 shares held by Iberclear on behalf of the Spanish markets and 28,030,131 shares held by Clearstream on behalf of the German market).

The shareholding structure of the Company as of 31 December 2013 is as shown in the diagram in "— 3.3.1 Shareholding Structure".

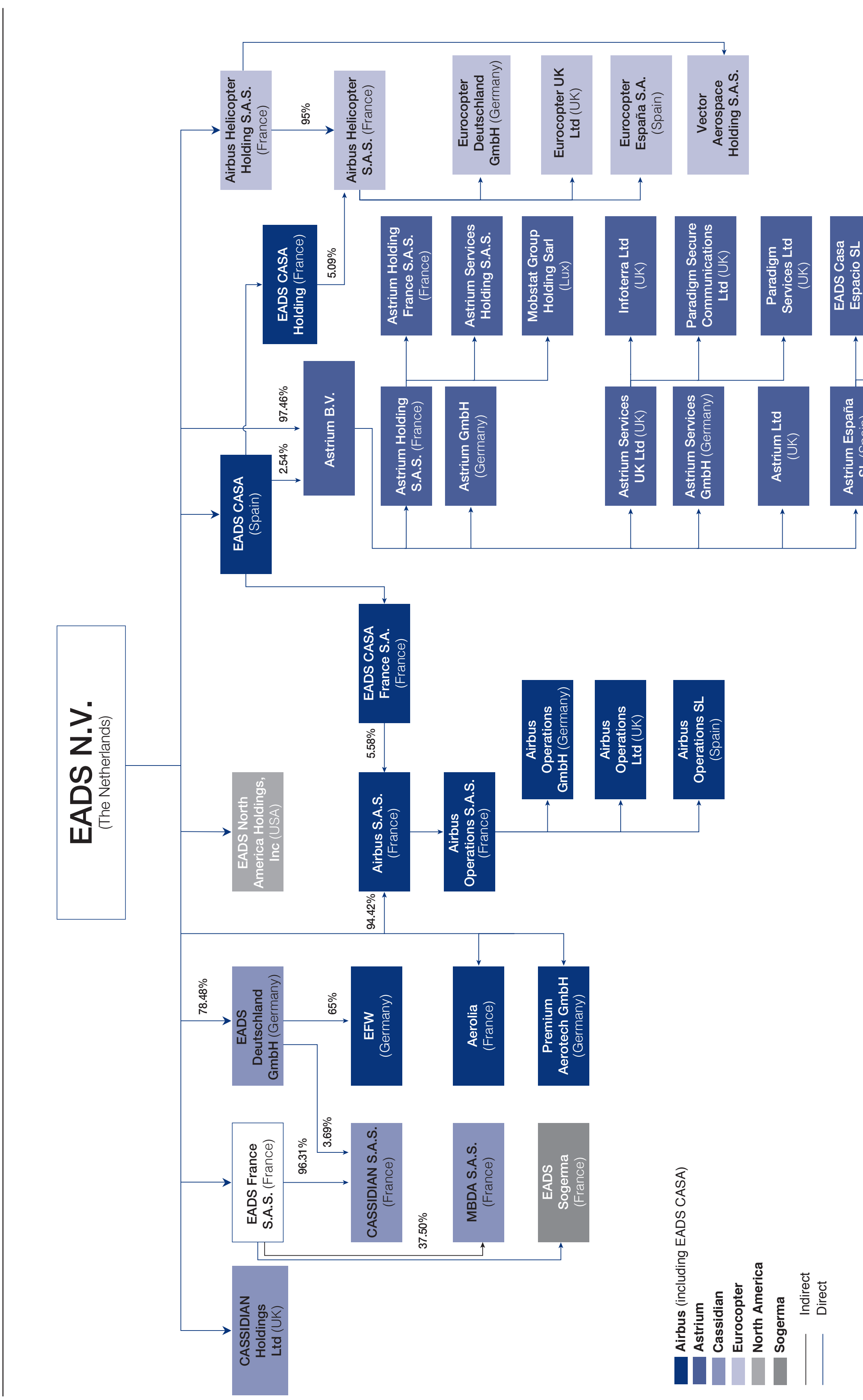
3.3.5 Persons Exercising Control over the Company

See "— 3.3.1 Shareholding Structure" and "— 3.3.2 Relationships with Principal Shareholders".

3.3.6 Simplified Group Structure Chart

The following chart illustrates the simplified organisational structure of the Group as of 31 December 2013, comprising four Divisions and the main Business Units. See "— Information on the Group's Activities — 1.1.1 Overview — Organisation of the Company's Businesses". For ease of presentation, certain intermediate holding companies have been omitted.

GROUP STRUCTURE CHART



Subsidiaries held with no indication of ownership percentage are 100% owned.

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3.3.7 Purchase by the Company of its Own Shares

3.3.7.1 Dutch Law and Information on Share Repurchase Programmes

Pursuant to EC Regulation No. 2273 / 2003, the Company is subject to conditions for share repurchase programmes and disclosure relating thereto, as described below.

Under Dutch Civil law, the Company may acquire its own shares, subject to certain provisions of the law of the Netherlands and the Articles of Association, if (i) the shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called portion of the share capital and any reserves required by the law of the Netherlands and (ii) the Company and its subsidiaries would not thereafter hold or hold in pledge shares with an aggregate nominal value exceeding one-half (50%) of the Company's issued share capital. Share acquisitions may be effected by the Board of Directors only if the shareholders' meeting has authorised the Board of Directors to effect such repurchases. Such authorisation may apply for a maximum period of 18 months.

Shares held by the Company do not carry voting rights. Usufructuaries and pledgees of shares that are held by the Company are, however, not excluded from their voting rights in such cases where the right of usufruct or pledge was vested before the share was held by the Company.

The Extraordinary General Meeting of Shareholders held on 27 March 2013 authorised the Board of Directors, for a period of 18 months from the date of such meeting, to repurchase up to 15% of the Company's issued and outstanding share capital (*i.e.* issued share capital excluding shares held by the Company or its subsidiaries) as of the date of such meeting, by any means, including derivative products, on any stock exchange, in a private purchase, by way of a public purchase offer or otherwise, at a price not less than the nominal value and at most €50 per share.

The Annual General Meeting of Shareholders held on 29 May 2013 authorised the Board of Directors, in a resolution that renewed the previous authorisation given by the Annual General Meeting of Shareholders held on 31 May 2012, for a period of 18 months from the date of such meeting, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 10% of the Company's issued share capital and at a price not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out. This authorisation is in addition, and without prejudice, to the repurchase authorisation granted by the Extraordinary General Meeting of Shareholders held on 27 March 2013.

A resolution will be submitted to the Annual General Meeting of Shareholders called for 27 May 2014 in order to renew the authorisation given by the Annual General Meeting of Shareholders held on 29 May 2013 and authorise the Board of Directors, for a new period of 18 months as from the date of such meeting, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 10% of the Company's issued share capital and at a price not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out. This authorisation will replace the authorisation given by the Annual General Meeting of Shareholders held on 29 May 2013, but will be in addition, and without prejudice, to the authorisation granted by the Extraordinary General Meeting held on 27 March 2013. As of 31 December 2013, the Company held 2,835,121 of its own shares, representing 0.36% of its share capital.

3.3.7.2 French Regulations

As a result of its listing on a regulated market in France, the Company is subject to the regulations summarised below.

Pursuant to Articles 241-1 to 241-5 of the AMF General Regulations, the purchase by a company of its own shares requires the publication of the description of the share repurchase programme. Such description must be published prior to the implementation of the share repurchase programme.

Under Articles 631-1 to 631-4 of the AMF General Regulations, a company may not trade in its own shares for the purpose of manipulating the market. Articles 631-5 and 631-6 of the AMF General Regulations also define the conditions for a company's trading in its own shares to be valid.

After purchasing its own shares, the Company is required to disclose on its website specified information regarding such purchases within at least seven trading days.

In addition, the Company must report to the AMF, on at least a monthly basis, all the specified information regarding such purchases previously published on its website and information concerning the cancellation of such repurchased shares.

3.3.7.3 German Regulations

As a foreign issuer, the Company is subject to German rules on repurchasing its own shares only to a limited extent, since German rules refer to the law of the Member State in which the Company is domiciled.

In addition, general principles of German law of insider trading, market manipulation and equal treatment of shareholders are applicable.

3.3.7.4 Spanish Regulations

As a foreign issuer, the Company is not subject to Spanish rules on trading in its own shares, which only apply to Spanish issuers.

However, according to the Conduct Rules under the Spanish Securities Act 24 / 1988 of 28 July 1988, insider trading is prohibited and the Company may not trade in its own shares for the purpose of manipulating the market.

3.3.7.5 Description of the Share Repurchase Programme Authorised by the Extraordinary General Meeting of Shareholders held on 27 March 2013

Pursuant to Articles 241-2-I and 241-3 of the AMF General Regulations, below is a description of the share repurchase programme authorised by the Extraordinary General Meeting of Shareholders held on 27 March 2013, and which the Board of Directors decided to implement on 2 April 2013, for an amount up to €3.75 billion, for 18 months and to repurchase up to 15% of the Company's issued and outstanding share capital.

- **date of the shareholders' meeting authorising the share repurchase programme: 27 March 2013;**
- **date of the Board of Directors' decision to implement the share repurchase programme: 2 April 2013;**
- **intended use of the EADS N.V. shares held by the Company as of the date of this document:** For details on use of the EADS N.V. shares already held by the Company, please refer to "3.3.7.6 – Description of the Share Repurchase Programme to be authorised by the Annual General Meeting of Shareholders to be held on 27 May 2014";
- **sole purpose of the share repurchase programme to be implemented by the Company: the reduction of share capital by cancellation of all of the repurchased shares;**
- **procedure:**
  - maximum portion of the issued share capital that may be repurchased by the Company: 15%,
  - maximum number of shares that may be repurchased by the Company: 123,884,942 shares, based on an issued share capital of 831,126,149 shares and 5,226,535 repurchased shares in treasury and consequently based on an outstanding issued share capital of 825,899,614 shares as of 27 March 2013,
  - the amounts to be paid in consideration for the purchase of the treasury shares must not, in accordance with applicable Dutch law, exceed the equity components which are repayable or distributable to the shareholders. "Equity components repayable or distributable to the shareholders" means the contribution premiums (in relation to contributions in kind), the issue premiums (in relation to cash contributions) and the other reserves as set out in the financial statements of the Company, from which the repurchase price for the treasury shares must be deducted.

    As of 31 December 2013, the respective values of each of these Company equity components which are by nature repayable or distributable to the shareholders were: €5,049,000,000 (contribution premiums), €-951,000,000 (other reserves and retained earnings, including net profit for the year) and €-50,000,000 (treasury shares), *i.e.* an aggregate amount of €4,048,000,000.

    The Company reserves the right to implement the share purchase programme to its full extent and undertakes not to exceed, directly or indirectly, the threshold of 15% of the issued share capital as well as the amount of €4,048,000,000 throughout the term of the programme.

    Finally, the Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of NYSE Euronext,
  - shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to EADS N.V. shares within the limits set out in this document.

    The portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme,
  - in addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options,
  - characteristics of the shares to be repurchased by the Company: shares of EADS N.V., a company listed on Euronext Paris, on the regulierter Markt of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges,
  - the share repurchase programme will enable the Company to repurchase shares from all its shareholders,
  - maximum purchase price per share: €50,
- **term of the share repurchase programme and other characteristics:** this share repurchase programme shall be valid until 27 September 2014 inclusive, *i.e.* the date of expiry of the authorisation granted by the Extraordinary General Meeting of Shareholders held on 27 March 2013.

3.3.7.6 Description of the Share Repurchase Programme to be Authorised by the Annual General Meeting of Shareholders to be held on 27 May 2014

Pursuant to Articles 241-2-I and 241-3 of the AMF General Regulations, below is a description of the share repurchase programme ("*descriptif du programme*") to be implemented by the Company:

- **date of the shareholders' meeting to authorise the share repurchase programme:** 27 May 2014;
- **intended use of the EADS N.V. shares held by the Company as of the date of this document:** the reduction of share capital by cancellation of all or part of the repurchased shares: 7,800 shares;

3

- the owning of shares for the performance of obligations related to employee share option programmes or other allocations of shares to employees of the Group and the group's Companies: 564,318 shares.

  For information on shares held by the Company at the date of the entry into force of EC Regulation No. 2273 / 2003 and still held by the Company at the date of this document, see below;
- **purposes of the share repurchase programme to be implemented by the Company (by order of decreasing priority, without any effect on the actual order of use of the repurchase authorisation, which will be determined on a case-by-case basis by the Board of Directors based on need):**
  - the reduction of share capital by cancellation of all or part of the repurchased shares, in particular to avoid the dilution effect related to certain share capital increases for cash (i) reserved or to be reserved for employees of the Group and the Group's companies and/or (ii) carried out or to be carried out in the context of the exercise of stock options granted or to be granted to certain employees of the Group and the Group's companies, it being understood that the repurchased shares shall not carry any voting or dividend rights,
  - the owning of shares for the performance of obligations related to (i) debt financial instruments convertible into EADS N.V. shares, or (ii) employee share option programmes or other allocations of shares to employees of the Group and the Group's companies,
  - the purchase of shares for retention and subsequent use for exchange or payment in the framework of potential external growth transactions, and
  - the liquidity or dynamism of the secondary market of the EADS N.V. shares carried out pursuant to a liquidity agreement to be entered into with an independent investment services provider in compliance with the decision of the AMF dated 1 October 2008 related to approval of liquidity agreements recognised as market practices by the AMF;
- **procedure:**
  - maximum portion of the issued share capital that may be repurchased by the Company: 10%,
  - maximum number of shares that may be repurchased by the Company: 78,364,419 shares, based on an issued share capital of 783,644,193 shares as of 31 March 2014. Assuming the exercise of all stock options outstanding as of 31 March 2014, the threshold of 10% would represent 78,740,793 shares based on the 787,407,937 shares which would make up the entire fully-diluted share capital of the Company,
  - the amounts to be paid in consideration for the purchase of the treasury shares must not, in accordance with applicable Dutch law, exceed the equity components which are repayable or distributable to the shareholders. "Equity components repayable or distributable to the shareholders" means the contribution premiums (in relation to contributions in kind), the issue premiums (in relation to cash contributions) and the other reserves as set out in the financial statements of the Company, from which the repurchase price for the treasury shares must be deducted.

    As of 31 December 2013, the respective values of each of these Company equity components which are by nature repayable or distributable to the shareholders were: € 5,049,000,000 (contribution premiums), € -951,000,000 (other reserves and retained earnings, including net profit for the year) and € -50,000,000 (treasury shares), *i.e.* an aggregate amount of € 4,048,000,000.

    The Company reserves the right to implement the share purchase programme to its full extent and undertakes not to exceed, directly or indirectly, the threshold of 10% of the issued share capital as well as the amount of € 4,048,000,000 throughout the term of the programme.

    Finally, the Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of NYSE Euronext,
  - shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to EADS N.V. shares within the limits set out in this document. Moreover, the Company will use call options and swaps that have been acquired pursuant to the agreements it had entered into during the previous share repurchase programme (see below) and does not exclude the possibility of using a structure of transaction similar to the one that had been used in the previous share repurchase programme in order to repurchase its own shares.

    The portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme,
  - in addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options,
  - characteristics of the shares to be repurchased by the Company: shares of EADS N.V., a company listed on Euronext Paris, on the *regulierter Markt* of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges,
  - maximum purchase price per share: € 100;
- **term of the share repurchase programme and other characteristics:** this share repurchase programme shall be valid until 27 November 2015 inclusive, *i.e.* the date of expiry of the authorisation requested from the Annual General Meeting of Shareholders to be held on 27 May 2014. As one of the main aims of this Company share repurchase programme is related to the possible exercise by employees of the Group and the Group's companies of stock options granted to them from 2003 to 2006, it is currently intended (i) that such a programme be continued and renewed until at least 17 December 2016 (16 December 2016 being the latest date upon which an employee of the Group and the Group's companies may exercise all or part of his / her stock options granted in 2006) and (ii) that the Annual General Meeting of Shareholders be asked to renew the authorisations until such date.

The 1,843,814 EADS N.V. shares held by the Company at the date of the entry into force of EC Regulation No. 2273 / 2003 of 22 December 2003 on 13 October 2004 and still held by the Company at the date of this document shall be, in order of decreasing priority, either (i) cancelled pursuant to a decision to be made, according to Dutch law, by an Annual General Meeting of Shareholders, to avoid the dilution effect related to certain share capital increases for cash carried out, during the financial year preceding such Annual General Meeting of Shareholders, in the context of a Group employee share ownership programme and/or upon the exercise of stock options granted to certain employees of the Group and the Group's companies, or (ii) retained in order to allow the performance of certain obligations described within the aims of the share repurchase programme referred to in this document, or (iii) used for exchange or payment in the framework of a potential external growth transaction, or (iv) sold in the context of a liquidity agreement.

As of the date of this document, the Company has not entered into any liquidity agreement with an independent investment services provider in the context of the share repurchase programme.

3.4 Dividends

3.4.1 Dividends and Cash Distributions Paid Since the Incorporation of the Company

Cash distributions paid to the shareholders since the incorporation of the Company are set forth in the table below:

Financial Year	Date of the cash distribution payment	Gross amount per share(1)
2000	27 June 2001	€0.50
2001	28 June 2002	€0.50
2002	12 June 2003	€0.30
2003	4 June 2004	€0.40
2004	8 June 2005	€0.50
2005	1 June 2006	€0.65
2006	16 May 2007	€0.12
2007	4 June 2008	€0.12
2008	8 June 2009	€0.20
2009	-	-
2010	6 June 2011	€0.22
2011	7 June 2012	€0.45
2012	5 June 2013	€0.60
2013	3 June 2014	€0.75

(1) Note: figures have not been adjusted to take into account changes in the number of shares outstanding.

3.4.2 Dividend Policy of the Company

Based on earnings per share of €1.85 in 2013, the Board of Directors has proposed payment of a dividend of €0.75 per share to the next Annual General Meeting of Shareholders. Subject to approval by the Annual General Meeting, the dividend is expected to be paid on 3 June 2014 (expected record date of 2 June 2014).

This is in line with the Group's dividend policy to target a sustainable growth in dividend with a pay-out ratio of 30% to 40%.

3.4.3 Unclaimed Dividends

Pursuant to the Articles of Association, the claim for payment of a dividend or other distribution approved by the shareholders' meeting shall lapse five years after the day on which such claim becomes due and payable. The claim for payment of interim dividends shall lapse five years after the day on which the claim for payment of the dividend against which the interim dividend could be distributed becomes due and payable.

3.4.4 Taxation

The statements below represent a broad analysis of the current Netherlands tax laws. The description is limited to the material tax implications for a holder of the Company's shares (the "**Shares**") who is not, or is not treated as, a resident of the Netherlands for any Netherlands tax purposes (a "**Non-Resident Holder**"). Certain categories of holders of the Company's shares may be subject to special rules which are not addressed below and which may be substantially different from the general rules described below. Investors who are in doubt as to their tax position in the Netherlands and in their state of residence should consult their professional Advisors. Where the summary refers to "the Netherlands" or "Netherlands", it refers only to the European part of the Kingdom of the Netherlands.

Withholding Tax on Dividends

In general, a dividend distributed by the Company in respect of Shares will be subject to a withholding tax imposed by the Netherlands at a statutory rate of 15%. Dividends include dividends in cash or in kind, deemed and constructive dividends, repayment of paid-in capital not recognised as capital for Netherlands dividend withholding tax purposes, and liquidation proceeds in excess of the average paid-in capital recognised as capital for Netherlands dividend withholding tax purposes. Stock dividends paid out of the Company's paid-in-share premium, recognised as capital for Netherlands dividend withholding tax purposes, will not be subject to this withholding tax.

A Non-Resident Holder of Shares can be eligible for a partial or complete exemption or refund of all or a portion of the above withholding tax pursuant to domestic rules or under a tax convention that is in effect between the Netherlands and the Non-Resident Holder's country of residence. The Netherlands has concluded such conventions with the US, Canada, Switzerland, Japan, almost all European Union Member states and other countries.

Withholding Tax on Sale or Other Dispositions of Shares

Payments on the sale or other dispositions of Shares will not be subject to Netherlands withholding tax, unless the sale or other disposition is, or is deemed to be, made to the Company or a direct or indirect subsidiary of the Company. In principle, a redemption or sale to the Company or a direct or indirect subsidiary of the Company will be treated as a dividend and will be subject to the rules set forth in "Withholding Tax on Dividends" above.

Taxes on Income and Capital Gains

A Non-Resident Holder who receives dividends distributed by the Company on Shares or who realises a gain from the sale or disposition of Shares, will not be subject to Netherlands taxation on income or capital gains unless:

- such income or gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment ("*vaste inrichting*") or permanent representative ("*vaste vertegenwoordiger*") in the Netherlands;
- the Non-Resident Holder is not an individual and the Non-Resident Holder has or is deemed to have, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company and such interest (i) does not form part of the assets of an enterprise and (ii) is held by the Non-Resident Holder with the main objective, or one of the main objectives, to avoid Netherlands withholding tax on dividends or Netherlands individual income tax at the level of another person or entity; or
- the Non-Resident Holder is an individual and (i) the Non-Resident Holder has, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company and such interest does not form part of the assets of an enterprise, or (ii) such income or gain qualifies as income from miscellaneous activities ("*belastbaar resultaat uit overige werkzaamheden*") in the Netherlands as defined in the Dutch Income Tax Act 2001 ("*Wet inkomstenbelasting 2001*").

Generally, a Non-Resident Holder of Shares will not have a substantial interest in the Company's share capital, unless the Non-Resident Holder, alone or together with certain related persons holds, jointly or severally and directly or indirectly, Shares in the Company, or a right to acquire Shares in the Company representing 5% or more of the Company's total issued and outstanding share capital or any class thereof. Generally, a deemed substantial interest exists if all or part of a substantial interest has been or is deemed to have been disposed of with application of a roll-over relief.

Gift or Inheritance Taxes

Netherlands gift or inheritance taxes will not be levied on the transfer of Shares by way of gift, or upon the death of a Non-Resident Holder, unless the transfer is construed as an inheritance or gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

Value-Added Tax

No Netherlands value-added tax is imposed on dividends on the Shares or on the transfer of the Shares.

Other Taxes and Duties

There is no Dutch registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty other than court fees payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) with respect to the dividends relating to the Shares or on the transfer of the Shares.

Residence

A Non-Resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding a Share or of the execution, performance, delivery and/or enforcement of rights in respect of the Shares.

3.5 Annual Securities Disclosure Report

The announcements listed below and underlying information are on display and may be inspected during the life of this Registration Document on **www.airbus-group.com**:

Press release – EADS Shareholders Approve All Resolutions For Governance Changes	27 March 2013
Press release – EADS Gears Up for its Extraordinary General Meeting	27 March 2013
Press release – New EADS Board of Directors Elects Chairman, Committee Members and Approves Launch of Share Buyback Programme	2 April 2013
Press release – EADS Concludes Share Purchase Agreement with French State; EADS Participates in Daimer Placing with €600 million	17 April 2013
Press release – First Quarter 2013 Results	14 May 2013
Press release – EADS Raises Guidance for 2013 Commercial Aircraft Orders	29 May 2013
Press release – First Half 2013 Results	31 July 2013
Press release – Third Quarter 2013 Results	14 November 2013
Press release – EADS Outlines Plan for Defence and Space Restructuring	9 December 2013
Press release – EADS To Hold 2013 Global Investor Forum in London	11 December 2013
Press release – 2013 Annual Results	26 February 2014

In addition, Airbus Group publishes announcements made in the ordinary course of business which are also available on **www.airbus-group.com**.

4

Corporate Governance

4.1 Management and Control

The corporate governance arrangements of the Company were substantially changed pursuant to the Multiparty Agreement, including changes in the composition of the Board of Directors and the rules governing its internal affairs (the "**Board Rules**"). These changes are intended to further normalise and simplify the Company's corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Below is a summary description of such changes.

4.1.1 Corporate Governance Arrangements

Board of Directors Composition and Board Rules

Under the Articles of Association, the Board of Directors consists of at most twelve (12) Directors, who each serve for a three-year term. Under the Board Rules, at least a majority of the Members of the Board of Directors (*i.e.*, 7 / 12) must be European Union nationals (including the Chairman of the Board of Directors) and a majority of such majority (*i.e.*, 4 / 7) must be both European Union nationals and residents. No Director may be an active civil servant. The Board of Directors has one (1) Executive Director and eleven (11) Non-Executive Directors. While the Board of Directors appoints the Chief Executive Officer of the Company (the "**CEO**"), the CEO is required to be an Executive Director and must be an EU national and resident; therefore it is anticipated that the Board of Directors will appoint as CEO the person appointed by the shareholders as an Executive Director. At least nine (9) of the Non-Executive Directors must be "Independent Directors" (including the Chairman of the Board of Directors).

Under the Board Rules, an "Independent Director" is a Non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code and meets additional independence standards. Specifically, where the Dutch Corporate Governance Code would determine independence, in part, by reference to a Director's relationships with shareholders who own at least 10% of the Company, the Board Rules determine such Director's independence, in relevant part, by reference to such Director's relationships with shareholders who own at least 5% of the Company.

The Remuneration and Nomination Committee of the Board of Directors (the "**RNC**") is charged with recommending to the Board of Directors the names of candidates to succeed active Board Members after consultation with the Chairman of the Board of Directors and the CEO.

The Board of Directors, voting by simple majority vote, proposes individuals to the shareholders' meeting of the Company for appointment as Directors by the shareholders' meeting. No shareholder or group of shareholders, or any other entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under Dutch law.

In addition to the membership and composition rules described above, the RNC, in recommending candidates for the Board of Directors, and the Board of Directors, in its resolutions proposed to the shareholders' meeting relative to the naming of Directors or decisions to propose replacements of any resigning or incapacitated Director, are each required to apply the following principles:

- the preference for the best candidate for the position, and
- the maintenance, in respect of the number of Members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Company (in particular among the nationals of the four (4) Member States of the European Union where these main industrial centres are located).

The Board of Directors is required to take into account, in the resolutions proposed in respect of the nomination of Directors presented to the shareholders' meeting, the undertakings of the Company to the French State pursuant to the amendment to the French State Security Agreement and to the German State pursuant to the German State Security Agreement, in each case as described more fully above. In practice, this means that (A) two (2) of the Directors submitted to the shareholders for appointment should also be French Defence Outside Directors (as defined above) of the French Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the French State and (B) two (2) of the Directors submitted to the shareholders for appointment should also be German Defence Outside Directors (as defined above) of the German Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the German State.

The RNC endeavours to avoid a complete replacement of outgoing Directors by new candidates, but rather to ensure continuity of company-specific knowledge and experience within the Board of Directors, while favouring the introduction of new candidates for at least 1/3 of Director positions.

Remuneration and Nomination Committee

The RNC has four (4) Members, with geographic diversity. Each Member of the RNC is an Independent Director. One Member of the RNC is a Director who is appointed to the Board of Directors on the basis of the French State Security Agreement. One Member of the RNC is a Director who is appointed to the Board of Directors on the basis of the German State Security Agreement. The Board of Directors, by a Simple Majority (defined below), appoints the chair of the RNC, who may not be any of the following:

- the Chairman of the Board of Directors;
- a current or former Executive Director of the Company;
- a Non-Executive Director who is an Executive Director with another listed company; or
- a Director appointed to the Board of Directors on the basis of the French State Security Agreement or the German State Security Agreement.

Other Board Committees

The Board of Directors continues to have an Audit Committee, the responsibilities of which have not changed. The Audit Committee has four (4) Members and is chaired by an Independent Director who is not the Chairman of the Board of Directors or a current or former Executive Director of the Company. At least one (1) Member of the Audit Committee must be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

The Board of Directors no longer has a Strategic Committee.

Role of the Board of Directors

The Board Rules specify that in addition to the Board of Directors' responsibilities under applicable law and the Articles of Association, the Board of Directors is responsible for certain enumerated categories of decisions. Under the Articles of Association, the Board of Directors is responsible for the management of the Company. Under the Board Rules, the Board of Directors delegates day-to-day management of the Company to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of the Company. However, the CEO may not enter into transactions that form part of the key responsibilities of the Board of Directors unless these transactions have been approved by the Board of Directors. Most Board of Directors' decisions are made by a simple majority of the votes of the Directors (a "**Simple Majority**"), but certain decisions must be made by a 2/3 majority (*i.e.*, eight (8) favourable votes) of the Directors regardless of whether present or represented in respect of the decision (a "**Qualified Majority**"). In addition, amendments to certain provisions of the Board Rules require the unanimous approval of the Board of Directors, with no more than one Director not present or represented (including provisions relating to nationality and residence requirements with respect to Members of the Board of Directors and the Executive Committee). However, no individual Director or class of Directors has a veto right with respect to any Board of Directors' decisions.

Matters that require Board of Directors' approval include among others, the following items (by Simple Majority unless otherwise noted):

- approving any change in the nature and scope of the business of the Company and the Group;
- approving any proposed resolution to be presented to the shareholders' meeting relating to a change of any of the articles of the Articles of Association of the Company which requires the approval of a majority of at least seventy-five percent (75%) of the valid votes cast at such shareholders' meeting (Qualified Majority);
- approving the overall strategy and the strategic plan of the Group;
- approving the operational business plan of the Group (the "**Business Plan**") and the yearly budget (the "**Yearly Budget**") of the Group, including the plans for Investment, R&D, Employment, Finance and, as far as applicable, major programmes;
- setting the major performance targets of the Group;
- monitoring on a quarterly basis, the operating performance of the Group;
- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the Members of the Executive Committee taken as a whole as proposed by the CEO and to approve their proposed appointment as Managing Directors of important Group companies and their service contracts and other contractual matters in relation to the Executive Committee and their function as Managing Directors;
- establishing, and approving amendments to the Board Rules and the rules for the Executive Committee (Simple Majority with certain exceptions);
- deciding upon the appointments of the Airbus Shareholder Committee, the appointments of the Company Corporate Secretary and the chairmen of the Supervisory Board (or similar organ) of other important Group companies and Business Units, on the basis of the recommendations of the Remuneration and Nomination Committee, as well as the institution and amendment of the rules governing the organs of such entities;
- approving the relocation of the headquarters of the principal companies of the Group and of the operational headquarters of the Company (Qualified Majority);
- approving decisions in connection with the location of new industrial sites material to the Group as a whole or the change of the location of existing activities that are material to the Group;
- approving decisions to invest and initiate programmes financed by the Group, acquisition, divestment or sale decisions, in each case for an amount in excess of €300 million;
- approving decisions to invest and initiate programmes financed by the Group, acquisition, divestment or sale decisions, in each case for an amount in excess of €800 million (Qualified Majority);
- approving decisions to enter into and terminate strategic alliances at the level of the Company or at the level of one of its principal subsidiaries (Qualified Majority);
- approving principles and guidelines governing the conduct of the Group in matters involving non-contractual liabilities (like environmental matters, quality assurance, financial announcements, integrity) as well as the corporate identity of the Group;

- approving any share buyback, cancellation (redemption) of shares or the issuing of new shares or any similar measure leading to a change in the total number of voting rights in the Company, except in the case of any buyback or cancellation (redemption) of shares if in the ordinary course of business (in which case the management of the Company will only inform the Directors before its implementation with a reasonable prior notice) (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets;
- approving decisions in respect of other measures and business of fundamental significance for the Group or which involves an abnormal level of risk;
- approving any proposal of names of candidates to succeed active Directors made by the Remuneration and Nomination Committee, after consultation with the Chairman of the Board of Directors and the CEO, for submission to the shareholders' meeting; and
- approving entering into and terminating cooperation agreements at the level of the Company or at the level of one of its principal subsidiaries having an impact on the share capital of the Company or of the relevant subsidiary (Qualified Majority).

The Board of Directors must have a certain number of Directors present or represented at a meeting to take action. This quorum requirement depends on the action to be taken. For the Board of Directors to make a decision on a Simple Majority matter, a majority of the Directors must be present or represented. For the Board of Directors to make a decision on a Qualified Majority matter, at least ten (10) of the Directors must be present or represented. If the Board of Directors cannot act on a Qualified Majority Matter because this quorum is not satisfied, the quorum would decrease to eight (8) of the Directors at a new duly called meeting.

In addition to the Board Rules, the work of the Board of Directors is governed by a Directors' charter detailing the rights and duties of the Members of the Board of Directors, which was adopted in light of corporate governance best practices.

The Directors' Charter sets out core principles that bind each and every Director, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of their duties and avoiding any and all conflicts of interest.

Executive Committee Nomination and Composition

The CEO proposes all of the Members of the Executive Committee taken as a whole for approval by the Board of Directors, after consultation with (a) the Chairman of the RNC and (b) the Chairman of the Board of Directors, applying the following principles:

- the preference for the best candidate for the position;
- the maintenance, in respect of the number of Members of the Executive Committee, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Group (in particular among the nationals of the four (4) Member States of the European Union where these main industrial centres are located); and
- at least 2/3 of the Members of the Executive Committee, including the CEO and the CFO, being EU nationals and residents.

The Board of Directors determines, by simple majority vote, whether to approve all of the Members of the Executive Committee taken as a whole as proposed by the CEO.

Role of CEO and Executive Committee

The CEO, supported by the Executive Committee, is responsible for managing the day-to-day operations of the Company. The Executive Committee, chaired by the CEO, also comprises the Heads of the major Functions and Divisions of the Group. The CEO endeavours to reach consensus among the Members of the Executive Committee. In the event a consensus is not reached, the CEO is entitled to decide the matter.

4.1.2 Corporate Governance Arrangements after the EGM on 27 March 2013

COMPOSITION OF THE BOARD OF DIRECTORS IN 2013

Name	Age	Term started (as Member of the Board of Directors)	Term expires	Principal function	Status
Denis Ranque	62	First proposed to EGM in 2013	2016	Chairman of the Board of Directors of EADS N.V.	Non-Executive
Thomas Enders	55	2005, re-elected in 2013	2016	Chief Executive Officer of EADS N.V.	Executive
Mansfred Bischoff	71	2013	2016	Chairman of the Supervisory Board Daimler AG	Non-Executive
Ralph D. Crosby, Jr.	66	First proposed to EGM in 2013	2016	Former Member of the Executive Committee of EADS and of Northrop Grumman Corporation	Non-Executive
Hans-Peter Keitel	66	First proposed to EGM in 2013	2016	Vice President of the Federation of German Industry (BDI)	Non-Executive
Hermann-Josef Lamberti	58	2007, re-elected in 2013	2016	Former Member of the Management Board of Deutsche Bank AG	Non-Executive
Anne Lauvergeon	54	First proposed to EGM in 2013	2016	Partner of Efficiency Capital, Chairman and CEO of A.L.P. S.A.	Non-Executive
Lakshmi N. Mittal	63	2007, re-elected in 2013	2016	Chairman and Chief Executive Officer of ArcelorMittal S.A.	Non-Executive
Sir John Parker	71	2007, re-elected in 2013	2016	Chairman of Anglo American PLC	Non-Executive
Michel Pébereau	72	2007, re-elected in 2013	2016	Honorary President of BNP Paribas S.A.	Non-Executive
Josep Piqué i Camps	59	2012, re-elected in 2013	2016	Vice-Chairman and CEO of Obrascón Huarte Lain (OHL)	Non-Executive
Jean-Claude Trichet	71	2012, re-elected in 2013	2016	Honorary Governor of Banque de France and former President of the European Central Bank	Non-Executive

Note: Status as of 1 March 2014. The professional address of all Members of the Board of Directors for any matter relating to The Company is Mendelweg 30, 2333 CS Leiden, The Netherlands.

The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors in 2013

Denis Ranque

Denis Ranque began his career at the French Ministry for Industry, where he held various positions in the energy sector, before joining the Thomson group in 1983 as Planning Director. The following year, he moved to the electron tubes division, first as Director of space business, then, from 1986, as Director of the division's microwave tubes department. Two years later, the electron tubes division became the affiliate Thomson Tubes Electroniques, and Denis Ranque took over as Chief Executive of this subsidiary in 1989. In April 1992, he was appointed Chairman and CEO of Thomson Sintra Activités Sous-marines. Four years later, he became CEO of Thomson Marconi Sonar, the sonar systems joint venture set up by Thomson-CSF and GEC-Marconi. In January 1998, Denis Ranque was appointed Chairman and Chief Executive Officer of the Thomson-CSF group, now called Thales. He resigned from this position in May 2009, as a consequence of a change in shareholding. From February 2010 to June 2012 he has been Non-Executive Chairman of Technicolor. Since October 2001, he has also been Chairman of the Board of the *École des Mines* ParisTech, and since September 2002, Chairman of the *Cercle de l'Industrie*, an association which unites France's biggest industrial companies; both mandates ended in June 2012. He is member of the Boards of Directors of Saint-Gobain and CMA-CGM. Since October 2013, he chairs The *Haut Comité de Gouvernement d'Entreprise*, the newly created independent body put in place by the French Code of corporate governance for monitoring and encouraging progress in this field. Denis Ranque, born 1952, is a graduate of France's *École Polytechnique* and the *Corps des Mines*.

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Directors of Saint Gobain
- Member of the Board of Directors of CMA-CGM
- Member of the Board of Directors of Scilab Enterprise SAS
- President of the French "Haut Comité de Gouvernement d'Entreprise"
- President of the Board of Fondation PARISTECH

Former mandates for the last five years:

- Chairman and CEO of THALES (1998 to 2009)
- Director of CGG VERITAS (2010 to 2012)
- Director of CMA CGM (2009 to 2012)
- Director of "Fonds Strategique d'Investissement" (2011 to 2012)
- Chairman of Technicolor (2010 to 2012)

Thomas Enders

Thomas Enders was appointed Chief Executive Officer of the Company in May 2012 after being CEO of Airbus since 2007. He studied Economics, Political Science and History at the University of Bonn and at the University of California in Los Angeles. Prior to joining the aerospace industry in 1991 (Messerschmitt-Bölkow-Blohm), he worked, *inter alia*, as a Member of the "Planungsstab" of the German Minister of Defence. At MBB, and subsequently DASA, he held various positions, including Chief of Staff, Director of Corporate Development & Technology, and Head of Defence Systems. Following the creation of EADS in 2000, he was appointed Head of the EADS Defence and Security Systems Division, holding this position until 2005 when he was appointed co-CEO of EADS. Mr Enders was President of the BDLI (German Aerospace Industry Association) from 2005 to 2012. He has been a member of the BDI Presidential Board (German Industry Association) since 2009. From 2005 to 2009 he was Chairman of the Atlantik-Brücke e.V. Since November 2011, Tom Enders has served in the Business Advisory Group of UK Prime Minister David Cameron. He has been a member of the Joint Advisory Council at Allianz SE since January 2013.

Current mandates in addition to the one listed in the chart above are set forth below:

¬ Chief Executive Officer of EADS N.V.
¬ Member of the Executive Committee of EADS N.V.
¬ Chairman of the Shareholder Committee of Airbus S.A.S.
¬ Chairman of the Supervisory Board Airbus Helicopters S.A.S.
¬ Chairman of the Supervisory Board Astrium B.V.
¬ Chairman of the Supervisory Board EADS Deutschland GmbH
¬ Member of the Board of Directors of the BDI (Federation of German Industry)
¬ Member of the Joint Advisory Council at Allianz SE
¬ Member of the Governing Board of HSBC Trinkhaus
¬ Member of the International Advisory Board of Atlantic Council of the US

Former mandates for the last five years:

¬ Chairman of the Atlantik Brücke from 2005-2009
¬ President and Chief Executive Officer of Airbus S.A.S. from 2007-2012
¬ President of the BDLI (Bundesverband der deutschen Luft- und Raumfahrtindustrie e.V.) from 2005-2012
¬ Chairman of the Advisory Council for Aeronautics Research and Innovation in Europe (ACARE) from 2011-2013

Manfred Bischoff

Manfred Bischoff was born 22 April 1942. He holds a diploma and PhD in Economics from the University of Heidelberg. Having joined Daimler-Benz AG in 1976, Mr Bischoff became Chief Financial Officer of Mercedes-Benz do Brasil in 1988. In 1989, he was appointed to the Board of Management of Deutsche Aerospace (later DaimlerChrysler Aerospace AG) as CFO and in 1995 became Chairman of the Board of Management of Daimler-Benz Aerospace (later Daimler Chrysler Aerospace AG) and a Member of the Board of Management of Daimler-Benz AG. At the foundation of EADS in 2000, Mr Bischoff became its Chairman, a position he held until April 2007, when he was elected Chairman of the Supervisory Board of DaimlerChrysler AG. Currently, Manfred Bischoff is also Member of the Board of Unicredit S.p.A.; Chairman of the Supervisory Board of Voith GmbH and Member of the Supervisory Board of SMS GmbH.

Current mandates in addition to the one listed in the chart above are set forth below:

¬ Chairman of the Supervisory Board Daimler AG
¬ Member of the Supervisory Board SMS GmbH
¬ Member of the Board of Directors Unicredit S.p.A.
¬ Chairman of the Supervisory Board and Chairman of the Shareholder Committee Voith GmbH

Former mandates for the last five years:

¬ Member of the Supervisory Board Fraport AG (until May 2012)
¬ Member of the Supervisory Board KPN N.V. (until April 2013)

Ralph Dozier Crosby. Jr.

Ralph Crosby was Member of the Executive Committee of EADS from 2009 - 2012 and served as Chairman and CEO of EADS North America from 2002-2009. He presently serves as an Independent Director of American Electric Power headquartered in Columbus, Ohio, where he chairs the Human Resources Committee; and Serco, headquartered in London, United Kingdom. Furthermore, Mr Crosby serves on the Board of Directors, and Executive Committee of the Atlantic Council of the United States. Prior to joining EADS, Mr Crosby was an Executive with Northrop Grumman Corporation, where he had served as a Member of the Corporate Policy Council with positions including President of the Integrated Systems Sector, Corporate Vice President and General Manager of the company's Commercial Aircraft Division and Corporate Vice President and General Manager of the B-2 Division. Prior to his industry career, Mr Crosby served as an officer in the U.S. Army, where his last military assignment was as military staff assistant to the Vice President of the United States. Mr Crosby is a graduate of the US Military Academy at West Point, and holds Master's degrees from Harvard University, and the University of Geneva, Switzerland. He is the recipient of the James Forrestal Award from the National Defense Industrial Association, and has been awarded Chevalier of the Legion d'Honneur of France.

Current mandates in addition to the one listed in the chart above are set forth below:

¬ Member of the Board of Directors (Supervisory Board) of American Electric Power Corporation
¬ Member of the Board of Directors (Supervisory Board) of Serco, PLC
¬ Member of the Board of Directors and Member of the Executive Committee of the Atlantic Council of the United States

Former mandates for the last five years:

¬ Chairman and Chief Executive Office of EADS North America (resigned as Chief Executive December 2009)
¬ Executive Chairman of EADS North America (retired December 2011)
¬ Member of the Board of Directors (Supervisory Board) of Ducommun Corporation (resigned June 2013)

Hans-Peter Keitel

Hans-Peter Keitel served as President of the Federation of German Industry (BDI) from 2009 to 2012 and now (since 2013) serves as one of its Vice Presidents. Prior to this he served nearly 20 years at Hochtief – first as Director for International Business and subsequently from 1992 to 2007 as Chief Executive Officer. He started his career in 1975 at Lahmeyer International as a technical Advisor and project manager being involved in large scale global infrastructure projects in over 20 countries. He also advised the arranging banks of the Channel Tunnel Consortium. Mr Keitel has graduated from the Universities of Stuttgart and Munich in Construction Engineering and Economics and has received a PhD in Engineering from the University of Munich.

Current mandates in addition to the one listed in the chart above are set forth below:

¬ Member of the Supervisory Board of RWE AG
¬ Member of the Supervisory Board of Voith GmbH
¬ Member of the Supervisory Board of ThyssenKrupp AG
¬ Member of the Supervisory Board of Commerzbank AG
¬ Member of the Supervisory Board of National-Bank AG

Former mandates for the last five years:

¬ Member of the Supervisory Board of Hochtief AG
¬ Member of the Supervisory Board of Deutsche Messe AG

Hermann-Josef Lamberti

Hermann-Josef Lamberti was Member of the Management Board of Deutsche Bank AG from 1999 until 2012 and operated as the bank's Chief Operating Officer. As COO he had global responsibility for Human Resources, Information Technology, Operations and Process Management, Building and Facilities Management as well as Purchasing. He joined Deutsche Bank in Frankfurt in 1998 as Executive Vice President. From 1985, he held various management positions within IBM, working in Europe and the United States, in the fields of controlling, internal application development, sales, personal software, marketing and brand management. In 1997, he was appointed Chairman of the Management of IBM Germany. Mr Lamberti started his career in 1982 with Touche Ross in Toronto, before joining the Chemical Bank in Frankfurt. He studied Business Administration at the Universities of Cologne and Dublin, and graduated with a Master's degree. Current mandates in addition to the one listed in the chart above are set forth below:

¬ Member of the Advisory Board of Barmenia Versicherungen Wuppertal
¬ Chairman of the Society of Freunde der Bachwoche Ansbach e.V.
¬ Member of the Board of Trustees of Institute for Law and Finance Frankfurt
¬ Member of the Board of Trustees of the Frankfurt International School e.V.Member of the Board of Directors of Stichting Administratiekantoor EADS
¬ Member of the Board of Directors of Wirtschaftsinitiative FrankfurtRheinMain e.V.
¬ Member of the Board of Trustees of Johann Wolfgang Goethe-Universität Fachbereich Wirtschaftswissenschaften and Member of the Board of Trustees of Frankfurt Institute for Advanced Studies (FIAS) of Goethe-Universität

Former mandates for the last five years:

¬ Member of the Foundation Board of Otto A. Wipprecht-Stiftung (resigned 31 May 2008)
¬ Member of the Advisory Board of Universität Augsburg (resigned 30 September 2008)
¬ Executive Customer of the Advisory Council of Symantec Corporation (resigned 12 May 2010)
¬ Member of the Board of Trustees of Baden-Badener Unternehmergespräche - Gesellschaft zur Förderung des Unternehmensnachwuchses e.V. (resigned 13 May 2010)
¬ Member of the Board of Trustees of Wallraf-Richartz-Museum und Museum Ludwig e.V. (resigned 31 January 2011)
¬ Member of the Founder Council of Wallraf-Richartz-Museum (resigned 31 January 2011)
¬ Member of the Senate of Fraunhofer Gesellschaft. (resigned 31 December 2011)
¬ Member of the Management Board of Deutsche Bank AG (resigned 31 May 2012)
¬ Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes A.G. und BVV Versorgungskasse des Bankgewerbes e.V. (resigned 21 June 2012)
¬ Member of the Supervisory Board of Deutsche Börse AG (resigned 16 May 2012)
¬ Member of the Supervisory Board of Deutsche Bank Privat-und Geschäftskunden A.G. (resigned 24 May 2012)
¬ Member of the Board of Management of Arbeitgeberverband des privaten Bankgewerbes e.V. (resigned 21 June 2012)
¬ Deputy Member of the Deposit Insurance Committee of Bundesverband deutscher Banken e.V. (resigned 21 June 2012)
¬ Delegate of the Delegates' Assembly of the Deposit Insurance Committee of Bundesverband deutscher Banken e.V. (resigned 21 June 2012)
¬ Member of the Financial Community Germany Committee of Bundesverband deutscher Banken e.V. (resigned 21 June 2012)
¬ Member of the Board of Management of Deutsches Aktieninstitut e.V. (resigned 21 June 2012)
¬ Member of the Board of Trustees of e-Finance Lab Frankfurt am Main (resigned 31 May 2012)
¬ Member of the Stock Exchange Council of Eurex Deutschland (resigned 31 May 2012)
¬ Member of the Stock Exchange Council of Frankfurter Wertpapierbörse AG (resigned 31 May 2012)
¬ Member of the Advisory Board of Institut für Unternehmensplanung - IUP (resigned 31 May 2012)
¬ Member of the Board of Trustees of Junge Deutsche Philharmonie (resigned 8 October 2012)
¬ Deputy Chairman of the Board of Trustees of the Society of Promotion of Kölner Kammerorchester e.V. (resigned 31 May 2012)
¬ Member of the Programme Advisory Board of LOEWE Landes-Offensive zur Entwicklung Wissenschaftlich-ökonomischer Exzellenz des Hessischen Ministeriums für Wissenschaft und Kunst (resigned 14 June 2012)
¬ Member of the Advisory Circle of Münchner Kreis (resigned 31 May 2012)
¬ Deputy Member of the Advisory Board of Prüfungsverband deutscher Banken e.V. (resigned 31 May 2012)

- ¬ Member of the Administrative Council of Universitätsgesellschaft Bonn-Freunde, Förderer, Alumni (resigned 31 May 2012)
- ¬ Member of the Advisory Board in the centre for market-orientated corporate management of WHU (resigned 31 May 2012)
- ¬ Member of the Commission of Börsensachverständigen-kommission (Bundesfinanzministerium) (resigned 31 May 2012)
- ¬ Member of the Management Board and Member of the Executive Committee of Frankfurt Main Finance e.V. (resigned 31 May 2012)
- ¬ Member of the Advisory Board of Fraunhofer-IUK-Verbund (resigned 31 May 2012)
- ¬ Member of the Executive Committee and of the Steering Committee of Frankfurt RheinMain e.V. (resigned 31 May 2012)
- ¬ Member of the Senate of acatech – Deutsche Akademie der Technikwissenschaften e.V. (resigned 31 May 2012)
- ¬ Member of the Board of Directors of American Chamber of Commerce in Germany (resigned 11 May 2012)
- ¬ Member of the Board of Trustees of Hanns Martin Schleyer-Stiftung (resigned 21 June 2012)
- ¬ Member of the Editorial Board of scientific journal "Wirtschaftsinformatik" (resigned 31 May 2012)
- ¬ Member of the International Advisory Board of IESE Business School, University of Navarra (resigned 28 March 2012)
- ¬ Member of the Board of Trustees of Stiftung Lebendige Stadt (resigned 31 May 2012)
- ¬ Member of the Supervisory Board of Carl Zeiss AG (resigned 18 March 2013)
- ¬ Member of the University Council of the University of Cologne (resigned 6 June 2013)
- ¬ Member of the Steering Committee and of the Federal Committee of Wirtschaftsrat der CDU e.V. (resigned 25 June 2013)
- ¬ Member of the Managing Committee of the Institut für Wirtschaftsinformatik der HSG of the Universität St. Gallen (resigned 31 December 2013)

Anne Lauvergeon

Anne Lauvergeon is a graduate of the École Normale Supérieure and the French National School of Mining Engineer. She holds an advanced degree in Physics & Chemistry. Mrs Lauvergeon was CEO of Areva from July 2001 to June 2011, and Chairman and CEO of Areva NC from June 1999 to July 2011. In 1997, she worked at Alcatel as Senior Executive Vice President, member of the Executive Committee, in charge of international business and industrial holdings. From 1995 to 1997 she was Partner of Lazard Frères & Cie. Before that, from 1990 to 1995, she worked for the French President's office, in charge of international economy and foreign trade missions in 1990, then as Deputy Chief of Staff and personal representative to the French President, in charge of the G7 / G8 Summits' from 1991. Anne Lauvergeon began her career in 1983 in the steel industry, at Usinor, before working on nuclear & chemical safety issues in Europe at the French Atomic Energy Commission. Mrs Lauvergeon is Doctor Honoris Causa of the Imperial College, London (2008), Fellow of the Royal Academy of Engineering (UK 2011) and Fellow of the Royal Academy of Belgium (2012).

Current mandates in addition to the one listed in the chart above are set forth below:

- ¬ Board member of Rio Tinto Plc
- ¬ Board member of Total S.A.
- ¬ Board member of Vodafone Plc (until July 2014)
- ¬ Board member of American Express
- ¬ Chairman of the Board of Directors of *École Nationale Supérieure des Mines* de Nancy
- ¬ Member of the Board of Directors of PSL University (*Paris Sciences et Lettres*)
- ¬ Member of the Trilateral Commission
- ¬ Chairman of A2i fund Agir pour l'*Insertion dans l'Industrie* (Union des Industries Métallurgiques et Minières)

Former mandates for the last five years:

- ¬ Vice Chairman and member of the Board of SAFRAN (resigned 2009)
- ¬ CEO of Areva (resigned June 2011)
- ¬ Member of the Board of GDF Suez (resigned April 2012)
- ¬ Chairman and CEO of Areva NC (resigned July 2011)
- ¬ Member of the Executive Committee of *Mouvement des Entreprises de France* (resigned in 2012)
- ¬ Member of the Executive Committee of Global Compact (resigned July 2013)
- ¬ Chairman of the Supervisory Board of the French newspaper Libération

Lakshmi N. Mittal

Lakshmi N. Mittal is the Chairman and CEO of Arcelor Mittal. He founded Mittal Steel Company in 1976 and led its 2006 merger with Arcelor to form ArcelorMittal, the world's largest steelmaker. He is widely recognised for his leading role in restructuring the global steel industry, and has over 35 years' experience working in steel and related industries. Among his manifold mandates, Mr Mittal is Member of the Board of Directors of Goldman Sachs, of the World Economic Forum's International Business Council, and of the Foreign Investment Council in Kazakhstan. Furthermore, he has been awarded numerous recognitions from international institutions and magazines and is closely associated with a number of non-profit organisations.

Current mandates in addition to the one listed in the chart above are set forth below:

- ¬ Chairman of the Board of Directors and CEO of ArcelorMittal S.A.
- ¬ Chairman of the Board of Directors of Aperam S.A.
- ¬ Member of the Board of Directors of Goldman Sachs
- ¬ Member of the Executive Committee of World Steel Association (earlier named International Iron and Steel Institute)
- ¬ Member of the World Economic Forum's International Business Council
- ¬ Member of the Foreign Investment Council in Kazakhstan
- ¬ Member of the Prime Minister of India's Global Advisory CouncilMember of President's Domestic and Foreign Investors Advisory Council, Ukraine
- ¬ Member of Board of Trustees of Cleveland Clinic
- ¬ Member of Executive Board of Indian School of Business
- ¬ Gold Patron of Prince's Trust
- ¬ Governor of ArcelorMittal Foundation
- ¬ Member of the Board of ONGC Mittal Energy Ltd.
- ¬ Member of the Board of ONGC Mittal Energy Services Ltd.
- ¬ Trustee of Gita Mittal Foundation
- ¬ Trustee of Gita Mohan Mittal Foundation

- Trustee of Lakshmi and Usha Mittal Foundation
- Chairman of Governing Council of LNM Institute of Information Technology
- Trustee of Mittal Champion Trust
- Trustee of Mittal Children's Foundation

Former mandates for the last five years:

- Member of the International Advisory Board of Citigroup (resigned June 2008)
- Member of the Board of Directors of ICICI Bank Limited (resigned May 2010)
- Member of the Board of Commonwealth Business Council Limited (resigned February 2011)
- Member of the Business Council (resigned December 2011)
- Member of the Managing Committee of Lakshmi Niwas and Usha Mittal Foundation (resigned December 2011)
- Member of the Board of ArcelorMittal USA Inc. (resigned September 2012)
- Member of the Presidential International Advisory Board of Mozambique
- Member of the Advisory Board of the Kellogg School of Management
- Member of the President of Ispat Inland ULC (resigned January 2013)

Sir John Parker

Sir John Parker is Chairman of Anglo American PLC, Deputy Chairman of DP World (Dubai), Non-Executive Director of Carnival PLC and Carnival Corporation. He stepped down as Chairman of National Grid PLC in December 2011. His career has spanned the engineering, shipbuilding and defence industries, with some 25 years' experience as CEO including Harland & Wolff and the Babcock International Group. He also chaired the Court of the Bank of England between 2004 and 2009. Sir John Parker studied Naval Architecture and Mechanical Engineering at the College of Technology, Queens University, Belfast. He is currently President of the Royal Academy of Engineers.

Current mandates in addition to the one listed in the chart above are set forth below:

- Director of Carnival PLC and Carnival Corporation
- Deputy Chairman of D.P. World (Dubai)
- Director of White Ensign Association Limited
- Member of the Board of Directors of Stichting Administratiekantoor EADS
- President of the Royal Academy of Engineering
- Visiting fellow of the University of Oxford

Former mandates for the last five years:

- Senior Non-Executive Director of Bank of England (resigned June 2009)
- Joint Chairman Mondi Group (resigned August 2009)
- Chancellor of the University of Southampton (resigned July 2011)
- Member of the International Advisory Board of Citigroup (dissolved December 2011)
- Chairman of National Grid PLC (resigned January 2012)

Michel Pébereau

Michel Pébereau was Chairman of the Board of BNP Paribas between 2003 and 2011. He presided over the merger that created BNP Paribas in 2000, becoming Chairman and Chief Executive Officer (CEO). In 1993, he was appointed Chairman and CEO of the Banque Nationale de Paris and privatised it. Previously, he was Chairman and CEO of the Crédit Commercial de France. He started his career in 1967 at the Inspection Générale des Finances. In 1970, he joined the French Treasury, where he held various high ranking posts. Mr Pébereau is an alumnus of the *École Nationale d'Administration* and of the *École Polytechnique*.

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Directors of BNP Paribas S.A.
- Member of the Board of Directors of Total S.A.
- Member of the Board of Directors of EADS N.V.
- Member of the Board of Directors of Pargesa Holding S.A., Switzerland
- Member of the Board of Directors of "BNP Paribas (Suisse) S.A."
- Member of the Supervisory Board of "Banque Marocaine pour le Commerce et l'Industrie", Morocco
- Censor of Galeries Lafayette S.A.
- Member of the Supervisory Board of Institut Aspen France
- Member of the Executive Committee of the Institut de l'Entreprise
- Member of the "Conseil d'orientation Strategique of Mouvement des Entreprises en France"
- Member of the "Académie des Sciences Morales et Politiques"
- Member of the Board of "Fondation ARC pour la Recherche sur le Cancer"
- Member of "Fondation Nationale des Sciences Politiques"
- Chairman of the Board of "Fondation BNP Paribas"

Former mandates for the last five years:

- Member of the Board of Directors of Lafarge (until May 2011)
- Chairman of the Board of Directors of BNP Paribas (until December 2011)
- Member of the Board of Directors of Axa (until April 2013)
- Member of the Board of Directors of Saint-Gobain (until June 2013)

Josep Piqué i Camps

Josep Piqué i Camps resigned as Non-Executive Chairman of Vueling in 2013, and took over the position of Vice-Chairman and CEO of Obrascón Huarte Lain (OHL), one of the largest international concession and construction groups. He started his career as an economist of the studies service "la Caixa" and became General Director of the Catalan Industry in 1986. Two years later, he joined the company Ercros, where he eventually became CEO and Chairman. After serving several years within the Circle of Economics of Barcelona, he led it as Chairman (1995-96). In the following years, Mr Piqué was successively appointed Minister for Industry and Energy (1996-00), Government Spokesperson (1998-00), Minister of Foreign Affairs (2000-02) and Minister of Science and Technology (2002-03). Furthermore to his engagements, he served as Deputy, Senator and President of the Popular Party

4

of Catalonia (2003-07). Mr Piqué holds a PhD in Economic and Business Studies and is a Law graduate from the University of Barcelona, where he also serves as lecturer of Economic Theory.

Current mandates in addition to the one listed in the chart above are set forth below:

- Advisory Board of Seat, Volkswagen Group
- Member of the Board of Directors of Circulo de Economia
- Chairman of Spain–Japan Council Foundation
- Chairman of Vertice 360 Servicios Audiovisuales, S.A.
- Member of the Board of Directors of Plasmia Biotech, S.L.

Former mandates for the last five years:

- Chairman of Mixta Africa (until 2010)
- Member of the Board of Directors of Applus Technologies Holding, S.L. (until 2012)
- Chairman of Vueling (until 2013)
- Member of the Board of Directors of Ezentis, S.A. (until 2013)
- Member of the Board of Directors of Grupo San Jose, S.A. (until 2013)

Jean-Claude Trichet

Jean-Claude Trichet was President of the European Central Bank, of the European Systemic Risk Board and of the Global Economy meeting of Central Bank Governors in Basel until the end of 2011. Previously, he was in charge of the French Treasury for six years and was Governor of Banque de France for ten years. Earlier in his career, he held positions within the French Inspection Générale des Finances, as well as the Treasury department, and was Advisor to the French President for microeconomics, energy, industry and research (1978-81). Mr Trichet graduated from the *École des Mines* de Nancy, the *Institut d'Études Politiques* de Paris and the University of Paris in Economics, is a Doctor Honoris Causa of several universities and an alumnus of the *École Nationale d'Administration*.

Current mandates in addition to the one listed in the chart above are set forth below:

- Chairperson of the G30 (non-profit organisation), Washington D.C.
- Chairman of the Board of Directors of the BRUEGEL Institute, Washington D.C. (non-profit organisation)
- European Chairman of the Trilateral Commission (non-profit organisation)

Former mandates for the last five years:

- President of the European Central Bank (end of mandate 1 November 2011)
- President of the Global Economy meeting of Central Bank Governors in Basel (end of mandate 1 November 2011)
- President of the European Systemic Risk Board (end of mandate 1 November 2011)
- President of the Group of Governors and Heads of Supervision (GHOS) (end of mandate 1 November 2011)
- President of Société de Gestion de Participations Aéronautiques (SOGEPA) (from 2012 to 2013)

Independent Directors

The Independent Directors appointed pursuant to the criteria of independence set out above are Denis Ranque, Manfred Bischoff, Hans-Peter Keitel, Hermann-Josef Lamberti, Anne Lauvergeon, Lakshmi N. Mittal, Sir John Parker, Michel Pébereau, Josep Piqué I Camps and Jean-Claude Trichet.

Prior Offences and Family Ties

To the Company's knowledge, none of the Directors (in either their individual capacity or as Director or senior manager of any of the entities listed above) has been convicted in relation to fraudulent offences, been the subject of any bankruptcy, receivership or liquidation, nor been the subject of any official public incrimination and/or sanction by a statutory or regulatory authority, nor been disqualified by a court from acting as a Member of the administrative, management or supervisory bodies of any issuer or conduct of affairs of any company, during at least the last five years. As of the date of this document, there are no family ties among any of the Directors.

Operation of the Board of Directors in 2013

Board Meetings

The Board of Directors met 12 times during 2013 and was regularly informed of developments through business reports from the Chief Executive Officer, including strategic and operational plans. Out of these twelve meetings, the former Board met three times with an average attendance rate of 78%, and the current Board met nine times with an average attendance rate of 93%. The lower average attendance rate of the former Board is explained by the fact that some Members were excused because of possible conflicts of interest regarding the exit of certain core-shareholders and discussions on the share buyback programme.

Throughout 2013, the Board of Directors monitored the progress of significant programmes, such as A400M, A380 and NH90. Witnessing the successful inaugural flight of the A350 XWB in June, the Board was continuously informed on the programme's promising progress. Furthermore, the Board monitored the Superpuma EC 225 retrofit activities, discussed improvements in contract management, launched measures to increase cyber security, and reviewed advancements in corporate social responsibility as well as in health & safety.

Moreover, the Board of Directors focused on the Group's financial results and forecasts, asset management, supply chain challenges, the services business, compliance in key business processes and in major programmes, as well as efficiency and innovation initiatives. It reviewed Enterprise Risk Management ("**ERM**") results, export control regulations, investor relations, compliance programme, financial communication and dividend policy, litigations and legal risks. The Board approved a free-share plan for all employees along the lines of the similar plan handed out on the Company's 10th anniversary.

Following a review of lessons learned from the abandoned merger project with BAE Systems, the Board supported management to negotiate the renouncement by the principal shareholders of their control rights and the establishment of the new governance ultimately approved by the extraordinary meeting of shareholders on 27 March 2013. During the merger evaluation and the governance discussions, the Board protected the integrity of its work by setting up appropriate working groups, subcommittees and information sharing procedures to avoid risks of conflict of interest, and to shelter certain Directors from the risk of insider knowledge. Throughout this period, the Independent Directors composed an ad hoc Nominations Committee and played an important role in recommending the best possible candidates for the composition of the new Board of Directors. They refused to receive compensation for the work on this committee and their attendance to the numerous meetings held on this occasion.

In line with the Group's priority to "build EADS 2.0", the Board of Directors repeatedly focussed on the Company's strategy and on supporting management to integrate Airbus Military, Astrium and Cassidian into one Defence and Space Division, and furthermore to enhance integration and cohesion by renaming the Group and its Divisions using the globally recognised Airbus brand. The Board perceives this evolution as the next logical step in the development of the Company. A step which affirms the predominance of commercial aeronautics in the Group and the necessity to restructure and focus the defence and space activities in order to reduce costs, increase profitability and improve competitiveness.

Board Evaluation 2013

The evaluation of the Board of Directors was conducted merely ten months into its tenure, with a view to seizing improvement opportunities, based on Director interviews by the Corporate Secretary. The interviews covered the Board composition, agenda, quality of discussions, board openness and cohesiveness, chairmanship, interactions with management, relations to stakeholders, the work of committees, performance of fiduciary duties, attendance, frequency and length of meetings, documentation. The subsequent discussion of the report by the whole Board was action oriented. The next such report will be entrusted to an external consultant.

Individual and collective attendance are markedly superior since the induction of the current Board, compared to late 2012 and early 2013, and attendance is judged satisfactory.

Primarily, the Board feels that, while it is too early to determine its main strengths and weaknesses as a body, its composition allows for a good standard of contributions: it is composed of high calibre individuals, with "proven records of success", and relevant skills and experiences are represented, which can "produce the many angles necessary for the Company. The Directors noticed that the proportion of gender representation is imbalanced; it also noted that international diversity is a strength that must be fostered further. Even though the new board underwent a rich induction programme, further familiarity with aerospace and defence must be built over time. To this end, educational sessions and site visits are welcome, even outside of Board meetings.

Board discussions are very open, unconstrained, and there is "good chemistry" among Members, irrespective of different cultural backgrounds. In the course of deliberations, the right balance between discipline and spontaneity is progressively being struck, with shorter, to the point, presentations, and more time for focused discussions and exploration of decisive questions.

The Chairman inspires trust, and is recognised for his competency and hard work; he has established a personal relationship with each Director separately, which is appreciated, and must be maintained. The involvement and professionalism of the committee chairmen is also broadly commended.

The Board feels that it is properly equipped to accomplish its fiduciary duties in the interest of the Company, and under the new governance, as one Director remarked, "the Board senses its independence". The sharing of roles between the Board and the management works satisfactorily.

There is a shared view that meeting time is scarce, and must be used effectively. Flexibility to address unplanned important matters, as they develop, through short additional meetings, provides adequate relief.

In addition to mandatory items which must be given enough time, and protected in a forward-looking plan of Board meeting agendas through the year, Directors are keen to explore long-term strategic issues, and to focus on detailed strategy (segment, product, region, value chain) to shape the future portfolio; they favour a commercially oriented agenda with an emphasis on risks; a list of priority issues for 2014, and beyond, was drawn: it includes strategy, business execution, target and performance management and organisational issues.

The timeliness of documentation delivery is crucial for the level of Director preparation ahead of meetings, and by ricochet, for the efficiency of the Board meetings. Documentation is well targeted, although sometimes long, and its format is effective. Decision-making matters, as opposed to information, must be better identified, to help channel Board thinking and discussions. A few areas of weaker input are noted and shall be corrected. The format of minutes was discussed, and Directors agree that they correctly display the level of interplay and challenge inside the Board, and the breadth of the matters discussed.

In between Board meetings, Directors ask for updates, selective press clippings with explanation of on-going events, management scorecards and analyst presentations.

The Members of the Executive Committee and the top layer of the next management level could be exposed to the Board even more often, through Board presentations, but also during dinners and site visits.

Board Committees in 2013

Following the EGM on 27 March 2013, membership on Board Committees was as follows:

Directors	Audit Committee	Remuneration & Nomination Committee
Denis Ranque (Chairman)		
Thomas Enders (CEO)		
Mansfred Bischoff		
Ralph D. Crosby		
Hans-Peter Keitel		X
Hermann-Josef Lamberti	Chairman	
Anne Lauvergeon	X	
Lakshmi N. Mittal		X
Sir John Parker		Chairman
Michel Pébereau	X	
Josep Piqué i Camps	X	
Jean-Claude Trichet		X
Number of meetings in 2013	4	3
Average attendance rate in 2013	94%	92%

Note: Status as of 31 December 2013.

Audit Committee

Pursuant to the Rules, the Audit Committee makes recommendations to the Board of Directors on the approval of the annual financial statements and the interim (Q1, H1, Q3) accounts, as well as the appointment of external auditors and the determination of their remuneration. Moreover, the Audit Committee has the responsibility for ensuring that the internal and external audit activities are correctly directed and that audit matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the accounts and it monitors the adequacy of the Group's internal controls, accounting policies and financial reporting. It also oversees the operation of the Group's ERM system and the Compliance Organisation.

The rules and responsibilities of the Audit Committee are set out in the Audit Committee Charter.

The Chairman of the Board of Directors and the Chief Executive Officer are invited to attend meetings of the Audit Committee. The Chief Financial Officer and the Head of Controlling and Accounting are requested to attend meetings to present management proposals and to answer questions. Furthermore, the Head of Corporate Audit and the Chief Compliance Officer are requested to report to the Audit Committee on a regular basis.

The Audit Committee is required to meet at least four times a year. In 2013 it fully performed all of the above described duties, and met six times. Out of these six meetings, the two meetings of the former Audit Committee reflected an average attendance rate of 75%, and the four meetings of the current Audit Committee reflected an average attendance rate of 94%. The lower average attendance rate of the former Audit Committee is explained by the fact that some Members were excused, because of possible conflicts of interest regarding the exit of certain core-shareholders and the discussion on the share buyback.

Remuneration and Nomination Committee

Pursuant to the Board Rules, the RNC makes recommendations to the Board of Directors regarding the appointment of Members of the Group Executive Committee (upon proposal by the Chief Executive Officer and approval by the Chairman); the Company's Corporate Secretary; the Members of the Airbus Shareholder Committee; and the chairmen of the Supervisory Board (or similar organ) of other important Group member companies and Business Units. The RNC also makes recommendations to the Board of Directors regarding remuneration strategies and long-term remuneration plans and decides on the service contracts and other contractual matters in relation to the Board of Directors and Group Executive Committee Members. The rules and responsibilities of the RNC have been set out in the Remuneration and Nomination Committee Charter.

The Chairman of the Board of Directors and the Chief Executive Officer are invited to attend meetings of the RNC. The Head of Group Human Resources is requested to attend meetings to present management proposals and to answer questions.

In addition to making recommendations to the Board of Directors for major appointments within the Group, the RNC reviewed top talents, discussed measures to improve engagement and to promote diversity, reviewed the remuneration of the Group Executive Committee Members for 2013, the Long-Term Incentive Plan, and the variable pay for 2012. Taking into consideration the success of ESOP since the new 2011 formula was implemented, the RNC has also proposed to renew the same terms for the 2014 ESOP (Employee Share Ownership Plan).

The guiding principle governing management appointments in the Group is that the best candidate should be appointed to the position ("best person for the job"), while at the same time seeking to achieve a balanced composition with respect to gender, experience, national origin, etc. The implementation of these principles should, however not create any restrictions on the diversity within the Company's executive management team.

The RNC is required to meet at least twice a year. In 2013, the former RNC met once with an average attendance rate of 50%, the current RNC met three times with an average attendance rate of 92%. The lower average attendance rate of the former RNC is explained by the fact that some Members were excused, because of possible conflicts of interest regarding the exit of certain core-shareholders and the discussion on the share buyback.

Aside from the regular RNC, the Board of Directors established an ad hoc "Nomination Committee" in December 2012, which had been charged with recommending the names of candidates to be submitted to the EGM in March 2013 for appointment to the current Board. This ad hoc Nomination Committee was composed of the independent Board Members, Sir John Parker, Hermann-Josef Lamberti, Michel Pébereau and Lakshmi Mittal, who met four times, and who renounced to be remunerated for this additional service.

Executive Committee in 2013

The Chief Executive Officer, supported by an Executive Committee (the "**Executive Committee**"), is responsible for managing the day-to-day operations of the Company. The Executive Committee, chaired by the Chief Executive Officer, also comprises the Heads of the major Functions and Divisions of the Group. The Executive Committee met 5 times during 2013.

The following matters are discussed, amongst others, at the Executive Committee meetings:

- appointment approvals of their management teams by the heads of the Group Divisions (with the exception of the Airbus Chief Operating Officer);
- investment approvals up to €300,000,000;
- setting up and control of the implementation of the strategy for the Company's businesses;
- management, organisational and legal structure of the Group;
- performance level of the Group's businesses and support functions; and
- all business issues, including the operational plan of the Group and its Divisions and Business Units.

The internal organisation of the Executive Committee is defined by the business allocation among the Members under the supervision of the Chief Executive Officer. Notwithstanding the joint responsibilities as defined above, each Member of the Executive Committee is individually responsible for the management of his portfolio and must abide by decisions taken by the Chief Executive Officer and the Executive Committee, as the case may be.

The Chief Executive Officer endeavours to reach consensus among the Members of the Executive Committee on the matters discussed at the Executive Committee meetings. In the event a consensus is not reached, the Chief Executive Officer is entitled to decide the matter. If there is a fundamental or significant disagreement with respect to any undecided matter, the dissenting Executive Committee Member may request that the Chief Executive Officer submit such matter to the Chairman for his opinion.

Under the Board Rules in effect in 2013, the Executive Committee Members were appointed by the Board of Directors on the proposal of the Chief Executive Officer first approved by the Chairman after review by the Remuneration and Nomination Committee. The appointment of the Executive Committee were approved as a whole team, not on an individual basis, with the exception of the Chief Executive Officer of Airbus, who was appointed by the Board of Directors individually. The term of office for the Executive Committee Members was five years.

Composition of the Executive Committee in 2013

Name	Age	Current Term started	Term expires	Principal Occupation
Thomas Enders	55	2012	2017	Chief Executive Officer Airbus Group
François Auque	57	2010	2015	EVP Space Systems, Airbus Defence and Space
Thierry Baril	49	2012	2017	Chief Human Resources Officer Airbus Group & Airbus
Jean J. Botti	57	2011	2016	Chief Technical Officer Airbus Group
Fabrice Brégier	52	2012	2017	Airbus CEO
Günter Butschek	53	2012	2017	Airbus COO
Guillaume Faury	46	2013	2018	Airbus Helicopters CEO
Bernhard Gerwert	61	2012	2017	Airbus Defence and Space CEO
Marwan Lahoud	48	2012	2017	Chief Strategy and Marketing Officer Airbus Group
John Leahy	63	2012	2017	Airbus COO - Customers
Sean O'Keefe	57	2010	2014	Airbus Group, Inc. CEO
Domingo Ureña-Raso	56	2009	2014	EVP Military Aircraft, Airbus Defence and Space
Harald Wilhelm	48	2012	2017	Chief Financial Officer Airbus Group & Airbus

Note: Status as of 31 December 2013. The professional address of all Members of the Executive Committee for any matter relating to EADS is Mendelweg 30, 2333 CS Leiden, The Netherlands.

Thomas Enders – Airbus Group CEO

Thomas ("Tom") Enders was appointed Chief Executive Officer (CEO) of EADS, effective 1 June 2012, after having been CEO of Airbus since 2007. He studied Economics, Political Science and History at the University of Bonn and at the University of California in Los Angeles. Prior to joining the aerospace industry in 1991 (Messerschmitt-Bölkow-Blohm), he worked, *inter alia*, as a Member of the "Planungsstab" of the German Minister of Defence. At MBB and subsequently DASA he held various positions, including Chief of Staff, Director of Corporate Development & Technology, and Head of Defence Systems. Following the creation of EADS in 2000, he was appointed Head of the EADS Defence and Security Systems Division, holding this position until 2005 when he was appointed co-CEO of EADS. Mr Enders served as President of the BDLI (German Aerospace Industry Association) from 2005 to 2012. He has been a member of the BDI Presidential Board (German Industry Association) since 2009. From 2005 to 2009 he was Chairman of the Atlantik-Brücke e.V. Since November 2011, Tom Enders has served in the Business Advisory Group of UK Prime Minister David Cameron. He has been a member of the Joint Advisory Council at Allianz SE since January 2013.

François Auque – EVP Space Systems, Airbus Defence and Space

Mr Auque was appointed Chief Executive Officer of Astrium, now merged with Cassidian and Airbus Military into Airbus Defence and Space, in 2000. Previously, he was Chief Financial Officer together with Managing Director for satellites of Aerospatiale Matra after having been Chief Financial Officer of Aerospatiale since 1991. He spent his earlier career with the Suez Group and the French *Cour des comptes*. Mr Auque graduated from *École des Hautes Études Commerciales*, *Institut d'Études Politiques* and is an alumnus of *École Nationale d'Administration*.

Thierry Baril, Airbus Group and Airbus CHRO

Mr Baril was appointed Chief Human Resources Officer of EADS and Airbus in May 2012. Formerly Executive Vice President Human Resources at Eurocopter, he joined Airbus in 2007 as Executive Vice President Human Resources and Member of the Airbus Executive Committee. Prior in his career, he gained experience in Human Resources matters having served in various HR positions within Alcatel, General Electric and Alstom. Mr Baril holds a university degree in HR Management, having graduated in 1988 from the "Institut de Gestion Sociale".

Guillaume Faury, Airbus Helicopters CEOGuillaume Faury was appointed CEO of Eurocopter, now Airbus Helicopters, in May 2013. Before assuming this role, he served as Executive Vice President for Research and Development at Peugeot S.A. since 2009. Prior to joining Peugeot, Mr Faury spent 10 years at Eurocopter during which he held several senior management positions. Long committed to the aerospace industry, Mr Faury is an aerospace engineer and a licensed flight test engineer.

Jean Botti – Airbus Group CTO

Mr Botti was appointed Chief Technical Officer of EADS in 2006. He joined from General Motors, where he was Chief Technologist and then Business Line Executive of the Delphi Powertrain business. He started his career in 1978 as product engineer for Renault. Mr Botti holds a degree from INSA Toulouse, an MBA from Central Michigan University and a PhD from the Conservatoire des Arts et Métiers and completed the course of Research and Development Management at the Massachusetts Institute of Technology (MIT). Mr Botti is an SAE fellow as well as a Member of the French Academy of Technology and a Member of the European Key enabling technology Board. He holds 2 PHD honorary degrees from University of Cardiff and University of Bath. He is member of the "Académie de l'Air et de l'Espace" and "Chevalier de la Légion d'honneur".

Fabrice Brégier, Airbus CEO

Mr Brégier was appointed President and Chief Executive Officer of Airbus in May 2012 after being its COO for six years as well as Head of Operational performance across the Group. Previously, he was appointed President and CEO of Eurocopter in 2003, CEO of MBDA in 2001 and CEO of BAe Dynamics in 1998. Mr Brégier joined Matra Défense in 1993. He is alumnus of École Polytechnique and École des Mines.

Günter Butschek – Airbus COO

After joining Airbus in 2011 as Head of Operations, Mr Butschek was appointed Chief Operating Officer of Airbus and Member of the EADS Executive Committee in 2012. Mr Butschek spent most of his career within Daimler AG having served several positions in logistics, Human Resources, procurement and manufacturing in the Mercedes-Benz passenger Cars division. From 2002, he also led the Dutch entity Netherlands Car B.V., a subsidiary of Mitsubishi and cooperation with DaimlerChrysler, and furthermore ran Beijing Benz Automotive in China from 2005. Mr Butschek graduated in Economics.

Guillaume Faury, Airbus Helictopers CEO

Guillaume Faury was appointed CEO of Eurocopter, now Airbus Helicopters, in May 2013. Before assuming this role, he served as Executive Vice President for Research and Development at Peugeot S.A. since 2009. Prior to joining Peugeot, Mr Faury spent 10 years at Eurocopter during which he held several senior management positions. Long committed to the aerospace industry, Mr Faury is an aerospace engineer and a licensed flight test engineer.

Bernhard Gerwert – Airbus Defence and Space CEO

Mr Gerwert was appointed Chief Executive Officer of Cassidian, now merged with Astrium and Airbus Military into Airbus Defence and Space, in 2012. Previously, he served the Division as Member of the Management Board, being successively appointed CEO of Cassidian Air Systems from 2007 to 2011 and then Chief Operation Officer from 2011. Starting his career in 1979, Mr Gerwert held various leadership positions in Engineering, Product Support, Finance and project management at MBB, DASA, Dornier, DaimlerChrysler Aerospace and EADS. Mr Gerwert graduated in Electrical Engineering from the University of Paderborn and in Industrial Engineering from the University of Bielefeld.

Marwan Lahoud, Airbus Group CSMO

Mr Lahoud was appointed Chief Strategy and Marketing Officer of EADS in June 2007. Previously, he was CEO of MBDA. He worked for Aerospatiale during the merger with Matra and as well at the foundation of EADS. Within EADS, he served as Senior Vice President Merger & Acquisition. Mr Lahoud is an alumnus of École Polytechnique and graduated from the École Nationale Supérieure de l'Aéronautique et de l'Espace.

John Leahy, Airbus COO-Customers

Mr Leahy was appointed Chief Operation Officer – Customers of Airbus and Member of the Airbus Executive Committee in 2005, in addition to his responsibilities as Chief Commercial Officer of Airbus (since 1994). In 2012, he has been appointed Member of the EADS Executive Committee. Mr Leahy joined Airbus North America in 1985 after working seven years at Piper Aircraft. He became Head of Sales in 1988 and finally President of Airbus North America. One of Mr Leahy's greatest achievements was to raise Airbus' global market share from 18% in 1995 to over 50% today. Mr Leahy holds an MBA from Syracuse University and a BA from Fordham University.

Sean O'Keefe, Airbus Group Inc. CEO

Mr O'Keefe was appointed CEO of EADS North America, the Company's US subsidiary, in November 2009 and Chairman of the Board of EADS North America in January 2012. Previously, he was a Corporate Officer of the General Electric Company. Before joining GE, he held several public service positions as Chancellor of the Louisiana State University, NASA Administrator, Deputy Director of the federal budget at the White House, Secretary of the US Navy and CFO of the US Department of Defense. Between public service appointments, he held professorships at various US universities. Mr O'Keefe earned academic degrees from Syracuse University and Loyola University, and has been awarded five honorary doctoral degrees.

Domingo Ureña Raso, Head of Military Aircraft, Airbus Defence and Space

As Head of Military Aircraft, Mr Ureña-Raso is responsible for all military and unmanned aerial vehicle programmes of Airbus Defence and Space and is Member of the EADS Executive Committee. After having been in charge of the Power8 and "Future EADS" programmes, he was appointed Head of Airbus Military in 2009. Mr Ureña-Raso holds degrees from the Polytechnic University of Madrid, from ESSEC in Paris and has an MBA.

Harald Wilhelm, Airbus Group and Airbus CFO

Mr Wilhelm was appointed Chief Financial Officer of EADS and a Member of the EADS Executive Committee in 2012. Simultaneously, he pursues his mission as Chief Financial Officer of Airbus and Member of the Airbus Executive Committee (since 2008). Mr Wilhelm joined Airbus in 2000, serving in various financial positions and being finally appointed Chief Controlling Officer of Airbus in 2007. Earlier in his career, he developed strong M&A experience at DASA. Mr Wilhelm holds a degree in Business Studies from the University of Munich.

4.1.3 Dutch Corporate Governance Code, "Comply or Explain"

In accordance with Dutch law and with the provisions of the Dutch Corporate Governance Code as amended at the end of 2008 (the "**Dutch Code**"), which includes a number of non-mandatory recommendations, the Company either applies the provisions of the Dutch Code or, if applicable, explains and gives sound reasons for their non-application. While the Company, in its continuous efforts to adhere to the highest standards, applies most of the current recommendations of the Dutch Code, it must, in accordance with the "apply or explain" principle, provide the explanations below. For the full text of the Dutch Code, please refer to **www.commissiecorporategovernance.nl**.

1. **Retirement of Members of the Board of Directors.**
   - Provision III.3.6 of the Dutch Code recommends that there be a retirement schedule to avoid, as far as possible, a situation in which many Non-Executive Members of the Board of Directors retire at the same time.
   - The Company combines the advantages of a staggered Board with the legitimate interest of shareholders to review the performance of each and every Director periodically. Thus, the Company aims at replacing one third of the Board every three years, while renewing the mandate of the other eight Members of the Board of Directors.
2. **Duration of mandate**
   - Provision III.3.5 of the Dutch Code recommends that there be no more than three four-year terms for non-Executive Members of the Board of Directors).
   - In principal, the Company does not limit the number of consecutive terms in office of a Director. However, since the Company aims at replacing about one third of the Board Members every three years, and since the term of appointment is no longer than three years, the Company should comply with the Dutch Code.
3. **Vice-chairmanship**
   - Provision III.4.1(f) of the Dutch Code recommends the election of a Vice-Chairman, to deal with the situation when vacancies occur.
   - The Board of Directors is headed by the Chairman of the Board of Directors. In case of dismissal or resignation of the

4

Chairman, the Board of Directors shall immediately designate a new Chairman. There is therefore no need for a Vice-Chairman to deal with the situation when vacancies occur.

4. **Termination indemnity**
   - Provision II.2.8 of the Dutch Code recommends that the maximum remuneration in the event of dismissal be one year's salary, and that if the maximum of one year's salary would be manifestly unreasonable for an Executive Board Member who is dismissed during his first term of office, such Board Member be eligible for severance pay not exceeding twice the annual salary.
   - The Company foresees a termination indemnity for the Chief Executive Officer equal to one and a half times the annual total target salary in the event that: the Board of Directors has concluded that the Chief Executive Officer can no longer fulfil his position as a result of change of the Company's strategy or policies or as a result of a change in control of the Company. The termination indemnity would be paid only provided that the performance conditions assessed by the Board of Directors would have been fulfilled by the Chief Executive Officer.
5. **Securities in the Company as long-term investment**
   - Provision III.7.2 of the Dutch Code recommends that Non-Executive Directors who hold securities in the Company should keep them as a long-term investment. It does not obligate Non-Executive Directors to own shares.
   - The Company does not require its Non-Executive Directors who hold shares in its share capital, to keep such shares as a long-term investment. Although Non-Executive Directors are welcome to own shares of the Company, the Company considers it is altogether unclear whether share ownership by Non-Executive Directors constitutes a factor of virtuous alignment with stakeholder interest or maybe a source of bias against objective decisions.
6. **Dealings with analysts**
   - Provision IV.3.1 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company's website and by means of press releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time and that after the meetings the presentations shall be posted on the Company's website.
   - The Company does not always allow shareholders to follow meetings with analysts in real time. However, the Company ensures that all shareholders and other parties in the financial markets are provided with equal and simultaneous information about matters that may influence the share price.
7. **Gender Diversity**
   - Pursuant to the Bill on Management and Supervision that was enacted on 1 January 2013, a Board of Directors is composed in a balanced way if it contains at least 30% women and at least 30% men. The contemplated balance of the composition of the Board of Directors shall as much as possible be taken into account at, among others, new appointments and recommendations.
   - The Company does not comply with these composition guidelines yet. With the election of the first woman to the Company's Board of Directors at the EGM in March 2013, the Board today contains 8% women. The Company is pleased with this development but not satisfied with its extent and will continue to promote gender diversity within its Board of Directors by striving to increase the proportion of female Directors.

4.1.4 Enterprise Risk Management System

Risk and opportunity management is of paramount importance to the Company, given the complex and volatile business environment in which the Company operates. A comprehensive set of risk and opportunity management procedures and activities across the Company makes up the Company's Enterprise Risk Management ("**ERM**") system.

The objective of the ERM system is to create and preserve value for the Company's stakeholders. It is designed and operated to effectively identify potential events that may affect the Company, manage risk to be within the defined risk tolerance, identify and manage opportunities, and provide reasonable assurance regarding the achievement of targets. To achieve this, the Company seeks to have one integrated, consistent, comprehensive, efficient and transparent ERM system, using the same understanding, practice and language. It seeks to embed the risk management philosophy into the Company culture, in order to make risk and opportunity management a regular and everyday process for employees.

The Board of Directors and the Company's top management regard ERM as a key management process to steer the Company and enable management to effectively deal with risks and opportunities. The advanced ERM capabilities and organisation that the Company is seeking to progressively implement can provide a competitive advantage to the extent they successfully achieve the following:

- Strategy: the selection of high level strategic objectives, supporting the Company's vision and consistent with risk appetite;
- Operations: the effectiveness and efficiency of operations and resource allocation; the delivery of products on time and in accordance with cost and quality objectives; the capability to achieve performance and financial targets; the implementation of risk-enabled decisions and managerial processes;
- Reporting: reliability of reporting, in particular financial reporting; and
- Compliance: compliance with applicable laws and regulations.

4.1.4.1 ERM Process

The objectives, principles and process for the ERM system as endorsed by the Board of Directors are set forth in the Company's ERM Policy and communicated throughout the Group. The Company's ERM Policy is supplemented by various manuals, guidelines, handbooks, etc. The ERM system is based on the Internal Control and Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO II). External standards that contribute to the Company's ERM system include the Internal Control and ERM frameworks of COSO, as well as industry-specific standards as defined by the International Standards Organisation (ISO).

The ERM system comprises an integrated hierarchical bottom-up and top-down process to enable better management and transparency of risks and opportunities. At the top, the Board of Directors and the Audit Committee discuss major risks and opportunities, related risk responses and opportunity capture as well as the status of the ERM system, including significant changes and planned improvements. This is based on systematic bottom-up information including management judgement. The results are then fed back into the organisation. The design of the ERM system seeks to ensure compliance with applicable laws and regulations with respect to internal control ("**IC**") and risk management ("**RM**"), addressing both subjects in parallel.

The ERM process consists of four elements: **the operational process**, which consists of a sequence of eight consistent, standardised components to enhance operational risk and opportunity management; **the reporting process**, which contains procedures for the status reporting of the ERM system and the risk / opportunity situation; **the compliance process**, which comprises procedures to substantiate the assessment of the effectiveness of the ERM system; and **the support process**, which includes procedures to increase the quality and provide further substantiation of the quality of the ERM system.

The ERM process applies to all possible sources of risks and opportunities, with both internal and external sources, quantifiable and unquantifiable, potentially affecting the Company in the short-, middle- and long-term. It also applies to all of the Company's businesses, activities and departments. Management at each level discusses ERM when they run the business, as part of their decision-making and related activities. Accordingly, the ERM process is part of the management process and interrelated with other processes. The details of application of the ERM process vary with the risk appetite of management and the size, structure and nature of the organisational unit, programme / project, department or process. Nonetheless, the fundamental principles of the Company's ERM Policy generally apply.

For a discussion of the main risks to which the Group is exposed, see "— Risk Factors".

4.1.4.2 ERM Governance and Responsibility

The governance structure and related responsibilities for the ERM system are as follows:

- the Board of Directors supervises the design and effectiveness of the ERM system including management actions to mitigate the risks inherent in the Company's business activities. It discusses the major risks at least quarterly based on ERM reporting or as required depending on development of business risks. It is supported by the Audit Committee, which discusses at least yearly the activities with respect to the operation, design and effectiveness of the ERM system, as well as any significant changes and planned improvements prior to presentation to the full Board of Directors;
- the Group's Chief Executive Officer, backed by the Group Executive Committee, is responsible for an effective ERM system, the related internal environment (*i.e.* values, culture) and risk philosophy. He is supported by the Group's Chief Financial Officer who supervises the Group Chief Risk Officer and the ERM system design and process implementation;
- the Group's Chief Risk Officer has primary responsibility for the ERM strategy, priorities, system design, culture development and reporting tool. He supervises the operation of the ERM system and is backed by a dedicated risk management organisation on Group and Division level, which actively seeks to reduce overall risk criticality. This risk management organisation is networked with the risk owners on the different organisational levels and pushes for a proactive risk management culture; and
- the executive management of the Divisions, Business Units and Headquarters' departments assume responsibility for the operation and monitoring of the ERM system in their respective area of responsibility. They seek to ensure transparency and effectiveness of the ERM system and adherence to its objectives. They take responsibility for the implementation of appropriate response activities to reduce probability and impact of risk exposures, and conversely for the implementation of appropriate responses to increase probability and impact of opportunities.

4.1.4.3 ERM Effectiveness

The Company's ERM system needs to be effective. The Company has established recurring ERM self-assessment mechanisms, to be applied across the Company. This seeks to allow the Company to reasonably assure the effectiveness of its ERM system. The ERM effectiveness assurance comprises:

- ERM process: needs to be present and functioning throughout the Company without any material weaknesses and needs to fulfil the Company's ERM Policy requirements;
- Risk appetite: needs to be in accordance with the Company's risk environment;
- ERM IC system: needs to have an effective IC system for the ERM process in place.

For the coverage of all of its activities, the Company has defined 20 high level business processes. In order to achieve ERM effectiveness, the ERM process as an overlaying process must be an integral part of these business processes. ERM effectiveness is assured if the achievement of the ERM process objectives is secured by adequate ERM controls which are operating effectively throughout the organisation and are within the respective risk appetite level.

Operating effectiveness is measured *inter alia* by assessing any potential major failings in the ERM system which have been discovered in the business year or any significant changes made to the ERM system.

The combination of the following controls is designed to achieve reasonable assurance about ERM effectiveness:

Organisation	ERM control with explanations
Board of Directors / Audit Committee	**Regular monitoring** The Board of Directors and the Audit Committee review, monitor and supervise the ERM system.
Top Management	**ERM as part of the regular divisional business reviews** This control is an important step of the ERM compliance process. All results of the operational risk management process, self-assessment and confirmation procedures are presented by the Divisions or Business Units to top management and discussed and challenged at Group CEO / CFO level.
Management	**ERM confirmation letter procedure** Entities and processes / department heads that participate in the annual ERM compliance procedures need to sign ERM confirmation letters, especially on internal control effectiveness and deficiencies or weaknesses. The scope of participants is determined by aligning coverage of the Company business with management's risk appetite.
ERM department	**ERM effectiveness measurement** Assess ERM effectiveness by performing operational risk management for the ERM process, benchmarks, etc.
Corporate Audit	**Audits on ERM** Provide independent assurance to the Audit Committee on the effectiveness of the ERM system.
Compliance	**Alert System** Provide evidence for deficiencies of the ERM system.

4.1.4.4 Developments in 2013 and Outlook

Today, companies are operating in a more volatile risk environment than ever before. Mature risk management capabilities are therefore more critical, more strategic and overall more valuable. The Company seeks to deploy its ERM system effectively across the Group in order to mitigate risk and drive competitive advantage, and invests accordingly. The design of its ERM system has evolved towards a more homogeneous and performance-oriented management tool that is integrated into the business, with the following major achievements in 2013:

- regular monitoring took place by the Board of Directors / Audit Committee: four times per year monitoring by the Board of Directors of the top risks and opportunities; yearly monitoring by the Audit Committee each January of the operation, design and effectiveness of the ERM system;
- strengthening of ERM foundations, with a progressive appreciation of ERM processes and development of a true risk culture;
- further roll-out of a dedicated group-wide ERM IT tool;
- strong ERM contribution to improvement initiatives launched across the Group; and
- successful finalisation of year-end ERM compliance process, *i.e.* ERM confirmation letters were received from all relevant risk owners in Divisions, Business Units and Business Functions.

Generally, the Company seeks to continuously evaluate and improve the operating effectiveness of the ERM system. The Company will continue to use the recommendations from the Internal Audit department, which regularly reviews risk management of selected departments and business processes, to further strengthen its ERM system.

4.1.4.5 Board Declaration – Limitations

The Board of Directors believes to the best of its knowledge that the internal risk management and control system over financial reporting has worked properly in 2013 and provides reasonable assurance that the financial reporting does not contain any errors of material importance.

No matter how well designed, all ERM systems have inherent limitations, such as vulnerability to circumvention or management overrides of the controls in place. Consequently, no assurance can be given that the Company's ERM system and procedures are or will be, despite all care and effort, entirely effective.

4.1.4.6 Business Processes Covered by the ERM System

Based on the Company's activities, 20 high-level business processes have been identified within the Company. They are categorised into core processes (research and development, production, sales, after-sales and programme management), support processes (corporate sourcing, Human Resources, accounting, fixed assets, treasury, information technology, mergers and acquisitions, legal and insurance) and management processes (strategy, corporate audit, controlling, compliance, risk management and management controls). These business processes, together with the corresponding ERM processes, are designed to control process risks that have significant potential to affect the Group's financial condition and results of operations. Below is a description of the main business processes at the respective headquarters' level which were in place during 2013.

Accounting

At the core of the Company's ERM system are accounting processes and controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other financial information used by management and disclosed to the Company's investors and other stakeholders. The integrated approach to planning and reporting aims to improve internal communication and transparency across departments and organisational units within the Company.

The Company financial control model defines the planning and reporting procedures that apply to all operational units of the Group, as well as the responsibilities of the Chief Financial Officer, who is charged with developing, implementing and monitoring these procedures. Among the Chief Financial Officer's primary tasks is oversight of the preparation of the Consolidated Financial Statements of EADS N.V., which are prepared under the direct supervision of the Chief Accounting Officer ("**CAO**"). The CAO is responsible for the operation of the Group's consolidation systems and rules and for the definition of group-wide accounting policies which comply with IFRS, reporting rules and financial guidelines in order to ensure the consistency and quality of financial information reported by the Divisions and Business Units. The Company's accounting policies are set out in a written accounting manual, which is agreed with the Company's external auditors. Changes to the Company's accounting manual require approval by the CAO, and, where significant changes are involved, the Chief Financial Officer or the Board of Directors (based upon the advice of the Audit Committee).

Control of the financial planning and reporting processes is achieved not only through the development of group-wide accounting systems and policies, but also through an organised process for providing information from the reporting units on a timely basis as an up-to-date decision-making tool to control the operational performance of the Group. This information includes regular cash and treasury reports, as well as other financial information used for future strategic and operative planning and control and supervision of economic risks arising from the Group's operations. The Divisional Chief Financial Officers frequently meet with the CAO and his responsible staff to discuss the financial information generated by the Divisions.

Prior to being disclosed to the public and subsequently submitted for approval to the shareholders, the consolidated year-end financial statements are audited by the Company's external auditors, reviewed by the Audit Committee and submitted for approval by the Board of Directors. A similar procedure is used for the semi-annual and quarterly closing. Group auditors are involved before the Company's financial statements are submitted to the Board of Directors.

Treasury

Treasury management procedures, defined by the Company's Central Treasury department at Group headquarters, enhance management's ability to identify and assess risks relating to liquidity, foreign exchange rates and interest rates. Controlled subsidiaries fall within the scope of the centralised treasury management procedures, with similar monitoring procedures existing for jointly controlled affiliates, such as MBDA.

Cash management. The management of liquidity to support operations is one of the primary missions of the Company's Central Treasury department. Regular cash planning, in conjunction with the Planning / Reporting department, as well as monthly cash reporting by the Central Treasury department, provide management with the information required to oversee the Group's cash profile and to initiate necessary corrective action in order to ensure overall liquidity. To maintain targeted liquidity levels and to safeguard cash, the Company has implemented a cash pooling system with daily cash sweeps from the controlled subsidiaries to centrally managed accounts. Payment fraud prevention procedures have been defined and communicated throughout the Group. For management of credit risks related to financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

Hedge management. Commercial operations generate material foreign exchange and interest rate exposures. A Group hedging policy is defined and updated regularly by the Board of Directors. In order to ensure that all hedging activity is undertaken in line with the Group hedging policy, the Company's Central Treasury department executes all hedging transactions. The Central Treasury department conducts on-going risk analysis and proposes appropriate measures to the Divisions and Business Units with respect to foreign exchange and interest rate risk. Subsidiaries are required to calculate, update and monitor their foreign exchange and interest rate exposure with the Company's Central Treasury department on a monthly basis, in accordance with defined treasury procedures. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities".

Sales financing. In connection with certain commercial contracts, the Company may agree to enter into sales financing arrangements. In respect of sales financing at Airbus, an annual sales financing budget is defined as part of the Company's operative planning process. Sales financing transactions are approved on a case-by-case basis with the involvement of top management, in line with certain risk assessment guidelines and managed by a group-wide integrated organisation.

Sales

Commercial contracts entered into by the Company's operating subsidiaries have the potential to expose the Group to significant financial, operational and legal risks. To control these risks, management has implemented contract proposal review procedures that seek to ensure that the Company does not enter into material commercial contracts that expose it to unacceptable risk or are not in line with the Group's overall objectives. These procedures include (i) Board of Directors-approved thresholds and criteria for determining the risk and profitability profiles and (ii) a mandated pre-approval process for contracts defined as "high-risk". Contracts falling within the defined threshold categories require approval by the respective Divisional Chief Financial Officer.

Contracts that are deemed "high-risk" and exceed certain thresholds must be submitted to a standing Commercial Committee (with the Chief Financial Officer and the Chief Strategy and Marketing Officer serving as Chairmen, and a possible escalation to the Chief Executive Officer when needed). This committee is responsible for reviewing the proposal and giving recommendations when necessary, based on which the concerned Business Unit is allowed to remit its offer. In the case of Airbus, due to the nature and size of its business, contracts are approved in accordance with Airbus' own corporate governance policy based on the Company's guidelines which follow the same principle, with participation of the Company. In general, where the Company's shares control of a subsidiary with a third party, the Commercial Committee is responsible for developing the Company's position on proposed commercial contracts.

Legal

The Company is subject to myriad legal requirements in each jurisdiction in which it conducts business. The mission of the Company's Legal department, in coordination with the Division and Business Unit legal departments, is to actively promote and defend the interests of the Group on all legal issues and to ensure its legal security at all times. By carrying out this mission it is responsible for implementing and overseeing the procedures designed to ensure that the Company's activities comply with all applicable laws, regulations and requirements. It is also responsible for overseeing all major litigation affecting the Group, including Intellectual property.

The Company's Legal department, together with the Corporate Secretary, also plays an essential role in the design and administration of (i) the Company's corporate governance procedures and (ii) the legal documentation underlying the delegation of powers and responsibilities which define the Company's management and its internal control environment.

Corporate Audit

The Company's Corporate Audit department, reporting to the CEO, provides indepent assurance to the Executive Committee and Audit Committee Members based upon a risk-oriented approved annual audit plan. The Corporate Audit department (i) reviews the achievement of the Group's strategic, financial or operational objectives, (ii) reviews the reliability and integrity of Group reporting, (iii) reviews the effectiveness of the ERM system, (iv) reviews the efficiency and effectiveness of selected processes, entities or functions and (v) reviews compliance with laws, regulations, Group guidelines and procedures. Corporate Audit also conducts ad hoc reviews, performed at the request of management. In 2011, the *Institut français de l'audit et du contrôle internes* (IFACI) reviewed the Corporate Audit department and certified that it fulfilled the requirements of the International Professional Practices Framework. Corporate Audit also includes a team of forensic experts in charge of conducting investigations of compliance allegations.

Corporate Sourcing

The performance of the Company is to a large extent determined through its supply chain. Therefore, sourcing is a key lever for the Company in its marketplace.

The Company's size and complexity requires a common approach to maximise market levers and to avoid inefficiencies in the procurement process. To help ensure that sourcing is carried out in the most effective, efficient and ethical manner, a set of common procurement processes, which support a common sourcing strategy and ultimately the Group strategy and vision, is defined by the head of Corporate Sourcing and the Chief Procurement Officers Council.

The common approach and processes are then implemented and optimised across all Divisions through the sourcing networks. These sourcing networks comprise representatives from all Divisions. They are tasked by the Company's Chief Procurement Officers Council to define and roll out across the Company's strategic sourcing topics such as Supplier Relationship Management, Common Processes and Tools, Global Sourcing, Joint Procurement, Compliance, Corporate Social Responsibility, and Procurement Performance Management. The procurement processes are regularly reviewed by means of performance indicators, audits and self-assessments and thus consistently challenged and optimised.

Ethics and Compliance

See "— 4.1.5 Ethics and Compliance Organisation" below.

4.1.5 Ethics and Compliance Organisation

"Within the Airbus Group, it's not just our results that matter – it's the way we achieve them" as our CEO has stated it. The Group Ethics & Compliance Programme (the "**Group E&C Programme**") seeks to ensure that Group business practices conform to applicable laws and regulations as well as to ethical business principles and to establish a culture of integrity. We believe that such a culture helps us sustain the Group's global competitiveness.

There are two foundation documents in the Group E&C Programme: the "Standards of Business Conduct" which were revised in 2013 and "Our Integrity Principles" which summarises the Group's 6 key Ethics & Compliance commitments and which was rolled out group-wide to each individual employee in 2013 by his / her manager.

The Group E&C Organisation balances proximity to day-to-day business activities with the necessary independence. Hence, the Group SVP Ethics & Compliance Officer ("**ECO**"), who is appointed by the Board of Directors, reports both to the Group Chief Executive Officer and the Audit Committee while the Divisions' Ethics & Compliance Officers report both to Division CEO and the Group ECO. Each Division E&C Officer runs a Divisional E&C Organisation that is embedded within the business through a network of E&C representatives. In 2013, we enlarged our footprint of E&C representatives and they are now present in all functions and locations of the Business. They are the voice and the face of our E&C Programme to help us build an E&C culture. In 2013, we also extended the breadth of the Group E&C Programme by appointing E&C Managers in four key Countries: Brazil, Russia, India, and Saudi. One is to be hired in China in 2014. The Country E&C Managers report to the ECO.

At Group level, dedicated Compliance Risks Officers are empowered to issue standards applicable throughout the Group, test effectiveness and control adherence. The Group International Compliance Office addresses corruption and bribery risks. The Group Export Compliance Office ensures that the activities of the Group comply with all relevant export control rules and with the internal "sensitive countries" policy. The Group Procurement Compliance Officer supervises compliance in the supply chain while the Group Data Protection Compliance Officer is in charge of data privacy risk.

These Compliance Risks Officers manage a network of more than 100 risks specialists that are embedded in the Divisions within the Business.

Like previous years, E&C was a top priority for the Group in 2013 and the E&C Organisation had a set of objectives. Similarly, each of our Executives had E&C objectives to meet.

Our E&C Cycle includes the following steps which are put in motion by empowered E&C Resources:

Employees, customers, suppliers, and third-party intermediaries are encouraged to freely share their E&C concerns with the Management or with E&C Resources. While we have a non-retaliation principle, we recognise that a confidential channel for reporting may be useful and we have an alert system called OpenLine. Subject to local legal restrictions, OpenLine is available to employees of controlled entities in France, Germany, Spain and the UK. In 2013, it was extended to Australia, Brazil and Canada. It will be extended to China, Mexico and Saudi Arabia in 2014.

The Group ECO reports to the Audit Committee on compliance allegations twice a year. The report contains details on Group significant compliance allegations, including the allegations described above under "— 1. Information on Group's Activities — 1.1.9 Legal and Arbitration Proceedings". As a matter of transparency and to leverage on lessons learned, this report is shared with the top management.

In 2013, the Group was audited by an external verification company called ETHIC Intelligence on its anti-corruption programme and was certified.

Like in previous years, in 2013 the Group participated to various collective actions on Ethics and Compliance and Anti-Corruption in forums such as the Global Compact 10th Principle and the International Forum for Business Ethical Conduct (IFBEC). IFBEC is a sectorial association that develops global Ethics and Compliance standards in the Aerospace and Defence industry. In 2013, the Group chaired IFBEC.

4.2 Interests of Directors and Principal Executive Officers

4.2.1 Remuneration Policy

The Company's Remuneration Policy covers all Members of the Board of Directors: the CEO (who is the only Executive Director) and the rest of the Board (which is comprised of Non-Executive Directors).

It should be noted that although the Policy relating to executive remuneration only refers to the CEO, these principles are also applied to the other Members of the Group Executive Committee, who do not serve on the Board of Directors, and to a large extent to all executives across the Group. Upon proposal by the CEO, the RNC analyses and recommends, and the Board of Directors decides the remuneration of the Members of the Group Executive Committee.

For the changes to the Remuneration Policy that will be proposed for adoption by the 2014 general meeting of shareholders, see "— 4.2.1.3 — Proposed Amendments to the Remuneration Policy".

To see how the Remuneration Policy was applied in 2013 in respect of the CEO (the only Executive Member of the Board of Directors) [1], see "— 4.2.1.4 — Implementation of the Remuneration Policy in 2013: CEO".

To see how the Remuneration Policy was applied in 2013 in respect of the non-Executive Members of the Board of Directors, see "— 4.2.1.5 — Implementation of the Remuneration Policy in 2013: Non-Executive Fees".

4.2.1.1 Executive Remuneration – Applicable to the CEO

a) Remuneration Philosophy

The Company's Remuneration philosophy has the objective of providing remuneration that will attract, retain and motivate high calibre executives, whose contribution will ensure that the Company achieves its strategic and operational objectives, thereby providing long-term sustainable returns for all shareholders.

The Board of Directors and the RNC are committed to making sure that the executive remuneration structure is transparent and comprehensible for both executives and investors, and to ensure that executive rewards are consistent and aligned with the interests of long-term shareholders.

Before setting the targets to be proposed for adoption to the Board of Directors, the RNC considers the financial outcome scenarios of meeting performance targets, as well as of maximum performance achievements, and how these may affect the level and structure of the executive remuneration.

b) Total Direct Compensation and Peer Group

The Total Direct Compensation for the CEO comprises a Base Salary, an Annual Variable remuneration ("**VR**") and a Long-Term Incentive Plan ("**LTIP**"). The three elements of the Total Direct Compensation are each intended to comprise 1/3 of the total, assuming the achievement of performance conditions is 100% of target.

The level of Total Direct Compensation for the CEO is targeted at the median of an extensive peer group. The benchmark is regularly reviewed by the RNC and is based on a peer group which comprises:

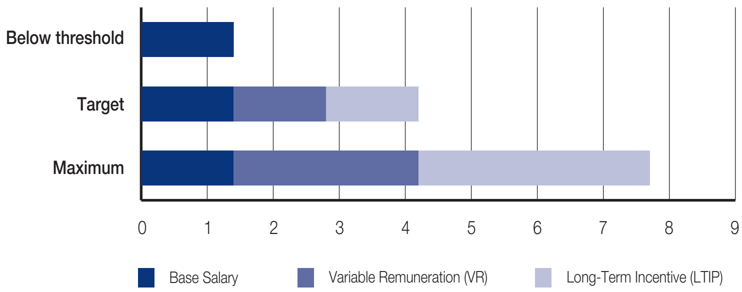
- global companies in Airbus Group's main markets (France, Germany, Spain, UK and US); and
- companies operating in the same industries as Airbus Group worldwide.

(1) The cumulated remuneration of all Executive Committee Members is presented in the financial notes nr 36.

The elements of the Total Direct Compensation are described below:

Remuneration Element	Main drivers	Performance Measures	Target and Maximum
Base Salary	Reflects market value of position.	Not applicable	1/3 of Total Direct Compensation (when performance achievement is 100% of target)
Annual Variable Remuneration (VR)	Rewards annual performance based on achievement of company performance measures and individual objectives.	Collective (50% of VR): divided between EBIT* (45%); FCF (45%) and RoCE (10%). Individual (50% of VR): Achievement of annual individual objectives, divided between Outcomes and Behaviour.	The VR is targeted at 100% of Base Salary for the CEO and, depending on the performance assessment, ranges from 0% to 200% of target. The VR is capped at 200% of Base Salary.
Long-Term Incentive Plan (LTIP)	Rewards long term commitment and company performance, and engagement on financial targets, over a five year period.	Vesting ranges from 0% to 150% of initial grant, subject to cumulative performance over a three-year period. In principle, no vesting if cumulative negative EBIT*. If EBIT* is positive, vesting from 50% to 150% of grant based on EPS (75%) and Free Cash Flow (25%)	The original allocation to the CEO is capped at 100% of Base Salary at the time of grant. The overall pay-out is capped at a maximum 250% of the original value at the date of grant. The value that could result from share price increases is capped at 200% of the reference share price at the date of grant.

SCENARIOS CEO TOTAL DIRECT COMPENSATION



Indications are in million euro.

Below Threshold includes annual base Salary; Annual Variable Remuneration at 0%; LTIP not vesting.

Target includes Base Salary, Annual Variable Remuneration at target and LTIP grant face value.

Maximum includes Base Salary; maximum Annual Variable Remuneration value (200%); LTIP grant projected at vesting date (250%).

c) Base Salary

The Base Salary of the CEO is determined by the Board of Directors, taking into account the peer group analysis mentioned above.

d) Annual Variable Remuneration

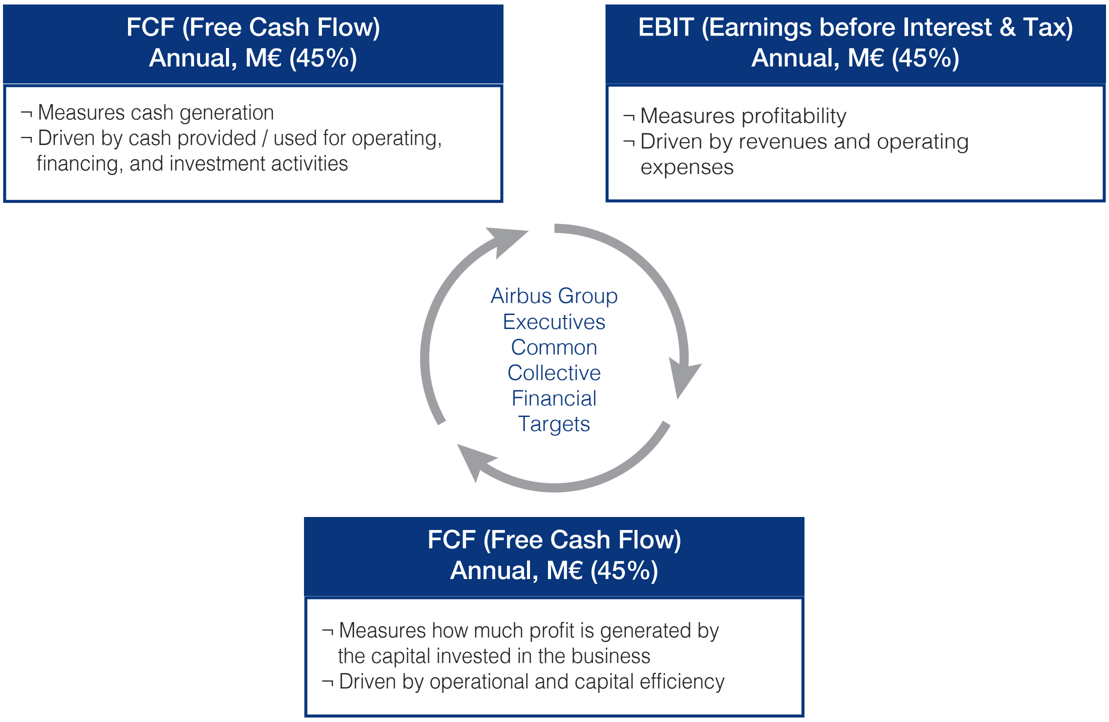
The VR is a cash payment that is paid each year, depending on the achievement of specific and challenging performance targets. The level of VR for the CEO is targeted at 100% of Base Salary; it is capped at a maximum level of 200% of Base Salary. The entire VR is at-risk, and therefore if performance targets are not achieved sufficiently, no VR is paid.

The performance measures that are considered when awarding the VR to the CEO are split equally between Common Collective performance measures and Individual performance measures.

Common Collective Component

The Common Collective component is based on EBIT* (45%), free cash flow (45%) and RoCE (10%) objectives. Each year, the Airbus Group Board of Directors sets the goals for these key value drivers at Group and Division levels. The Common Collective financial targets relate closely to internal planning and to guidance given to the capital market (although there may be variations therefrom).

To calculate the Common Collective annual achievement levels, actual EBIT*, free cash flow and RoCE performance are compared against the targets that were set for the year. This comparison forms the basis to compute achievement levels, noting that the actual EBIT*, free cash flow, and RoCE levels are occasionally adjusted for a limited number of factors which are outside management control (such as certain foreign exchange impacts or unplanned Merger and Acquisition activities). The RNC's intention is to ensure ambitious financial targets and to incentivise the CEO's commitment to meeting these targets.



Individual

The Individual element focuses on **outcomes** and **behaviour**. Individual Performance is assessed in these two important dimensions:

¬ **outcomes** encompass various aspects of what the CEO can do to contribute to the success of the business: specific business results he helps achieve, projects he drives and processes he helps improve. The individual targets of the CEO are comprehensive and shared with all employees via the Company Top Priorities.

¬ **behaviour** refers to the way results have been achieved, which is also critical for long term success: how the CEO and Board of Directors work as a team, how the CEO leads the Group Executive Committee, quality of communication, encouragement of innovation, etc. A specific part of the Behaviour assessment relates to ethics, compliance and quality issues.

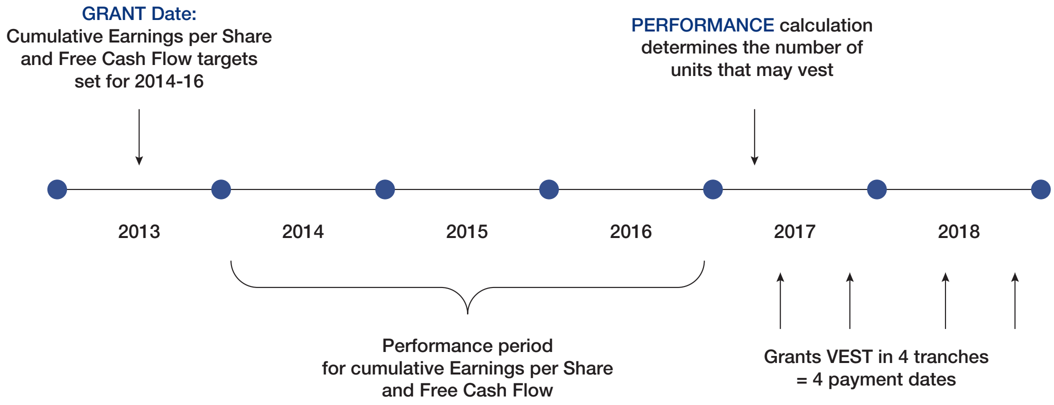
e) Long-Term Incentive Plan

For the CEO, the Company's current LTIP is comprised only of Performance Units. One Unit is equal in value to one Company share.

The Board of Directors has the discretion, subject to shareholder approval at the 2014 Annual General Meeting of Shareholders, to replace all or part of future LTIP allocations with substantially similar instruments, such as performance shares or other equity-related allocations. As with the Performance Units, the value of the CEO's LTIP allocations would continue to be capped as a percentage of Base Salary at the date of grant and be subject to comparable performance conditions.

Performance Units

Performance Units are the long-term equity-related incentive awards that are currently granted to the CEO. LTIP awards are granted each year. Each grant is subject to a three-year cumulative performance objective. At the end of the three-year period, the grant is subjected to a performance calculation to determine whether and to what extent it should vest. Depending on continued employment, grants will vest in four tranches, the payment of which takes place approximately 6, 12, 18 and 24 months following the end of the performance period.



At the date of grant, the CEO must decide what portion of the allocation (subject to the performance calculation) will be released as cash payments and what portion will be converted into shares. At least 25% (and up to 75%) of the award must be deferred into shares, and will only be released on the last (fourth) vesting date.

For each payment in cash, one unit is equal to the value of one Company share at the time of vesting. The Company's share value is the average of the opening share price, on the Paris Stock Exchange, during the twenty trading days preceding and including the respective vesting dates. For the conversion into shares, one unit corresponds to one Company share.

For the CEO, the performance unit allocation is capped – at the time of grant – at 100% of Base Salary. The number of units that vest can vary between 0% and 150% of the units granted. The level of vesting is subject to the following performance measures:

- 0-50% of the allocation: this element of the performance unit award will vest unless the Group reports negative cumulated **EBIT*** results. In this case the Board of Directors has the discretion to review the vesting of this portion of the performance unit award.
- 50-150% of the allocation: this element of the performance unit award vests based on one performance criteria: cumulative **Earnings Per Share**. Starting with the 2013 plan, the Company proposes that this element be based on two performance criteria: cumulative **Earnings Per Share** (75%) and cumulative **Free Cash Flow** (25%).

The vesting of Performance Units is subject to the following maximum caps:

- The maximum level of vesting is 150% of the number of units granted.
- The value that could result from share price increases is capped at 200% of the reference share price at the date of grant.
- The overall pay-out is capped at 250% of the value at the date of grant.

f) Share Ownership Guideline

The Board of Directors has established a share ownership guideline pursuant to which the CEO is expected to acquire Company shares with a value equal to 200% of Base Salary and to hold them throughout his tenure.

g) Benefits

The benefits offered to the CEO comprise a company car and accident insurance. Travel cost reimbursements are based on the Company travel policy as applicable to all employees.

h) Retirement

The CEO is entitled to a retirement benefit. The Company's policy is to provide a pension at retirement age that equals 50% of Base Salary, once the CEO has served on the Group Executive Committee for five years. This pension can increase gradually to 60% of Base Salary, for executives who have served on the Group Executive Committee for over ten years, and have been Group employees for at least 12 years.

i) Contracts and Severance

In the case of contract termination, the CEO is entitled to an indemnity equal to 1.5 times the Total Annual Target (defined as Base Salary and target VR). This will not apply if the CEO mandate is terminated for cause, or if the CEO has reached retirement age.

The CEO's contract includes a non-compete clause which applies for a minimum of one year, and can be extended at the Company's initiative for a further year. The Board of Directors has the discretion to invoke the extension of the non-compete clause. The compensation for each year that the non-compete clause applies is equal to 50% of the last Total Annual Income (defined as Base Salary and VR most recently paid) with respect to applicable local legal requirements if any.

Past LTIP awards are maintained for good leavers, such as in the case of retirement or if a mandate is not renewed by the Company without cause. The vesting of LTIP awards is not accelerated. LTIP awards are forfeited for executives who leave the Company of their own initiative, but this is subject to review by the Board of Directors.

j) Clawback

Recent changes to Dutch law introduced the possibility for the Company to deduct or claw back part of the CEO's variable cash remuneration (*i.e.* VR) or equity-related remuneration (excluding the LTIP element settled in cash) served by the Company if certain circumstances arise.

Any revision, claw back, or amounts deducted from the CEO's remuneration will be reported in the financial notes of the relevant Annual Report.

k) Loans

The Company does not provide loans or advances to the CEO.

4.2.1.2 Non-Executive Remuneration – Applicable to Non-Executive Members of the Board of Directors

The Company's Remuneration Policy with regard to non-Executive Members of the Board of Directors is aimed at ensuring fair compensation and protecting the independence of the Board's Members.

Fees and Entitlements

Non-Executive Members of the Board are entitled to the following:

¬ a base fee for membership or chair of the Board;
¬ a committee fee for membership on each of the Board's Committees;
¬ an attendance fee for the attendance of Board meetings.

Each of these fees is a fixed amount. Non-Executive Members of the Board do not receive any performance or equity-related compensation, and do not accrue pension rights with the Company in the frame of their mandate, except what they would receive in the frame of a current or past executive mandate. These measures are designed to ensure the independence of Board Members and strengthen the overall effectiveness of the Company's corporate governance.

The company does not encourage Non-Executive Directors to purchase Company shares.

Under the current policy, Members of the Board are entitled to the following fees:

¬ fixed fee for membership of the Board EUR / year:
  ¬ Chairman of the Board: 180,000,
  ¬ Member of the Board: 80,000;

¬ fixed fee for membership of a committee EUR / year:
  ¬ Chairman of a committee: 30,000,
  ¬ Member of a committee: 20,000;

¬ attendance fees EUR / Board meeting:
  ¬ Chairman: 10,000,
  ¬ Member: 5,000.

Committee chairmanship and Committee membership fees are cumulative if the concerned Non-Executive Director belongs to two different Committees.

4.2.1.3 Proposed Amendments of the Remuneration Policy

At the 2014 Annual General Meeting the Board of Directors is proposing that shareholders adopt a number of amendments to the Company's Remuneration Policy.

The following changes are being proposed:

¬ under the current Remuneration Policy, the level of vesting of LTIP awards to the CEO is subject to EPS performance only. The Board proposes to amend this so that vesting will be subject to EPS performance (75%) and free cash flow performance (25%);
¬ under the current Remuneration Policy, the free cash flow performance target used for the calculation of variable remuneration (45%) is an annual free cash flow objective. The Board proposes to amend this so that quarterly free cash flow objectives be implemented in addition to the annual free cash flow objective;
¬ for the CEO, the LTIP is currently granted in the form of Performance Units only. It is now proposed that the Board of Directors should have the discretion to replace all or part of future LTIP awards with substantially similar instruments, such as performance shares or other equity-related awards. As with the Performance Units, the CEO's LTIP awards would continue to be capped as a percentage of Base Salary at the date of grant and be subject to comparable performance conditions.

In compliance with Dutch legal changes, the Remuneration Policy also reflects the introduction of claw back mechanisms.

4.2.1.4 Implementation of the Remuneration Policy in 2013: CEO

a) Benchmarking

The RNC regularly benchmarks the CEO's Total Direct Compensation (Base Salary, VR and LTIP) against an extensive peer group.

The last review took place in October 2013, and was completed with the assistance of two independent consultants: Hay Group and Towers Watson. The peer groups that were considered were the Hay Group Top Executive – All Organisations Market Median, and a peer group proposed by Towers Watson, which comprised 124 companies having comparable economic indicators such as revenue, number of employees and market capitalisation. Financial institutions were excluded from the peer group.

Based on this review the RNC concluded that the CEO's Total Direct Compensation was slightly below the median level of the peer group. The RNC was satisfied with this finding, as the RNC is mindful of the potential inflationary effect on executive remuneration that could result from all companies benchmarking at above median levels.

b) Base Salary

For 2013, the Base Salary was set by the Board of Directors at €1,400,004 (unchanged compared to the annualised salary paid in the previous year). The CEO's Base Salary level was set in July 2012, shortly after his appointment. The intention of the Board of Directors is not to review this Base Salary level until 2015. Any review of the CEO's Base Salary will also take into consideration salary increases of employees across the Group.

c) Annual Variable Remuneration

As stipulated in the Company's Remuneration Policy the CEO's VR is targeted at 100% of Base Salary and capped at 200% of Base Salary. It is subject to the fulfilment of Collective and Individual performance targets.

For 2013 the VR amounted to an aggregate €1,470,000, composed of €595,000 for the Common Collective Component and €875,000 for the Individual part.

The **Common Collective Component** results from a composite 85% achievement of EBIT*, free cash flow and RoCE objectives:

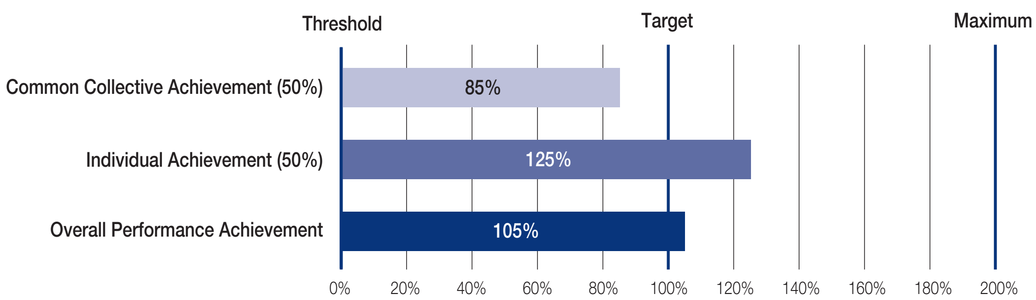
- this assessment mainly reflects a significant **free cash flow** shortfall against the budgeted target and, consequently, against the initial guidance given to the market;
- **EBIT***, weakened by unplanned restructuring charges and programme provisions, but adjusted for certain pre-agreed factors, also came short of the objective (even though EBIT* before one-off exceeded guidance slightly);
- **RoCE** bore a limited influence;
- **normalisation adjustments** of EBIT* and free cash flow were mostly driven by currency exchange impacts against an assumed rate and phasing mismatches.

The **Individual** part results from a composite achievement of 125%, assessed by the RNC and by the Board on the basis of the CEO's performance and behaviour, mostly with respect to the 8 Group priorities agreed at the start of the year. For each of these, outcomes, leadership and contributions were examined.

The main **positive factors** were: the successful and quick implementation of the new governance, of the share buyback programme, and the overhaul of the shareholder structure; the re-basing of strategy, the identification of the Company's future growth engine, and the setting of a framework to strengthen the Company's resilience and profitability; the start of the restructuring of the Defence and Space businesses of the Company, in the face of adverse home market situations and competitiveness problems; the extraordinary order intake in more than one division; the launching of a quality initiative and of an effort to harmonise processes, and the propagation of Ethics and Compliance throughout the organisation. The RNC and the Board recognised that the specific impulse of the CEO had been crucial to these successes.

Conversely, certain **operational shortfalls**, including those leading to charges on the A350 programme, as well as the initial under-estimation of certain challenges facing the helicopter business dampened the achievement level; besides, certain 2013 objectives were not completed, and are carried over into 2014 priorities, such as those relating to internationalisation or security of the Company. Finally, the RNC and the Board took into account the average outcome of the Executive Committee Members' assessments in rating the CEO's performance.

PERFORMANCE AGAINST TARGET



d) Long-Term Incentive Plan

As stipulated in the Company's Remuneration Policy the CEO is eligible for a Performance Unit award under the Company's LTIP. The Performance Unit award is capped at 100% of Base Salary at the date of grant. During 2013 the CEO was granted 30,300 Performance Units.

The table below gives an overview of the Performance Units granted to the Chief Executive Officer in 2013 pursuant to the LTIP:

	Unit plan: number of Performance Units	
	Granted in 2013	Vesting dates
Thomas Enders	30,300	Vesting schedule is made up of 4 tranches over 2 years: (i) 25% expected in May 2017; (ii) 25% expected in November 2017; (iii) 25% expected in May 2018; (iv) 25% expected in November 2018.

In 2013, the CEO received both cash payments and vested shares in connection with the vesting of 2008 and 2009 LTIP awards:

Cash: The total cash payment to the CEO amounted to €2,008,338.

Shares: In connection with the 2008 LTIP award, the CEO received 5,440 vested shares (20% of the vested award). Additionally, the CEO had elected that 25% of his 2009 LTIP grant should be deferred into shares. Therefore the vesting of 7,072 Performance Units was delayed, and these will be released in the form of shares on the fourth vesting date for the 2009 LTIP (which will take place in 2014).

Date of grants	Number	Share price at grant date	Value at grant date	(Un)conditional	Performance achievement	Units with performance achievement	Dates of vesting	2013 Share value at vesting dates
2008	40,000	€13.50	€540,000	Conditional	136%	54,400	4 vestings in 2012-2013	3rd vesting – 30 May 2013: €42.29 4th vesting – 19 November 2013: €51.17
2009	46,000	€14.50	€667,000	Conditional	123%	56,580	4 vestings in 2013-2014	1st vesting – 30 May 2013: €42.29 2nd vesting – 19 November 2013: €51.17
2010	54,400	€18.40	€1,000,960	Conditional	Not yet known	Not yet known	4 vestings in 2014-2015	Not yet known
2011	51,400	€21.41	€1,100,474	Conditional	Not yet known	Not yet known	4 vestings in 2015-2016	Not yet known
2012	50,300	€27.83	€1,399,849	Conditional	Not yet known	Not yet known	4 vestings in 2016-2017	Not yet known
2013	30,300	€46.17	€1,398,951	Conditional	Not yet known	Not yet known	4 vestings in 2017-2018	Not yet known

Calculations may involve rounding to the nearest unit.

e) Stock Options

The Company's Stock Option Plan has been discontinued and no awards have been made under the plan since 2006.

Following a recommendation of the RNC and in compliance with the relevant AMF best practice recommendations, the Board of Directors recommended setting up a Blind Trust to which certain executives signed up after the Group's Annual General Meeting in late May 2013. The independence of the trust protects the integrity of the relevant executive and guarantees compliance with all applicable market regulations.

The CEO has entrusted the exercise of his options (granted between 2003 and 2006) to the Blind Trust, and thereby relinquished any control over the trading decisions. Under this scheme, the criteria for trading decisions are set in advance by the trust, and are implemented by the relevant bank following a substantial time buffer (of approximately three months) without any prior knowledge or influence of the signatory.

Any exercise or sale that occurred in 2013 was executed under the Blind Trust framework and related to the Stock Option awards mentioned above. It appears along with the CEO's outstanding Stock Option awards in: "Notes to the Company Financial Statements – Note 11: Remuneration."

f) Benefits

As stipulated in the Company's Remuneration Policy the CEO's benefits comprise a company car and accident insurance. The monetary value of these benefits for 2013 amounted to €73,687.

g) Retirement

As of 31 December 2013, the book cash value of the CEO's pension defined benefit obligation amounted to € 12,921,270. For fiscal year 2013 the current service and interest costs related to the CEO's pension promise represented an expense of € 544,736. This obligation has been accrued in the Consolidated Financial Statements.

The defined benefit obligation for the CEO's Company pension results from the Company's pension policy as described above and takes into account (1) the seniority of the CEO in the Company and on its Group Executive Committee and (2) the significantly lower public pension promise deriving from the German social security pension system, compared to a pension resulting from membership in the French pension system.

h) Clawback

The Board has not applied any claw back in 2013.

4.2.1.5 Implementation of the Remuneration Policy in 2013: Non-Executive Fees

The RNC recommended and the Board of Directors decided not to increase non-executive fees in 2013, and therefore the non-executive fees remain unchanged from the level set in October 2007. The CEO is the only Member of the Board of Directors who is not entitled to any Board membership fee.

Summary table of the 2013 and 2012 fees of all non-Executive Members of the Board (current and former):

	Directors' remuneration related to 2013*			Directors' remuneration related to 2012		
*Current Non Executive Board Members**	**Fixum** *(in €)*	**Attendance Fees** *(in €)*	**Total** *(in €)*	Fixum *(in €)*	Attendance Fees *(in €)*	Total *(in €)*
Denis Ranque (1)	135,000	60,000	195,000	-	-	
Manfred Bischoff (2)	60,000	45,000	105,000	-	-	
Ralph D Crosby Jr (3)	60,000	45,000	105,000	-	-	
Hans-Peter Keitel (4)	75,000	45,000	120,000	-	-	
Hermann-Josef Lamberti (5)	115,000	60,000	175,000	130,000	50,000	180,000
Anne Lauvergeon (6)	75,000	45,000	120,000	-	-	
Lakshmi N. Mittal (7)	95,000	35,000	130,000	80,000	40,000	120,000
Sir John Parker (8)	115,000	50,000	165,000	130,000	50,000	180,000
Michel Pébereau (9)	95,000	55,000	150,000	100,000	40,000	140,000
Josep Piqué i Camps (10)	95,000	50,000	145,000	46,667	35,000	81,667
Jean-Claude Trichet (11)	95,000	60,000	155,000	46,667	40,000	86,667
Former Non-Executive Board Members						
Dominique D'Hinnin (12)	30,000	10,000	40,000	120,000	55,000	175,000
Arnaud Lagardère (13)	45,000	20,000	65,000	164,167	80,000	244,167
Wilfried Porth (14)	25,000	10,000	35,000	108,334	35,000	143,334
Bodo Uebber (15)	25,000	5,000	30,000	157,500	55,000	212,500
Former Non-Executive Board Members in 2012						
Rolf Bartke	N/A	N/A	N/A	41,667	15,000	56,667
Juan Manuel Eguiagaray Ucelay	N/A	N/A	N/A	33,333	15,000	48,333
TOTAL	**1,140,000**	**595,000**	**1,735,000**	**1,158,335**	**510,000**	**1,668,335**

* The Fixum related to 2012 was paid in 2013; the Fixum related to 2013 will be paid in 2014.
(1) New Chairman of the Company's Board of Directors as of 01/04/2013 (Only attendance fees until 01/09/2013, application of fixed fee pro rata after 01/09/2013).
(2) New Member of the Company Board of Directors as of 01/04/2013.
(3) New Member of the Company Board of Directors as of 01/04/2013.
(4) New Member of the Company Board of Directors and RNC as of 01/04/2013.
(5) Member of the Company Board of Directors and Chairman of the Audit Committee for the entire year 2013, Member of the RNC until 31/03/2013.
(6) New Member of the Company Board of Directors and Audit Committee as of 01/04/2013.
(7) Member of the Company Board of Directors for the entire year 2013, new Member of the RNC as of 01/04/2013.
(8) Member of the Company Board of Directors and Chairman of the RNC for the entire year 2013, Member of the Audit Committee until 31/03/2013.
(9) Member of the Company Board of Directors for the entire year 2013, new Member of the Audit Committee as of 01/04/2013.
(10) Member of the Company Board of Directors for the entire year 2013, new Member of the Audit Committee as of 01/04/2013.
(11) Member of the Company Board of Directors for the entire year 2013, new Member of the RNC as of 01/04/2013.
(12) Member of the Company Board of Directors, Audit Committee and RNC until 31/03/2013.
(13) Chairman of the Company Board of Directors until 31/03/2013.
(14) Member of the Company Board of Directors and RNC until 31/03/2013.
(15) Member of the Company Board of Directors and Audit Committee until 31/03/2013.

4.2.2 Long-Term Incentives Granted to the Chief Executive Officer

See "— 4.3.3 Long-Term Incentive Plans".

4.2.3 Related Party Transactions

Reflecting Article 2:129(6) of the Dutch Civil Code, Article 18.5 of the Articles of Association provides that *"A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If as a result thereof no resolution of the Board of Directors can be adopted, the resolution is adopted by the General Meeting".*

During the years 2011, 2012 and 2013, no agreement was entered into by the Company with one of its Directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm's length conditions. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 36: Related party transactions" for the year ended 31 December 2013 and "— Notes to the Consolidated Financial Statements (IFRS) — Note 36: Related party transactions" for the year ended 31 December 2012, as incorporated by reference herein.

For a description of the relationships between the Company and its principal shareholders, see "— General Description of the Company and its Shareholders — 3.3.2 Relationships with Principal Shareholders". Other than the relationships between the Company and its principal shareholders described therein, there are no potential conflicts of interest between the duties to the Company of the Directors and their respective private interests or other duties.

4.3 Employee Profit Sharing and Incentive Plans

4.3.1 Employee Profit Sharing and Incentive Agreements

The Company's remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Group. In 2012, a Performance and Restricted Unit plan was established for the senior management of the Group (see "— 4.3.3 Long-Term Incentive Plans"), and employees were offered shares at favourable conditions within the context of a new employee share ownership plan (see "— 4.3.2 Employee Share Ownership Plans").

The success sharing schemes which are implemented at the Company in France, Germany, Spain and the UK follow one set of common rules of the Group, ensuring a consistent application in these four countries.

4.3.2 Employee Share Ownership Plans

The Company supports employee share ownership. Since its creation, the Company has regularly offered qualifying employees the opportunity to purchase Company shares on favourable terms through employee share ownership plans ("**ESOPs**").

The following table summarises the main terms of the ESOPs conducted from 2000-2013[3]:

Year	Price per share	Nominal value per share	Number of shares issued	Date of issuance
2000	€15.30	€1	11,769,259	21 September 2000
2001	€10.70	€1	2,017,894	5 December 2001
2002	€8.86[1] / €7.93[2]	€1	2,022,939	4 December 2002
2003	€12.48	€1	1,686,682	5 December 2003
2004	€18	€1	2,017,822	3 December 2004
2005	€18.86	€1	1,938,309	29 July 2005
2007	€19.62[1] / €17.16[2]	€1	2,037,835	9 May 2007
2008	€12.79[1] / €11.70[2]	€1	2,031,820	25 July 2008
2009	€10.76	€1	1,358,936	18 December 2009
2011	€22.15[1] / €21.49[2]	€1	2,445,527	29 July 2011
2012	€28.55[1] / €27.07[2]	€1	2,177,103	30 July 2012
2013	€42.02[1] / €44.20[2]	€1	2,113,245	29 July 2013

(1) Shares purchased within context of Group employee savings plan.
(2) Shares purchased directly.
(3) In 2010, the normal ESOP plan was replaced through a worldwide 10 years EADS – Special Anniversary Free Share Plan for about 118,000 employees in 29 countries. Each eligible employee was granted 10 free EADS N.V. shares, resulting in the distribution of 1,184,220 shares in total. Such shares were distributed out of treasury and therefore had no impact on the issued share capital.

ESOP 2013

In June 2013, the Company offered to qualifying employees a maximum of 0.45% of its total issued share capital before the offering. This employee offering was for up to 3,200,000 shares of a nominal value of €1 each.

The employee offering was open only to employees who:

- had at least five months' seniority;
- were employed by (i) the Company or (ii) one of its subsidiaries or (iii) companies in which the Company holds at least 50% of the share capital and over whose management it has a determining influence.

Non-Executive Members of the Board were not eligible to participate in the ESOP offer.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees as part of a Group employee savings plan were offered for a price of €42.02 per share;
- shares subscribed for by qualifying employees directly were offered for a price of €44.20 per share.

The 2013 ESOP was structured as a share matching plan, whereby the Company matched a certain number of shares purchased at fair market value with a grant of free shares based on a defined ratio. This ratio varied depending on the number of shares purchased, representing a maximum discount of 50% for 10 purchased shares and a minimum discount of 21% for 400 purchased shares (the maximum number of shares available for purchase by a single employee).

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes longer in certain countries. A total number of 2,113,245 shares were issued in the employee offering. Shares were delivered on 29 July 2013.

Free Share Plan 2013

Following the Annual General Meeting on 29 May 2013, 10 Free Shares were granted to all eligible employees of the Group to reward them for their engagement and commitment to the Company with an effective date 15 November 2013.

Group Executive Committee Members, Group non-Executive Members of the Board, all Group Executives were not eligible to receive these 10 Free Shares.

Future ESOPs

The Company intends to implement an ESOP in 2014, subject to approval by the Board of Directors. The 2014 ESOP is expected to be a share matching plan, whereby the Company would match a certain number of directly acquired shares with a grant of free shares based on a defined ratio. The total offering would be up to approximately 3.2 million shares of the Company, *i.e.* up to 0.45% of its issued share capital, open to all qualifying employees (including the CEO). Under the umbrella of ESOP 2014, a dedicated UK tax saving plan (Share Incentive Plan - SIP) has been deployed in December 2013 subject to the final decision of the Board of Directors in May 2014.

Non-Executive Members of the Board are not eligible to participate in future ESOP.

4.3.3 Long-Term Incentive Plans

Based on the authorisation granted to it by the shareholders' meetings (see dates below), the Board of Directors approved stock option plans in 2003, 2004, 2005 and 2006. In 2007, 2008, 2009, 2010, 2011, 2012 and 2013, the Board of Directors approved the granting of Performance Units and Restricted Units in the Company. The grant of so-called "units" will not physically be settled in shares but represents a cash settled plan in accordance with IFRS 2.

The principal characteristics of these options as well as Performance and Restricted Units as of 31 December 2013 are set out in the "Notes to the Consolidated Financial Statements (IFRS) — Note 35: Share-based payment". They are also summarised in the tables below:

	Fifth tranche	Sixth tranche
Date of shareholders' meeting	6 May 2003	6 May 2003
Date of Board of Directors meeting (grant date)	10 October 2003	8 October 2004
Number of options granted	7,563,980	7,777,280
Number of options outstanding	-	1,157,993
Options granted to:		
¬ Mr Philippe Camus	135,000	135,000
¬ Mr Rainer Hertrich	135,000	135,000
¬ the 10 employees having being granted the highest number of options during the year 2003 (fifth tranche) and 2004 (sixth tranche)	808,000	808,000
Total number of eligible employees	1,491	1,495
Exercise date	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules – see "— General Description of the Company and its Share Capital — 3.1.11 Disclosure of Holdings").	
Expiry date	9 October 2013	7 October 2014
Conversion right	One option for one share	One option for one share
Vested	100%	100%[1]
Exercise price	€15.65	€24.32
Exercise price conditions	110% of fair market value of the shares at the date of grant	
Number of exercised options	6,802,256	4,058,265

(1) As regards to the sixth tranche, vesting of part of the options granted to the top EADS executives was subject to performance conditions. As a result, part of these conditional options have not vested and were therefore forfeited during the year 2007.

	Seventh tranche
Date of shareholders' meeting	11 May 2005
Date of Board of Directors meeting (grant date)	9 December 2005
Number of options granted	7,981,760
Number of options outstanding	2,449,997
Options granted to:	
¬ Mr Thomas Enders	135,000
¬ Mr Noël Forgeard	135,000
¬ the 10 employees having being granted the highest number of options during the year 2005 (seventh tranche)	940,000
Total number of eligible beneficiaries	1,608
Exercise date	50% of options may be exercised after a period of two years from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see "— General Description of the Company and its Share Capital — 3.1.11 Disclosure of Holdings"). As regards to the seventh tranche, part of the options granted to the top EADS executives was performance related.
Expiry date	8 December 2015
Conversion right	One option for one share
Vested	100%(1)
Exercise price	€33.91
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	2,836,097

(1) As regards to the seventh tranche, vesting of part of the options granted to the top EADS executives was subject to performance conditions. As a result, part of these conditional options have not vested and were therefore forfeited during the year 2008.

	Eighth tranche
Date of shareholders' meeting	4 May 2006
Date of Board of Directors meeting (grant date)	18 December 2006
	Stock option plan
Number of options granted	1,747,500
Number of options outstanding	706,125
Options granted to:	
¬ Mr Thomas Enders	67,500
¬ Mr Louis Gallois	67,500
¬ the 10 employees having being granted the highest number of options during the year 2006 (eighth tranche)	425,000
Total number of eligible beneficiaries	221
Date from which the options may be exercised	50% of options may be exercised after a period of two years from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules – see "— General Description of the Company and its Share Capital – 3.1.11 Disclosure of Holdings")
Date of expiration	16 December 2016
Conversion right	One option for one share
Vested	100%
Exercise price	€25.65
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	840,375

		Tenth tranche
Date of Board of Directors meeting (grant date)		13 November 2008
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
¬ Number of units granted(1)	2,192,740	801,860
¬ Number of units outstanding(2)		
Units granted to:		
¬ Mr Louis Gallois	40,000	-
¬ the 10 employees having being granted the highest number of units during the year 2008 (tenth tranche)	304,000	68,200
Total number of eligible beneficiaries		1,684
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2012; ¬ 25% expected in November 2012; ¬ 25% expected in May 2013; ¬ 25% expected in November 2013.
Number of vested units(2)	2,821,644	756,050

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).
(2) Re-evaluation based on 136% performance achievement for the remaining outstanding Performance Units.

		Eleventh tranche
Date of Board of Directors meeting (grant date)		13 November 2009
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,697,740	928,660
Number of units outstanding	1,623,906	447,550
Units granted to:		
¬ Mr Louis Gallois*	46,000	-
¬ the 10 employees having being granted the highest number of units during the year 2009 (eleventh tranche)	356,000	96,000
Total number of eligible beneficiaries		1,749
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2013; ¬ 25% expected in November 2013; ¬ 25% expected in May 2014; ¬ 25% expected in November 2014.
Number of vested units	1,515,588	453,550

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).
(2) Re-evaluation based on 123% performance achievement for the remaining outstanding Performance Units.
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Twelfth tranche
Date of Board of Directors meeting (grant date)		10 November 2010
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,891,540	977,780
Number of units outstanding	2,758,640	943.060
Units granted to:		
¬ Mr Louis Gallois*	54,400	-
¬ the 10 employees having being granted the highest number of units during the year 2010 (twelfth tranche)	341,600	79,000
Total number of eligible beneficiaries		1,711
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2014; ¬ 25% expected in November 2014; ¬ 25% expected in May 2015; ¬ 25% expected in November 2015.
Number of vested units	2,800	1,400

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Thirteenth tranche
Date of Board of Directors meeting (grant date)		9 November 2011
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,588,950	877,750
Number of units outstanding	2,532,050	864,150
Units granted to:		
¬ Mr Louis Gallois*	51,400	-
¬ the 10 employees having being granted the highest number of units during the year 2011 (thirteenth tranche)	320,050	-
Total number of eligible beneficiaries		1,771
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2015; ¬ 25% expected in November 2015; ¬ 25% expected in May 2016; ¬ 25% expected in November 2016.
Number of vested units	2,500	3,750

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).

* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

	Fourteenth tranche	
Date of Board of Directors meeting (grant date)		13 December 2012
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,121,800	623,080
Number of units outstanding	2,106,160	616,260
Units granted to:		
¬ Mr Thomas Enders*	50,300	-
¬ the 10 employees having being granted the highest number of units during the year 2012 (fourteenth tranche)	251,800	-
Total number of eligible beneficiaries		1,797
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2016; ¬ 25% expected in November 2016; ¬ 25% expected in May 2017; ¬ 25% expected in November 2017.	
Number of vested units	1,000	2,800

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

	Fifteenth tranche	
Date of Board of Directors meeting (grant date)		13 November 2013
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	1,241,020	359,760
Number of units outstanding	1,241,020	359,760
Units granted to:		
¬ Mr Thomas Enders*	30,300	-
¬ the 10 employees having being granted the highest number of units during the year 2012 (fourteenth tranche)	173,100	-
Total number of eligible beneficiaries		1,709
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by an EADS company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ¬ 25% expected in May 2017; ¬ 25% expected in November 2017; ¬ 25% expected in May 2018; ¬ 25% expected in November 2018.	
Number of vested units	-	-

(1) Based on 100% target performance achievement. A minimum of 50% of Performance Units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS) during the performance period, the Board of Directors can decide to review the vesting of the Performance Units including the 50% portion which is not subject to performance conditions (additional vesting condition).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

The information in respect of stock options and performance and restricted shares cancelled and exercised during the year are set out in "Notes to the Consolidated Financial Statements (IFRS) — Note 35: Share-based payment".

SHAREHOLDING IN THE COMPANY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Member of the Board of Directors	Shareholding
¬ Mr Thomas Enders	20,880 ordinary shares 0 stock options
¬ Mr Denis Ranque	2,000 ordinary shares
¬ Mr Manfred Bischoff	1,292 ordinary shares
¬ Mr Ralph D. Crosby, Jr.	140,000 stock options

No other Member of the Board of Directors holds shares or other securities in the Company.

5

Entity Responsible for the Registration Document

5.1 Entity Responsible for the Registration Document

EADS N.V.

5.2 Statement of the Entity Responsible for the Registration Document

The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

EADS N.V. represented by:

Thomas Enders

Chief Executive Officer

5.3 Information Policy

Contact details for information:

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A website, **www.airbus-group.com**, provides a wide range of information on the Company, including the Board of Directors Report. Additionally, for the life of this Registration Document, copies of:

- the Articles of Association;
- the Registration Document filed in English with, and approved by, the AFM on 12 April 2012;
- the Registration Document filed in English with, and approved by, the AFM on 3 April 2013; and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the years ended 31 December 2011, 2012 and 2013, together with the related Auditors' reports, may be inspected at the Company's registered office at: European Aeronautic Defence and Space Company EADS N.V., Mendelweg 30, 2333 CS Leiden, the Netherlands, Seat (*statutaire zetel*) Amsterdam, Tel.: +31 (0)71 5245 600.

Special toll-free hotlines are available to shareholders in France (0 800 01 2001), Germany (00 800 00 02 2002) and Spain (00 800 00 02 2002). An e-mail box is dedicated to shareholders' messages: airbus-group.ir@eads.com

5.4 Undertakings of the Company regarding Information

Given the fact that the shares of the Company are listed on Euronext Paris, on the *regulierter Markt* (in the sub-segment Prime Standard) of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges, the Company is subject to certain laws and regulations applicable in France, Germany and Spain in relation to information, the main ones of which are summarised in "General Description of the Company and its Share Capital — 3.1.3 Governing Laws and Disclosures".

5.5 Significant Changes

As of the date of this Registration Document, there has been no significant change in the Group's financial or trading position since 31 December 2013.

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