

REGISTRATION DOCUMENT *2012*

European Aeronautic Defence
and Space Company EADS N.V.



European Aeronautic Defence and Space Company EADS N.V. (the “**Company**” or “**EADS**” 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**”).

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 EADS’ 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 EADS only as of the dates they are made, and EADS 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 EADS’ 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 3 April 2013 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.

EADS

REGISTRATION DOCUMENT
2012

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EADS is subject to many risks and uncertainties that may affect its financial performance. The business, results of operation or financial condition of EADS could be materially adversely affected by the risks described below. These are not the only risks EADS faces. Additional risks and uncertainties not presently known to EADS 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, EADS' operations and performance depend significantly on market and economic conditions in Europe, the US 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 EADS' activities for short or extended periods and have a negative effect on EADS' 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. These disruptions have contributed to tightened credit markets, increased volatility in the exchange rate of the euro against other major currencies and considerable uncertainty regarding the near-term economic prospects of countries in the EU as well as the quality of loans to sovereign debtors and banks in the EU. More generally, the EU sovereign debt crisis has had an indirect impact on financial markets worldwide and, increasingly, on economic conditions in Europe and the rest of the world.

In the US, 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 EADS' sales in the defence sector, the market value of EADS' investments or the exchange rates at which EADS is able to hedge its foreign currency exposure.

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 EADS' 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 EADS must provide to its customers to support aircraft purchases, thereby increasing its exposure to the risk of customer defaults despite any security interests EADS 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 EADS' 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 EADS 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 EADS' treasury operations including the cash assets of EADS.

EADS' 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 EADS' financial instruments differing significantly from the fair values currently assigned to them.

Foreign Currency Exposure

A significant portion of EADS' 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 EADS 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. EADS 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 Commercial) 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 EADS will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. EADS may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with EADS, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which EADS 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, EADS' 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 EADS' US dollar-denominated revenues that is not hedged in

accordance with EADS' 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 EADS incurs its principal manufacturing expenses (mainly the euro) may affect the ability of EADS 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 EADS' products and those of its competitors (e.g., in the defence export market) are priced in US dollars. EADS' ability to compete with competitors may be eroded to the extent that any of EADS' principal currencies appreciates in value against the principal currencies of such competitors.

EADS' 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 EADS' reported revenues, costs, earnings before interest and taxes, pre-goodwill impairment and exceptionals ("**EBIT***"), other financial result, assets and liabilities.

See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities" for a discussion of EADS' 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 EADS' accounting treatment of foreign currency hedging transactions.

Sales Financing Arrangements

In support of sales, EADS may agree to participate in the financing of selected customers. As a result, EADS has a significant portfolio of leases and other financing arrangements with airlines and other customers. The risks arising from EADS' sales 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 EADS 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 EADS from defaults by its customers or significant decreases in the value of the financed aircraft in the resale market.

EADS' 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 EADS, and because it may guarantee a portion of the market value of certain aircraft during limited periods after

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

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, EADS 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, EADS 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 EADS will be sufficient to cover these potential shortfalls. Through the Airbus Asset Management

department or as a result of past financing transactions, EADS is the owner of used aircraft, exposing it directly to fluctuations in the market value of these used aircraft.

In addition, EADS 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, EADS' sales financing exposure could rise in line with future sales growth depending on the agreement reached with customers. Despite the measures taken by EADS to mitigate the risks arising from sales financing activities as discussed above, EADS 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, EADS 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. EADS' 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 EADS is reviewed on a regular basis and the respective limits are regularly monitored and updated. EADS 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 EADS 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 EADS' 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 corporates like EADS. This may ultimately increase the cost and reduce the liquidity of EADS' 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

EADS 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 EADS has the ability to exercise significant influence, or at fair value. If fair value is not readily determinable, the investment is measured at cost.

EADS' principal investment in associates is Dassault Aviation. The net asset value of this investment was €2.5 billion as of 31 December 2012. EADS 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 EADS' total assets, EADS regards the risk of negative changes in fair value or impairments on these investments as non-significant.

Treasury shares held by EADS 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

EADS 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 EADS 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 EADS 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 EADS from time to time to the pension assets. EADS 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 EADS’ 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, EADS is subject to tax legislation in a number of countries. EADS 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 EADS’ 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 EADS or its affiliates could become subject to tax claims. Moreover, the tax laws and regulations that apply to EADS’ 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 EADS. Any additional tax exposure could have a negative effect on EADS’ future results of operation and financial condition.

For further information relating to financial market risks and the ways in which EADS 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 Cyclicity

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. EADS 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, EADS may suffer

from a decline in demand for all or certain types of its aircraft or other products, and EADS' customers may postpone delivery or cancel orders.

In addition to affecting demand for its products, the occurrence of catastrophic events could disrupt EADS' 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 EADS' data, information systems or networks could have a significant adverse effect on EADS' future results of operations and financial condition as well as on the reputation of EADS and its products and services.

Dependence on Key Suppliers and Subcontractors

EADS is dependent on numerous key suppliers and subcontractors to provide it with the raw materials, parts and assemblies that it needs to manufacture its products. Certain of these suppliers may experience financial or other difficulties in the future, in particular those with a significant foreign currency mismatch between revenues denominated in US dollars and a substantial portion of costs incurred in euro. Depending on the severity of these difficulties, some suppliers could be forced to reduce their output, shut down their operations or file for bankruptcy protection, which could disrupt the supply of materials and parts to EADS.

It may be difficult for EADS to find a replacement for certain suppliers or subcontractors without significant delay, thereby impacting its ability to meet its customer obligations in a satisfactory and timely manner. These events could in turn have a negative impact on EADS' future results of operation and financial condition. To the

extent that EADS decides in the future to provide financial or other assistance to certain suppliers in financial difficulty in order to ensure an uninterrupted supply of materials and parts, it could be exposed to credit risk on the part of such suppliers.

Finally, if the macro-economic environment leads to higher than historic average inflation, the labour and procurement costs of EADS may increase significantly in the future. This may lead to higher component and production costs which could in turn negatively impact EADS' future profitability and cash flows, to the extent EADS is unable to pass these costs on to its customers or require its suppliers to absorb such costs. EADS' suppliers or subcontractors may also make claims or assertions against it for higher prices or other contractual compensation, in particular in the event of significant changes to development or production schedules, which could negatively affect EADS' future profitability.

Industrial Ramp-Up

As a result of the large number of new orders for aircraft recorded in recent years, EADS 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, EADS' 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 EADS 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.

Technologically Advanced Products and Services

EADS 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 EADS' products must function under demanding operating conditions. Even though EADS believes it employs sophisticated design, manufacturing and testing practices, there can be no assurance that EADS' products or services will be successfully developed, manufactured or operated or that they will perform as intended.

Certain of EADS' 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 EADS 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, EADS 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, EADS 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 and Related Financial Consequences in 2010, 2011 and 2012”. 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 EADS' products and services could have a significant adverse effect on EADS' future results of operations and financial condition as well as on the reputation of EADS 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 sought recently to reduce their level of public spending. This is especially true with respect to defence and security budgets, where certain countries have either proposed or already implemented substantial reductions. Any termination or reduction of future funding or cancellations or delays impacting existing contracts may have a negative effect on EADS' future results of operations 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 EADS to enter into or perform such contracts.

Further, a significant portion of EADS' backlog is concentrated in certain regions or countries, including the US, China, India and the United Arab Emirates. Adverse economic and political conditions as well as downturns in broad economic trends in these countries or regions may have a negative effect on EADS' 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 EADS to risk-sharing-funds for large projects, may establish an unfavourable balance of access to government funds by EADS 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 EADS.

In prior years, EADS 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, EADS' credit ratings, as well as the possibility that lenders or investors could develop a negative perception of EADS' 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. EADS may therefore not be able to successfully obtain additional outside financing on favourable terms, or at all, which may limit EADS' 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 EADS operates are highly competitive. In some areas, competitors may have more extensive or more specialised engineering, manufacturing and marketing capabilities than EADS. In addition, some of EADS' largest customers may develop the capability to manufacture products or provide services similar to those of EADS. This would result in these customers supplying their own products or services and competing directly with EADS for sales of these products or services, all of which could significantly reduce EADS' revenues. There can be no assurance that EADS 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 EADS 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 EADS' 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. EADS 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 EADS' 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 EADS will attract and retain the personnel it requires to conduct its operations successfully. Failure to attract and retain such personnel or an increase in EADS' employee turnover rate could negatively affect EADS' 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, EADS and its Divisions have launched several restructuring, transformation and cost saving programmes over the past several years. These include group-wide programmes such as "Future EADS", as well as Division-specific programmes such as "AGILE" at Astrium and "Simplify" at Cassidian.

Anticipated cost savings under these programmes are based on estimates, however, and actual savings under these programmes

may vary significantly. In particular, EADS' 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. EADS' 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, EADS 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 EADS' 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, EADS' future results of operation and financial condition may be negatively affected.

Acquisitions, Joint Ventures & Strategic Alliances

As part of its business strategy, EADS 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 EADS 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, EADS may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to integration of acquired businesses. While EADS 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.

EADS 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 EADS 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. EADS 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, EADS 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, EADS faces the following main challenges: ensuring the maturity of technology linked to the use of composite materials; meeting the technical performance targets for the aircraft and respecting the development schedule; ensuring the production ramp-up and the ramp-up of key skilled personnel, e.g. for composite stress and design; securing the achievement of recurring cost targets; ensuring the performance of the risk

sharing partners, including those selected for sites divested by Airbus and those involved in the extended enterprise framework; maintaining customer satisfaction with a new customisation policy which is a key enabler for the production ramp-up; managing customer contracts in coherence with the industrial delivery plan; and ensuring a successful A350-1000 industrial phase.

A380 programme. In connection with the A380 programme, EADS 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; managing maturity in service; and mastering the root causes of, and launching the required action to fix, the hairline cracks discovered in the wing rib feet of certain A380 aircraft, and limiting associated costs to repair costs only. Additionally, commercial activity is focused on booking additional sales in order to secure a minimum of 30 deliveries in 2015. No assurances can be given that this objective will be met.

A400M programme. In connection with the A400M programme, EADS faces the following main challenges: finalising the last development tests and associated documentation to enable both civil and military certification and qualification requirements (initial operating clearance (IOC)); finishing development of a full set of in-service support goods and services that deliver mission success to programme customers; preparing entry into service of the first aircraft together with the necessary set of support elements; pursuing further aircraft development (engine, cargo systems, military systems); managing the anticipated difficulties on the production ramp-up concurrently with the delivery of progressively enhanced aircraft capabilities (standard operational clearance (SOC1 to 3)); and meeting the contractual time schedule for the next programme milestones.

A320neo programme. In connection with the A320neo programme, EADS 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.

NH90 and Tiger programmes. In connection with the NH90 and Tiger programmes, EADS 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, EADS faces the following main challenges: working on the root causes of the main gear box shaft failure that occurred during two incidents in 2012, in close coordination with oil and gas operators and customers, while respecting the confidentiality of the official accident investigation; dealing with interim corrective measures to put the fleet back into flight operation, potential subsequent redesign in the main gear box, retrofits and claims.

Lead systems integration. In connection with lead systems integration projects (in particular Saudi border surveillance contract and National Security Shield Qatar), EADS 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 system; assuring an efficient project and staffing ramp-up; and managing the rollout including subcontractors as well as training and organisational adaptation of the customer.

3. Legal Risks

Dependence on Joint Ventures and Minority Holdings

EADS 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 Elektronik; and
- investment in associates: Dassault Aviation.

The formation of partnerships and alliances with other market players is an integral strategy of EADS, 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 EADS' existing joint ventures.

EADS exercises varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which it participates. While EADS 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 EADS, and thus may have interests that differ from those of EADS.

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

Product Liability and Warranty Claims

EADS designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. EADS 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 EADS 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

EADS 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 EADS' direct or indirect Intellectual property rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect EADS' proprietary rights to the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions EADS 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 EADS 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 EADS ultimately wins or loses, could be time-consuming and costly, injure EADS' reputation or require it to enter into licensing arrangements. EADS 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 EADS, causing further damages.

Export Controls and Other Laws and Regulations

The export market is a significant market for EADS. In addition, many of the products EADS 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 EADS 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 EADS is subject will not become more restrictive, (ii) that new generations of EADS 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 EADS' ability to perform under previously signed contracts. Reduced access to military export markets may have a significant adverse effect on EADS' business, results of operation and financial condition.

EADS 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,

EADS' ability to market new products and enter new markets may be dependent on obtaining government certifications and approvals in a timely manner. Although EADS 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 EADS from government contracts for some period of time or suspension of EADS' export privileges, or preclude EADS from bidding on certain government contracts (even in the absence of a formal suspension or debarment).

In addition, EADS 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 EADS, any such inquiry or investigation could negatively affect EADS' 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

EADS is currently engaged in a number of active legal and regulatory proceedings. See “— Information on EADS’ Activities — 1.1.9 Legal and Arbitration Proceedings”. EADS 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 EADS 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 EADS’ business, results of operation and financial condition. An unfavourable ruling could also negatively impact EADS’ stock price and reputation.

4. Industrial and Environmental Risks

Given the scope of its activities and the industries in which it operates, EADS is subject to stringent environmental, health and safety laws and regulations in numerous jurisdictions around the world. EADS 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 EADS’ 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 EADS 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 EADS 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 EADS 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 EADS’ results of operation and financial condition.

In addition, the various products manufactured and sold by EADS must comply with relevant environmental, health and safety and substances/preparations related laws and regulations in the jurisdictions in which they operate. Although EADS 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 EADS to adapt, redesign, redevelop, recertify and/or eliminate its products from the market. Seizures of defective products may be pronounced, and EADS may incur administrative, civil or criminal liability. In the event of an accident or other serious incident involving a product, EADS 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 EADS and its products and services.

Information on EADS' Activities

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1.1 Presentation of the EADS Group

1.1.1 Overview

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

With consolidated revenues of €56.5 billion in 2012, EADS 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, EADS 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 2012, it generated approximately 79% of its total revenues in the civil sector (compared to 76% in 2011) and 21% in the defence sector (compared to 24% in 2011). As of 31 December 2012, EADS' active headcount was 140,405 employees.

Strategy

EADS is currently engaged in a comprehensive strategy review, and the conclusions are expected to be announced in mid-2013. EADS expects its strategy to remain 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, EADS 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.

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

- **Expand its services offering.** Historically, EADS' growth has been driven by the sale of technologically advanced products and solutions. At the same time, management is focused on increasing EADS' presence in the high value services market, given its countercyclical nature, opportunities for sustained growth and EADS' competitive advantage as the designer of the products. The rapid expansion of EADS' 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 EADS can play a key role in enabling such gains. Hence, EADS 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 EADS' 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, EADS 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 to be built in Mobile, Alabama (US), which is expected to begin producing A319s, A320s and A321s in 2016.

- **Continue to foster innovation.** EADS 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. EADS 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.** EADS 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. EADS will pursue additional initiatives in the future – including a comprehensive environmental management system based on ISO 14001 to cover all EADS activities – in order to render eco-efficiency a competitive advantage over the long-term.
- **Develop its people.** EADS needs motivated and competent employees. EADS' leadership culture is based on mutual trust, empowerment, recognition and accountability. Employee development is a core activity of EADS managers. To this end, it

is the duty of EADS 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. EADS will also encourage stronger mobility and greater internal diversity in its teams.

Organisation of EADS Businesses

EADS organises 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.

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 2012, Airbus recorded total revenues of €38.6 billion – including total revenues of €2.1 billion at Airbus Military – representing 68.3% of EADS' revenues.

Airbus Commercial

Since it was founded in 1970 and up to the end of 2012, Airbus has received orders for 12,312 commercial aircraft from 348 customers around the world. In 2012, Airbus delivered 588 aircraft (compared to 534 deliveries in 2011) and received 914 gross orders (compared to 1,608 gross orders in 2011), or 41% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2012 was 833 aircraft (compared to 1,419 aircraft in 2011). As of 31 December 2012, Airbus' backlog of commercial orders was 4,682 aircraft (compared to 4,437 aircraft in 2011). See "— 1.1.2 Airbus — Airbus Commercial".

Airbus Military

Airbus Military 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. Airbus Military also manufactures and sells light and medium military transport aircraft and is responsible for the European heavy military transport A400M project. See "— 1.1.2 Airbus — Airbus Military".

Eurocopter

Eurocopter 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.

Eurocopter delivered 475 helicopters in 2012 (503 in 2011) and received 492 gross orders in 2012 (compared to 472 gross orders in 2011). After accounting for cancellations, net order intake for 2012 was 469 helicopters (compared to 457 helicopters in 2011). Civil contracts accounted for 69% of this order volume, with military sales representing the remaining 31%. As of 31 December 2012, Eurocopter's backlog of helicopter orders was 1,070 aircraft (compared to 1,076 aircraft in 2011). In 2012, Eurocopter recorded total revenues of €6.3 billion, representing 11.1% of EADS' revenues. See "— 1.1.3 Eurocopter".

Astrium

Astrium 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 conducts 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 2012, Astrium recorded total revenues of €5.8 billion, representing 10.3% of EADS' revenues. See "— 1.1.4 Astrium".

Cassidian

Cassidian 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 2012, Cassidian recorded total revenues of €5.7 billion, representing 10.2% of EADS' 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 EADS' 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, EADS 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 EADS for the past three years.

CONSOLIDATED REVENUES BY DIVISION FOR THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010

	Year ended 31 December 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾
Airbus ⁽²⁾	38.6	68.4%	33.1	67.1%	30.0	65.5%
<i>Airbus Commercial</i>	36.9	65.5%	31.2	63.2%	27.7	60.5%
<i>Airbus Military</i>	2.1	3.8%	2.5	5.1%	2.7	5.9%
Eurocopter	6.3	11.1%	5.4	11.0%	4.8	10.6%
Astrium	5.8	10.3%	5.0	10.1%	5.0	10.9%
Cassidian	5.7	10.2%	5.8	11.8%	5.9	13.0%
Total Divisional revenues	56.4	100%	49.3	100%	45.7	100%
Other Businesses	1.5		1.2		1.2	
HQ/Consolidation ⁽³⁾	(1.4)		(1.4)		(1.1)	
Total	56.5		49.1		45.8	

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

(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.

(3) HQ/Consolidation includes, in particular, adjustments and eliminations for intercompany transactions.

CONSOLIDATED REVENUES BY GEOGRAPHICAL AREA FOR THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010

	Year ended 31 December 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾
Europe	21.0	37.2%	20.7	42.1%	21.4	46.8%
North America	7.7	13.6%	5.8	11.9%	3.5	7.6%
Asia/Pacific	18.3	32.5%	14.3	29.1%	11.4	24.8%
Rest of the World ⁽²⁾	9.5	16.7%	8.3	16.9%	9.5	20.8%
Total	56.5	100%	49.1	100%	45.8	100%

(1) Percentage of total revenues after eliminations.

(2) Including the Middle East.

CONSOLIDATED ORDERS BOOKED FOR THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010

	Year ended 31 December 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾	Amount in €bn	In percentage ⁽¹⁾
Orders booked⁽²⁾						
Airbus ^{(3) (4)}	88.1	86%	117.9	90%	68.2	83%
<i>Airbus Commercial</i>	86.5	85%	117.3	90%	68.2	83%
<i>Airbus Military</i>	1.9	2%	0.9	1%	0.2	0%
Eurocopter	5.4	5%	4.7	4%	4.3	5%
Astrium	3.8	4%	3.5	3%	6.0	7%
Cassidian	5.0	5%	4.1	3%	4.3	5%
Total Divisional orders	102.3	100%	130.2	100%	82.8	100%
Other Businesses	1.6		2.0		1.7	
HQ/Consolidation	(1.4)		(1.2)		(1.4)	
Total	102.5		131.0		83.1	

(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.

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2012, 2011 AND 2010⁽¹⁾

	Year ended 31 December 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn	In percentage ⁽²⁾	Amount in €bn	In percentage ⁽²⁾	Amount in €bn	In percentage ⁽²⁾
Backlog⁽³⁾						
Airbus ^{(4) (5)}	523.4	93%	495.5	92%	400.4	89%
<i>Airbus Commercial</i>	503.2	89%	475.5	88%	378.9	85%
<i>Airbus Military</i>	21.1	4%	21.3	4%	22.8	5%
Eurocopter	13.0	2%	13.8	2%	14.5	3%
Astrium	12.7	2%	14.7	3%	15.8	4%
Cassidian	15.6	3%	15.5	3%	16.9	4%
Total Divisional backlog	564.7	100%	539.5	100%	447.6	100%
Other Businesses	2.9		3.0		2.5	
HQ/Consolidation	(1.1)		(1.5)		(1.6)	
Total	566.5		541.0		448.5	

(1) For a discussion on the calculation of backlog, see "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.3.1 Order Backlog".

(2) Before "Other Businesses" and "HQ/Consolidation".

(3) Without options.

(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.

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 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 2012, Airbus recorded total revenues of €38.6 billion – including total revenues of €2.1 billion at Airbus Military – representing 68.3% of EADS' revenues.

Airbus Commercial

Introduction and Overview

Since it was founded in 1970 and up to the end of 2012, Airbus has received orders for 12,312 commercial aircraft from 348 customers around the world. In 2012, Airbus delivered 588 aircraft (compared to 534 deliveries in 2011) and received 914 gross orders (compared to 1,608 gross orders in 2011), or 41% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2012 was 833 aircraft (compared to 1,419 aircraft in 2011). As of 31 December 2012, Airbus' backlog of commercial orders was 4,682 aircraft (compared to 4,437 aircraft in 2011).

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 upgrades to the A320 single-aisle aircraft family to help maintain its leading position in terms of technology and fuel-efficiency. In the long-range segment, Airbus announced in 2012 a new variant of the A330. The upgraded A330, which offers increased range, is scheduled to enter service in 2015.

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, (iii) additional opportunities in the military business through the A400M and military derivatives products such as the A330 MRTT (see "— Airbus Military" below), and (iv) 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

Cyclicalities 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 begin testing the market with new 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 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. By the end of 2010 however, traffic had recovered strongly from 2009 levels, with traffic growth in 2012 expected to be close to the long-term trend upon the release of official figures in 2013.

Beyond the near-term market uncertainties driven by sovereign debt and economic concerns in Europe and elsewhere, 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 2012-2031. 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 twenty years.

Cyclicalities. 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, cyclicalities of the world economy and occasional unforeseen events which can depress demand for air travel, such as the spread of H1N1 flu. Thus, following a peak in new orders reached in 2007, Airbus recorded significantly fewer new orders in 2008 and 2009 as a result of the global economic crisis and a related drop in air traffic. In 2010 and 2011, the rebound in passenger traffic, improved yields and higher load factors supported a recovery among airlines globally, which in turn was reflected in increased aircraft orders. In 2012, with passenger traffic

continuing to grow despite some uncertainty and a slowdown in economic activity, particularly in Europe, Airbus' order intake remained above the level of deliveries, although orders in 2012 were below the very high level achieved in 2011.

Despite periodic volatility 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 2012, Airbus' commercial backlog stood at 4,682 aircraft, representing almost 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 11 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 more than 90 by 2031. 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, approximately one-third of the world's jetliner seats being flown today are operated by just 15 airlines as of January 2013. 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. Airlines have also begun to explore different merger possibilities in recent years.

Market Structure and Competition

Market segments. According to a study conducted by Airbus, a total of 15,500 passenger aircraft with more than 100 seats were in service with airlines worldwide at the beginning of 2013. 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. It has also recently sold the A320 and A380 to 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 2012, Airbus and Boeing, respectively, accounted for 49.5% and 50.5% of total commercial aircraft deliveries, 41% and 59% of total net orders (in units), and 52% and 48% of the total year-end backlog (in units). Airbus commercial aircraft deliveries (588 in 2012) were 10% higher than in 2011 (534 deliveries), and 2012 was the 11th 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 2012, Airbus had 348 customers and a total of 12,312 Airbus aircraft had been ordered, of which 7,630 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 2012.

Customer	Firm orders ⁽¹⁾
Norwegian	100
Air Asia	100
Pegasus Airlines	75
PAL	64
Avianca-Taca Holding	51
ICBC	50
Boc Aviation	50

(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 9,031 aircraft sold and 5,402 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 A319-based Airbus Corporate Jetliner and A318 Elite business jet. 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 3,700 nm/6,800 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 (new engine option). Compared to the existing A320, the A320neo is designed to deliver fuel savings of 15% (including sharklets) and an additional flight distance of 500nm (950 km), or the ability to carry two tonnes more payload at a given range. This new engine option will be available for the A321, A320 and A319 aircraft models, with an entry into service targeted for October 2015.

Sharklets (wing-tip devices designed to cut down on aerodynamic drag) are also available as a forward-fit option from the end of 2012 and are designed to result in 4% reduced fuel burn over

long sectors as well as increased payload range and improved take-off performance. The first A320 equipped with sharklets was delivered to Air Asia in December 2012.

In 2012, Airbus received 783 gross orders for the A320 family of aircraft (739 net), and delivered 455 to 70 customers.

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	34.1
A320	1988	150	6,100 ⁽²⁾	37.6	34.1
A321	1994	185	5,950	44.5	34.1

(1) Two-class layout.

(2) Maximum range with sharklets.

A330 family. With 1,244 aircraft sold and 931 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 2012, Airbus announced a maximum take-off weight (MTOW) increase for the A330-200 and A330-300 to 240 metric tonnes, followed by an additional augmentation to 242 metric tonnes. The second MTOW step-up also provides an increased fuel capacity option for the larger A330-300 version.

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 an efficient, 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 will be performed with the resources of ST Aerospace, based in Singapore, EADS EFW and Airbus.

In 2012, Airbus received 80 gross orders for the A330 family of aircraft (58 net), and delivered 103 (including two A340-500 aircraft) to 30 customers.

A330 Family Technical Features

Model ⁽¹⁾	Entry into service	Passenger capacity ⁽¹⁾	Maximum range (km)	Length (metres)	Wingspan (metres)
A330-200	1998	253	13,400	59.0	60.3
A330-300	1994	295	10,800	63.7	60.3

(1) Three-class layout.

A380. The double-deck A380 is the world's largest commercial aircraft. 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 8,300 nm/15,400 km, the A380 offers superior economic performance, lower fuel consumption, less noise and reduced emissions. The A380's competitor is the 400-seat Boeing 747-8.

In 2012, Airbus received nine gross orders for the A380 (nine net), and delivered 30 to nine customers with two new operators: Malaysia Airlines and Thai Airways.

A380 Technical Features

Model ⁽¹⁾	Entry into service	Typical capacity ⁽¹⁾	Maximum range (km)	Length (metres)	Wingspan (metres)
A380-800	2007	525	15,400	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 270 and 350 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.

2012 marked the start of the A350 XWB final assembly line activities in Toulouse. Airbus completed assembly of the A350 XWB static

test specimen aircraft (to be used for ground tests), as well as the main structural assembly of the first A350 XWB that will fly.

In July 2012, Airbus announced a new programme schedule for the A350 XWB-900 programme due to the challenges faced when the automated wing drill process was launched. Entry into service is currently targeted for the second half of 2014.

In 2012, Airbus received 40 gross orders for the A350 XWB (27 net), for a total of 582 firm orders from 34 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	270	15,700	61.0	64.0
A350 XWB-900	2014	314	15,000	67.3	64.0
A350 XWB-1000	2017	350	15,600	74.0	64.0

(1) Three-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.

A worldwide network of more than 4,000 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 advice and assistance to Airbus customers 24 hours a day, 7 days a week. There are over 238 customer support representatives positioned around the world in more than 157 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 targeted acquisitions, such as that of Satair. This Copenhagen-based company distributes aircraft spare parts

worldwide, mostly through exclusive distribution deals with manufacturers of the original equipment.

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 2012, 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 2012, the Airbus Asset Management portfolio contained 23 aircraft, a net increase of six aircraft from 2011. 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.

Airbus announced in July 2012 that it would build a new A320 family final assembly line in Mobile, Alabama (US). Construction of the facility will begin in 2013. 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 at four Airbus sites 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 2012, Airbus Engineering certified the use of sharklets for the A320 aircraft and completed the concept phase for the A320neo. The A350 XWB iron bird integration test rig and further integration test benches were operational and designed to increase maturity of the aircraft before its first flight. Airbus Engineering has also been a major contributor to a number of international initiatives dedicated to making aviation greener. The main target of these initiatives is to reduce both noise and CO₂ emissions of Airbus aircraft. The Airbus Engineering change project has improved the way-of-working in several domains and increased efficiency also through organisational changes.

Airbus Military

Introduction and Overview

Airbus Military 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. Airbus Military also manufactures and sells light and medium military transport aircraft and is responsible for the European heavy military transport A400M project.

In 2012, Airbus Military recorded total revenues of €2.1 billion.

Strategy

Airbus Military's 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. To achieve these goals, Airbus Military is actively:

Strengthening its Position as a Major Supplier of Special Mission Aircraft

As a supplier of special mission aircraft, Airbus Military satisfies 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 EADS' wide range of platforms and systems. Airbus Military 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). Airbus Military made progress on this goal during 2012, for example, when the Indian government selected it as the preferred bidder in connection with an on-going aerial tanker procurement campaign. Moreover, the Royal Air Force of Oman became a significant new operator of the C295 maritime patrol aircraft during 2012.

Maintaining its Leadership for Military Transport Aircraft

Airbus Military is a global leader in the light and medium military transport aircraft markets. Through the addition of the A400M heavy military transport aircraft to its portfolio – with the first customer delivery targeted for the second quarter of 2013 – Airbus Military offers a full range of tactical military transport aircraft capable of covering all mission needs. Airbus Military will seek to maintain its leadership in part by launching improvements to its existing product line. For example, 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, will be offered to both civil and military customers within the light military transport segment.

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

Airbus Military 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. Airbus Military offers a competitive services portfolio ranging from traditional support to full availability-based and “mission success” contracting, leveraging its 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. Airbus Military believes that it is well positioned in this market based on the range of customised solutions that it offers.

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\$66.9 billion from 2012 through 2021 (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 Airbus Military's entry into this market, at a time when the US and Europe are expected to begin upgrading and replacing their existing fleets. In the upper part of the segment, the A400M could compete against the C-17 from Boeing.

Medium military transport. Management believes that this market will continue to grow at a moderate rate. Airbus Military aircraft are leaders in this segment, specifically the CN235 and C295 aircraft, which have a combined average market share (in units) of 54% over the last ten years according to internal estimates. Both the CN235 and the C295 have been designed as complements or replacements 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. This is a mature market that is diminishing in size as countries develop economically and are able to afford medium military transport aircraft. The C212 has historically led this market segment, with an average market share (in units) of 10% over the last ten years according to internal estimates. The C212's main competitors are the M-28, manufactured by Polskie Zakłady Lotnicze 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 11 aircraft in service at the end of 2012.

Airbus Military has won contracts for the A330 MRTT from the governments of Australia, Saudi Arabia (including one repeat order), the United Arab Emirates and the UK, with a total backlog of 17 aircraft at the end of 2012. Airbus Military delivered five A330 MRTT aircraft in 2012.

The backlog includes aircraft to be provided under a 27-year contract with the UK Ministry of Defence (“**MoD**”) 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 is also working 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. Airbus Military provides different solutions ranging from maritime surveillance to anti-submarine warfare missions through aircraft based on the C212, CN235, C295 or P-3 Orion platforms. Airbus Military aircraft, specifically 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.

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

In 2012, the US Coast Guard ordered two additional CN235 maritime patrol aircraft for use within the Deepwater programme. The Royal Air Force of Oman ordered three C295 maritime patrol aircraft. In terms of deliveries, Airbus Military delivered three CN235 maritime patrol aircraft to Mexico and one CN235 maritime patrol aircraft (14th in total) to the US Coast Guard. One upgrade of a CN235 aircraft for Ireland was ordered in 2012 and delivered within the year.

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. Airbus Military 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 2012, four upgraded P-3's were delivered, three to the Brazilian Air Force and one to the Spanish Air Force.

Military Transport Aircraft

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 2012, Cameroon ordered one CN235 aircraft, becoming a new customer. In terms of deliveries, Airbus Military delivered three 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 110,000 flight hours in all kind of environments: from the polar arctic areas to deserts. Over 95 C295 aircraft have been delivered to 16 operators from 15 countries.

In 2012, Airbus Military received total orders for 25 C295 aircraft from Colombia, Egypt, Indonesia, Kazakhstan, Oman and Poland, with Oman and Kazakhstan becoming new customers. In terms of deliveries, Airbus Military delivered a total of 10 C295 aircraft to Egypt, Ghana, Indonesia, Kazakhstan and Poland.

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.

In 2012, Airbus Military delivered one C212 aircraft to Vietnam and one C212 aircraft to Thailand.

New Product Development

A400M. 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. Airbus Military'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 174 aircraft, with 170 allocated to the seven launch customer nations and four to one export customer, Malaysia. In addition, there are ten options (seven for Germany and three for the UK). Airbus Military will seek additional export opportunities for the A400M while providing in-service support for customers following entry into service.

The flight test campaign is progressing and had logged more than 4,500 flight test hours and around 1,500 flights by the end of 2012. The programme target for 2013 is to achieve Initial Operating Clearance (IOC) during the first quarter and deliver a total of four aircraft during the remainder of the year, with the first customer delivery (to the French Air Force) targeted for the second quarter. At the end of 2012, four aircraft were in the final assembly line and 13 additional aircraft were in various stages of production. A full production rate of 2.5 aircraft per month is targeted for 2015.

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. Airbus Military's 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.

Airbus Military support centres 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. Airbus Military has also expanded its service capabilities in the Middle East through the recent creation of a new subsidiary in Saudi Arabia (ECAS).

As new products are introduced, Airbus Military service centre capabilities are continually updated to support them. For example, Airbus Military is currently working on development of ILS tasks, products and associated services to support the A400M's entry into service. Negotiations on in-service support for France (the first A400M customer), the United Kingdom and Turkey are on-going.

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. As part of that strategy, Airbus Military Customer Services created a dedicated organisation in 2012 in order to reinforce its bidding capabilities, and to identify and capture aviation services opportunities in the target segment.

Finally, Airbus Military has the capability to design, develop, produce and give assistance with training at different levels of complexity. An Airbus Military training centre is 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 m². A site nearby which is dedicated to customer services includes a training centre with a surface area of 383,644 m².

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 m². Other assemblies, composite and metallic parts are manufactured in Puerto de Santa Maria (Cadiz), with a surface area of 78,840 m².

Finally, at its Getafe factory, Airbus Military has specialised engineering, design and manufacturing facilities, where it conducts, among other things, work on the A330 MRTT.

1.1.3 Eurocopter

Introduction and Overview

Eurocopter 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.

Eurocopter delivered 475 helicopters in 2012 (503 in 2011) and received 492 gross orders in 2012 (compared to 472 gross orders in 2011). After accounting for cancellations, net order intake for 2012 was 469 helicopters (compared to 457 helicopters in 2011). Civil contracts accounted for 69% of this order volume, with military sales representing the remaining 31%. As of 31 December 2012, Eurocopter's backlog of helicopter orders was 1,070 aircraft (compared to 1,076 aircraft in 2011).

In 2012, Eurocopter recorded total revenues of €6.3 billion, representing 11.1% of EADS' revenues.

Strategy

Eurocopter aims at further strengthening its position and increasing its services revenues in order to achieve sustained profitable growth. To achieve these goals, Eurocopter is actively:

Implementing an Ambitious Product and Services Policy

With the aim of maintaining market leadership and technological superiority, Eurocopter will continue to strongly invest in the renewal of its comprehensive products and services lines of civil and military helicopters. Accordingly, Eurocopter is currently focused on launching a number of platform upgrades and other new developments, in particular in the medium and medium-heavy segments of the market (e.g., EC175 and X4), so as to incorporate the latest innovations. Through a combination of core technological solutions with high-value customisation capabilities, Eurocopter seeks to offer a cost-effective solution to both civil and military customers with multi-mission needs. The latest products launched on the market (like the EC145 T2 and the EC130 T2) have received a very positive customer response.

In addition, Eurocopter will seek 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 Eurocopter's latest products developments, aimed equally at generating future revenues and increasing customer satisfaction. Eurocopter 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

Eurocopter's business model is heavily focused on exports, and growth of its global footprint will remain 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, Eurocopter will seek to further develop its industrial footprint in potential growth markets such as Russia, China and India. Through such international expansion, Eurocopter 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

Following implementation of the "SHAPE" transformation programme in 2010, Eurocopter is pursuing further improvement initiatives to build an ever leaner and efficient company and thereby bolster its competitiveness. In this regard, Eurocopter has launched the "LEAN" initiative across the whole value chain in order to increase efficiency. This is intended to result in shorter product development time, faster production cycles and enhanced customer service.

Market

Market Drivers

The value of turbine helicopters delivered worldwide grew from an estimated € 18 billion in 2011 to an estimated € 20 billion in 2012, according to Eurocopter 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 Eurocopter is a leader in each market segment, provide transport for corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Eurocopter market data indicates that in 2012, worldwide deliveries of civil turbine helicopters stood at approximately 880 units.

Demand for military helicopters is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Eurocopter 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. Eurocopter market data indicates that in 2012, worldwide deliveries of military helicopters stood at 698 units.

Competition

Eurocopter's main competitors in the civil and parapublic sector are Agusta-Westland, Sikorsky and Bell Helicopter. The civil 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. Nevertheless, with the introduction of the Tiger, NH90 and EC725 and with a more aggressive approach to international industrial cooperation, Eurocopter's share of the global market for military helicopters has increased. In 2012, Eurocopter ranked third in the military sector by deliveries in a market still dominated by US manufacturers and, more recently, Russian manufacturers. Eurocopter's main competitors in the military sector are Agusta-Westland in Europe, and Sikorsky, Boeing and Bell Helicopter (a division of Textron Inc.) in the US. Russian manufacturers have been aggressive particularly in the Asian and Latin American markets. Military sales accounted for 46% of Eurocopter's revenues in 2012.

Customers

Almost 3,000 operators currently fly Eurocopter helicopters in 148 countries, forming a broad base for Eurocopter's customer support activities. 85% of Eurocopter's customers have fleets of between one and four helicopters. Eurocopter's principal military clients are European MoDs, as well as MoDs in Asia, the US and Latin America. In the civil and parapublic sector, Eurocopter has a leading market share in Europe, the US and Canada.

The versatility and reliability of Eurocopter products have made them the preferred choice of the most prominent customers. The world's largest offshore operators (such as Bristow, CHC, Era and PHIL) use Eurocopter helicopters for passenger transport and offshore oil industry support. In the emergency medical services market segment, Eurocopter helicopters 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 Eurocopter products.

Eurocopter's marketing strategy is strongly leveraging on the scale of its global network. Eurocopter's 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. Eurocopter 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

Eurocopter 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 Eurocopter's existing product line, consisting of optimised products for different mission types:

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

(1) Parapublic 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

Eurocopter's 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, Eurocopter 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, the lightweight single-engine EC130 T2, and the medium-class EC175. The EC145 T2 incorporates Eurocopter's 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. For the EC130 T2 version – delivered to customers starting in late 2012 – Eurocopter has incorporated a new turboshaft engine and gearbox, providing a higher maximum take-off weight and increased flight speeds.

In addition, Eurocopter and Chinese AVIC II Corporation have launched the joint development and production (on a 50/50 basis) of the EC175, a civil helicopter in the 7-tonne category, which will broaden both partners' product ranges. The development phase began in 2006; aircraft certification and first deliveries are targeted for 2013.

For its next-generation helicopter family, Eurocopter 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, while providing pilots with a new way of flying a helicopter.

Military Range

Eurocopter's military range comprises platforms derived from its commercial range (such as the EC725 derived from the EC225) as well as purely military platforms for governmental development programmes (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 Eurocopter, 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. Eurocopter's share of NHI is 62.5%. There were 35 NH90 deliveries in 2012, for a cumulative total of 135 deliveries as of the end of 2012.

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. The Tiger has been recently deployed in Afghanistan by the German forces and by the French Armed Forces since 2009 with three helicopters permanently on site, and in Libya for a few months in 2011. There were 10 Tiger deliveries in 2012, for a cumulative total of 96 deliveries as of the end of 2012.

1.1.4 Astrium

Introduction and Overview

Astrium 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 conducts 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 Ariespace (Ariane 5 launcher), Starsem (Soyuz launcher) and Eurokot (Rockot launcher).

In 2012, Astrium recorded total revenues of €5.8 billion, representing 10.3% of EADS' revenues.

Customer Services

With nearly 3,000 operators in 148 countries, Eurocopter has a large fleet of more than 11,827 in-service helicopters to support. As a result, customer service activities to support this large fleet generated 42% of Eurocopter's revenues for 2012. Eurocopter's customer service activities consist primarily of maintenance, repairs, spare parts supply, training and technical support. In order to provide efficient worldwide service, Eurocopter has established an international network of subsidiaries, authorised distributors and service centres. Further, in order to meet globalising customer demand, Eurocopter has been extending its range of customer services. Eurocopter plans to pursue this expansion in order to offer its customers advanced services that are tailor-made to their operations. Eurocopter's 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

Eurocopter's 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 has an industrial site in Columbus, Mississippi, which is dedicated to the assembly and delivery of light utility helicopters for the US government. 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 (Eurocopter's Brazilian subsidiary) is now producing, assembling and maintaining EC725 helicopters acquired by the Brazilian armed forces in addition to the Ecureuils.

Eurocopter 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.

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.

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. As prime contractor for a range of applications such as welfare and military secured communications, 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. In 2012, 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 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. 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. New

budgets were approved at the 2012 ESA Ministerial Conference and will pave the way for future European programmes in which Astrium Satellites 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, GMES) and scientific missions. There is also considerable export demand for Earth observation systems, for which EADS 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 the Paz SAR Earth observation contract in Spain 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 (69 ordered to date), the latest version of which is the Eurostar E3000.

In 2012, Astrium Satellites signed contracts for two commercial telecommunication satellites for Russian operator RSCC (Express AM4R and AM7) and for the Arabsat 6B augmented mission. It launched four telecommunication satellites in 2012: Yahsat 1B (April 2012), Astra 2F (September 2012), Eutelsat 70B (December 2012) and Skynet 5D (December 2012).

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 2012, Astrium was selected by ESA as prime contractor for the Solar Orbiter mission that will perform close-up observation of the sun. Solar Orbiter is the first mission in ESA's Cosmic Vision programme to start its implementation phase and is scheduled for launch in 2017. In addition, Astrium Satellites was recently selected by ESA to provide the EUCLID payload, and NASA selected Astrium in 2012 to build the two Grace follow-on satellites, a mission to study the Earth's gravity field. The German Space Agency DLR also selected Astrium to lead the first phase of DEOS, a German robotic mission to demonstrate the technology to repair, refuel or de-orbit satellites.

Astrium Satellites launched three Earth observation satellites in 2012: Spot 6 (September 2012), Metop B for EUMETSAT (September 2012) and Pleiades 2B (December 2012).

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, followed by the testing of this partial system. After the successful launch of the first two Astrium Galileo IOV satellites in 2011, the second pair of Astrium IOV satellites were launched in late 2012. 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.

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 2012, Astrium Satellites' Products unit delivered major equipment for the programmes Meteosat Third Generation, BepiColombo, SoLo, EDRS, Sentinel 4 and 5. In addition to stable business with existing customers in the US and Asia, new customers were acquired in Russia and Singapore. The signature of export contracts on the delivery of equipment for the next generation GLONASS navigation system was a decisive achievement towards a long-term supplier status for this Russian programme.

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.

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 fourth ATV "Albert Einstein" was shipped to Kourou in August 2012 for final assembly and testing and is expected to be launched in April 2013.

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-SM (Multiple Purpose Crew Vehicle – 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 2012, Arianespace signed a total of ten launch contracts for geostationary satellites. It conducted seven Ariane launches, which placed 12 telecommunication satellites and one ATV

into orbit. Since the first Ariane 5 launch in 1996, 67 Ariane 5 rockets have been launched with 53 successful launches in a row since Astrium Space Transportation became the prime contractor in 2003. In 2012, Arianespace performed the first launch of Vega from Kourou. Arianespace is now able to provide a full range of launch services with a 3 launchers, Vega from 1 to 20 payload class.

- *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. In 2012, Starsem performed 10 Soyuz launches from Baikonour and Plesetsk, including to launch the Astrium built Metop B.
- *Eurockot*. Astrium Space Transportation (51%) and Khrunichev (49%) jointly control Eurockot Launch Services, which provides launch services for small, low-Earth orbit satellites with Rocket launchers derived from SS-19 ballistic missiles. In 2012, the ESA and Eurockot signed two new satellite launch service contracts in support of the European GMES (Global Monitoring for Environment and Security) programme. These contracts cover the launch of the Sentinel-2A and Sentinel-3A satellites. In 2013, Eurockot will launch 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. Given the commercial success of Ariane 5, Astrium Space Transportation signed a contract with Arianespace in 2009 for the production of 35 Ariane 5 launchers, in addition to the batch of 30 Ariane 5 launchers ordered in 2004. In 2012, Astrium Space Transportation delivered six Ariane 5 launchers to Arianespace.

In 2012, the European Union awarded a contract to Astrium Space Transportation to adapt Ariane 5 to make it capable of launching four Galileo satellites at the same time. In addition, the 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, M2, M20, M4 and M45, Astrium Space Transportation is now under contract to develop and produce the M51 with increased technical and operational capabilities. With the successful 4th flight test and acceptance launch in 2010, the M51.1 is set to soon enter service on France's nuclear-powered ballistic missile submarines.

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, aero, land, media, non-governmental organisations and government/defence. It offers mobile and fixed connectivity services from multiple satellite network operators, both directly and through a network of 400 service provider partners. The integration of Vizada has enhanced Astrium Services' range of solutions and strengthened its presence globally.

In April 2012, Astrium Services also completed its majority stake acquisition in Space Engineering, the Italian specialist in telecommunications and radar technology. This investment demonstrates Astrium's commitment to developing its activities in Italy.

Products and Services

Military and government communications. In 2003, the UK MoD 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 was launched at the end of 2012.

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 a joint venture with ND Satcom operates the system on a long-term basis and provides additional capacity from commercial operators.

In the US, following the integration of Vizada, Astrium Services was awarded a Custom SATCOM Solutions (CS2) contract by the US General Services Administration as part of the US government's Future COMSATCOM Services Acquisition (FCSA). This contract vehicle aims to provide customised, end-to-end, satellite communication solutions to US government agencies anywhere in the world.

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.

Commercial communications. With the integration of Vizada, Astrium Services has expanded its satellite telecommunication in the commercial market. Astrium Services' more than 200,000 end-users benefit from access to these satellite telecommunications services wherever they are in the world. These include merchant shipping vessels, emergency response organisations, global media companies, telecommunication and internet service providers, and business and civil aviation. Astrium Services works with the broadest range of network providers in the industry, including Inmarsat, Iridium, Thuraya, Eutelsat, Intelsat, Loral, New Skies and SES. In November 2012, Astrium Services and SES extended VSAT coverage and service to deliver connectivity to vessels around Latin America as well as in the North Sea, Mediterranean Sea, Red Sea and Gulf of Aden. With this contract, Astrium Services will renew capacity on the SES-4 satellite to provide its customers with managed services for maritime business communications, tracking equipment and engine performance as well as ensuring that crew at sea may stay connected.

1.1.5 Cassidian

Introduction and Overview

Cassidian 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

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 launched to complete the constellation providing images distributed by Astrium Services. With Pleiades 1B joining its twin, Pléiades 1A, in orbit, two very-high-resolution satellites will 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 will bring 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 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). With the integration of Vizada, 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).

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 2012, Cassidian recorded total revenues of €5.7 billion, representing 10.2% of EADS' revenues.

Strategy

Cassidian is seeking to grow its defence and security revenues, expand its services business and continue its global growth. To achieve these goals, Cassidian is actively:

Focusing on Core Business Sectors

Within the context of increasing budgetary constraints on public spending in its European home markets, Cassidian will seek to maintain its leadership in core areas (such as combat aircraft, missiles, electronics and systems) while simultaneously streamlining its portfolio through selected investments and focusing its effort on the most promising profitable growth sectors such as:

- the unmanned aerial systems market, which is a dynamic and growing sector within the aerospace industry. Cassidian's acquisitions of Surveycopter and Rheinmetall's unmanned aerial vehicle business over the past two years have enabled Cassidian to offer a larger and more competitive portfolio in this sector, thereby reinforcing its market position;
- the security market, which is growing significantly across the world with less constraints on establishing a global presence than in the traditional defence sector. In order to secure sustainable profitable growth in this segment, Cassidian will seek to concentrate on areas where it is best positioned (such as border security and emergency response), while increasing overall returns through development of more standardised customer solutions and additional internal sourcing. Moreover, Cassidian will continue its move into the cyber security market through organic development and selected acquisitions; and
- the services market, where Cassidian will seek to enhance its offering of comprehensive packages of mission critical services to its customers at home and abroad. This service portfolio ranges from consultancy, concept development and simulation, to through-life support of aerial platforms, fleet and flight service, training, operation and outsourcing.

Improving Competitiveness

Considering the ever stronger competition Cassidian faces across its entire portfolio in both its traditional and its new markets, Cassidian is seeking to increase its competitiveness. In order to do so, Cassidian has decided to launch a comprehensive improvement programme called "Simplify", with a focus on three levers:

- improving cost structures through more efficient processes and headcount reductions;
- improving programme delivery through the application of LEAN methodology as well as the development of standardised customer solutions for global re-use and an enhanced internal value chain; and
- reducing complexity through a more streamlined organisation with reduced bureaucracy, clear accountabilities and decision making processes.

Consolidating in Home Markets while Becoming a Global Player

In order to prepare the way for long-term growth, Cassidian's home markets (France, Germany, Spain and the UK) continue to play a crucial role despite the challenging budget situation. Besides the consolidation of its business in these traditional home markets, Cassidian will seek to expand its industrial footprint in other markets with significant growth potential, such as the Middle East, South America and India. It intends to do so not only by targeting key contract tenders, but also through development of a long-term industrial presence in order to be considered as a trusted local player by potential customers.

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 2012 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 2012, 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 355 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 2012. 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 200 networks delivered in 67 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 EADS, 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 EADS (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.

Emiraje Systems. Emiraje Systems LLC is a joint venture established in 2009 between C4 Advanced Solutions LLC (C4AS) (51%), a wholly owned subsidiary of the Emirates Advanced Investments group, and Cassidian (49%) for the purpose of building a strong lead systems integration capability within the United Arab Emirates and bringing the most advanced C4ISR solutions to United Arab Emirates customers and to the wider circle of Middle East customers.

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 EADS and Alenia Aermacchi (Finmeccanica Group), with EADS' 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 CO₂ emissions. In 2012, ATR delivered 64 new aircraft (compared to 54 in 2011) and recorded orders for 74 new aircraft (compared to 157 in 2011).

As of 31 December 2012, ATR had a backlog of 221 aircraft (compared to 224 in 2011). The current backlog represents close to three years of deliveries, with at least 80 targeted for 2013. The relative lower operating cost and reduced CO₂ 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 EADS 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 (Rocheft, Mégnac and Toulouse). The Mégnac site is entirely dedicated to the ATR business. The Toulouse site (design office branch) is located near Airbus. Rocheft, 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 EADS. 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 has also supplied more than 100 Eurocopter HH-65 helicopters to the Coast Guard for its homeland security missions.

Daher-Socata

In 2009, EADS 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

EADS 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 EADS (Rafale and Eurofighter) and to facilitate a "Chinese wall" approach, EADS' Dassault Aviation shareholding is managed by EADS Corporate, whereas the Eurofighter programme is managed by Cassidian.

In 2012, Dassault Aviation recorded orders totalling €3.3 billion (compared to €2.9 billion in 2011), including 58 net orders for Falcon business jets (compared to 36 net orders in 2011). Consolidated revenues amounted to €3.9 billion in 2012 (compared to €3.3 billion in 2011), with consolidated net income of €510 million (compared to €323 million in 2011). Dassault has approximately 11,500 employees, of which more than 60% 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 optonics.

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 EADS (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 2,900 employees who work on the design and manufacturing of around 6 million detail parts and panels and more than 500 sections of the Airbus nose fuselage.

The standalone company operates with four operational Directorates (Engineering, Operations, Procurement, Programmes & Commercial) and four support Directorates (Quality, Finances, Human Resources, Strategy & Communications), which are geographically located on three sites: Méaulte (1,350 employees), St-Nazaire (650 employees) and Toulouse (400 employees). In 2009, a fourth site was launched in Tunisia (target is to have 750 employees by 2014). The design office, based in Toulouse, combines the skills of approximately 250 engineers and employees, coming for the most part from the Airbus design offices.

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, ATR, Latecoere, Sonaca, Sogerma, Stork Fokker, Piaggio, SAAB and SABCA.

Premium AEROTEC

Premium AEROTEC is a wholly owned subsidiary of EADS (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

EADS 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 EADS 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 2012 was the development, design and structuring of efficient and appropriate corporate and project-related insurance solutions based on the individual needs of the Divisions.

IRM's mission includes the definition and implementation of EADS' strategy for insurance risk management to help ensure that harmonised insurance policies and standards are in place for all insurable risks underwritten by the Group. A systematic review, monitoring and reporting procedure is in place, in close relationship with insurance managers in charge of the Divisions, to assess the exposure and protection systems applicable to all EADS 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.

EADS' insurance programmes cover high risk exposures related to the Group's assets and potential 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 replacement 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 as 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.

EADS follows a policy of seeking to transfer the insurable risk of EADS 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 EADS' mandatory standards of insurance protection.

However, to be more independent from the volatilities of the insurance markets, EADS 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 EADS.

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 contract further in light of new solvency requirements. No assurance can be given that EADS will be able to maintain its current levels of coverage on similar financial terms in the future.

1.1.9 Legal and Arbitration Proceedings

EADS 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, EADS 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 EADS N.V.'s or the Group's financial position or profitability.

Regarding EADS' provisions policy, EADS 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 EADS 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 EADS is not a party, EADS 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 is still carrying out an investigation based on the same facts. It is expected that the investigating judge will decide later in 2013 on whether to close the file (*ordonnance de non-lieu*) or to bring the case to trial (*renvoi devant le tribunal correctionnel*).

CNIM

On 30 July 2010, *Constructions Industrielles de la Méditerranée* ("CNIM") brought an action against EADS and certain of its subsidiaries before the commercial court of Paris, alleging anti-competitive practices, breach of long-term contractual relationships and improper termination of pre-contractual discussions. CNIM is seeking approximately €115 million in damages on a joint and several basis. On 12 January 2012, the court rejected all of CNIM's claims, following which CNIM filed for appeal.

GPT

Prompted by a whistleblower's allegations, EADS has conducted internal audits and commissioned an external investigation relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that EADS acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its

acquisition by EADS, relating to activities conducted by GPT in Saudi Arabia. Following the allegations, EADS 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, EADS 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 EADS 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 EADS to the SFO in March 2012. Separately, in August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. EADS 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. EADS is cooperating fully with this investigation, and has also engaged external legal counsel to conduct an independent review of the matter.

1.1.10 Research and Technology, Intellectual Property

Research and Technology

EADS has a Research and Technology leadership team across the Divisions, implementing a streamlined approach to capture synergies. Management focuses Research and Technology spending on a number of larger projects, thereby ensuring more concentrated investment of funds in strategic directions. In addition, global Research and Technology collaboration continued to grow outside Europe in order to access a diverse pool of scientific and engineering expertise. Partnerships with leading research institutes expanded in Canada, India, Russia, Singapore, China and the US.

Performance and Best Practices

The Research and Technology Strategic Approach

Strategic obligations for EADS include the development of core competencies and technologies for platform and platform-based systems architecture and integration. In parallel, EADS strives to keep the innovation pipeline flowing in order to replace ageing technologies and processes.

Building on the identification, evaluation and prioritisation of critical technologies for the Group, EADS is shaping a technological policy that seeks to strengthen Group synergies and is aimed at maintaining – and when needed, increasing – EADS' Research and Technology efforts. Each Division is responsible for proposing its own targets, as well as for securing public and private Research and Technology funding.

The EADS Research and Technology strategy is driven by:

- shareholder value: a stringent, leading-edge Research and Technology portfolio that seeks to enable seamless introduction of new technology on future products and a strong return on investment;
- customer satisfaction: high-value solutions that meet the technological, performance, safety and cost-competitive pressures that challenge the future;
- upstream contribution to successful on-time, on-quality and on-price introduction of new products and processes;

- technology leadership to fuel business growth; and
- societal responsibility: Research and Technology solutions that contribute to mobility, environmental protection, safety and security requirements.

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 EADS, and also manages information technology, Group quality operations and Intellectual property. The CTO is a Member of the Executive Committee and has responsibility for the entire Research and Technology budget and Research and Technology production within EADS. 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 EADS 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 EADS Innovation Works – 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 EADS Innovation Works.

The CTO steers the EADS-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 EADS Innovation Works reports to the CTO. EADS Innovation Works 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 EADS Research and Technology strategy, EADS Innovation Works 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.

EADS Innovation Works 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. EADS operates Research and Technology centres in the UK, Spain, Singapore and India. It also operates two offices in the US and China.

EADS Innovation Works and the EADS 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 EADS' technologies and products. The use of Intellectual property rights enables EADS to remain competitive in the market and to manufacture and sell its products freely, and to prevent competitors from exploiting protected technologies. It is EADS' policy to establish, protect, maintain and defend its rights in all commercially significant Intellectual property and to use those rights in responsible ways. The value proposition of EADS' Intellectual property is also leveraged through EADS' technology licensing initiative, as discussed below.

Organisation

The general management of Intellectual property in EADS is conducted through an Intellectual property Council led by the EADS Chief Intellectual property Counsel. Executives responsible for Intellectual property at the Divisions sit on this council.

Each of the Divisions and EADS Innovation Works 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). EADS also owns Intellectual property directly or under licence agreements with its Divisions. EADS 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. EADS 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 EADS 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 (EADS Research and Technology network rules).

In 2011, the EADS Intellectual property portfolio comprised approximately 9,500 inventions (approximately 9,000 in 2010),

which are covered by more than 33,000 patents throughout the world. 1,018 priority patents were filed in 2011, which gives an indication of the greater momentum in Research and Technology and product development. For international patent protection, EADS uses the Patent Cooperation Treaty, which provides a simplified system for international patent filing.

In 2009, EADS 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. EADS' technology licensing initiative seeks to generate revenues by exploiting EADS' 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. EADS 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 EADS' 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 EADS' 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 EADS' environmental policy in pursuit of eco-efficiency, EADS 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 EADS' 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 EADS Environmental Network; and
- complying with the Group's reporting obligations and ensuring a consistent standard of reporting by the Group's entities.

EADS 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. EADS 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.

EADS 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.

EADS 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 EADS, 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, CO₂ and volatile organic compound (VOC) emissions; 30% reduction of energy consumption; 20% sourcing of energy from renewable sources; pursuit of 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, EADS 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. EADS 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, and making them proud to work for 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. EADS' main target is to design or identify "true" environmentally-friendly 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 EADS' 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 engine 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. Environmentally-friendly materials have been favoured throughout the design of the A350 XWB. Some typical examples are hydraulic fluid, and batteries. Each part of the aircraft has been optimised for increased eco-efficiency.

Operating in the Most Efficient Way

The most obvious way to cut CO₂ 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 CO₂ emissions can be achieved through the use of alternative fuels. EADS is pioneering the development of sustainable biofuels, made from biomass feedstock that through their total lifecycle produce lower CO₂ emissions than conventional fossil fuels. EADS has been working with a broad range of partners – universities, farmers, airlines and refineries as well as standard-setting organisations – to develop "drop-in" biofuels that can be used in current aircraft without modification. Airbus currently has six value chain projects in place in Romania, Spain, Qatar, Brazil, Australia and China, and is pursuing projects in South Africa and Canada. It also supports airlines with their commercial operations using biofuels 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 alternative fuels worldwide. Airbus' alternative fuels strategy is based around being the catalyst in the search for sustainable solutions for the production of affordable alternative fuels in sufficient commercial quantities to face the environmental challenges for aviation.

EADS 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. EADS 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, biofuels and optimised air traffic and flight procedures for modern aircraft can all lead to a significant drop in CO₂ emissions. This was demonstrated in June 2012 when Airbus and Air Canada performed a flight using an Airbus A319 that reduced CO₂ 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.

Environmental Management (ISO 14001/EMAS)

ISO 14001 is an internationally recognised standard of environmental management system efficiency for businesses and organisations. EADS 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 EADS' manufacturing sites, and approximately 90% of EADS' 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 2012, Astrium France successfully completed the ISO 14001 re-certification process. Numerous Eurocopter sites were also ISO 14001 certified in 2012, in particular Eurocopter UK, Helibras Brazil and American Eurocopter (third party audit planned for second quarter 2013). In 2013, Cassidian is expected to obtain its first ISO 14001 certification for its Finnish sites, Airbus will go through the global re-certification process and Eurocopter will pursue the certification process for Eurocopter South Africa, Australian Aerospace and Motorflug.

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 EADS worldwide.

Reducing EADS' 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 EADS to communicate on its environmental impact, and on the reduction projects implemented through the Divisions to achieve the 2020 targets. The EADS-wide environmental reporting system was implemented five 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 EADS are externally audited every year.

In 2012, numerous initiatives were launched at the Division and site level to reduce the Group's environmental footprint by 2020:

- Airbus built new facilities that are state-of-the-art in terms of sustainable buildings, designed to improve the energy efficiency of industrial activities based on lean manufacturing principles, while also reducing the environmental impact. For example, the A350 XWB North Factory, in Broughton, UK, was assessed "excellent" in the BREEAM methods, thanks to biomass boilers as a primary source of heating, photovoltaic solar tracking arrays, a new drainage system to collect rainwater and many other building management system improvements.
- Eurocopter built new buildings in Donauwörth using low energy consumption technologies and geothermal energy, and created a car park covered by 16,000 m² of solar panels. Eurocopter

also strengthened partnerships to move towards green logistics (with SDV and DHL mainly) to develop carbon off-sets and direct carbon reductions.

- Cassidian and Astrium launched some renovation campaigns (roofing, insulation, etc.), changed some compressed air systems, implemented presence sensors for lighting control and encouraged local initiatives to reach ambitious 2020 objectives.

In addition to numerous facility management improvements, EADS 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 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 over an 11-year period, which is intended to reduce the risks that the 30,000 most frequently used chemicals may cause. The regulation will also bring 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 EADS 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 standardised possible solutions. While proactively moving towards the elimination of these substances, EADS and its Divisions are committed to the highest achievable control of emissions, in full compliance with the applicable regulatory framework.

1.1.12 Employees

As of 31 December 2012, the EADS workforce amounted to 140,405 employees (compared to 133,115 employees in 2011 and 121,691 employees in 2010), 96.6% 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 2012, 11,080 employees worldwide joined EADS (compared to 8,238 in 2011 and 5,047 in 2010). At the same time, 4,042 employees left EADS (compared to 3,666 in 2011 and 3,213 in 2010).

In total, 92.6% of EADS' active workforce is located in Europe on more than 100 sites.

Workforce by Division and Geographic Area

The tables below provide a breakdown of EADS 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 2012	31 December 2011	31 December 2010
Airbus	73,500	69,300	62,751
Eurocopter	22,435	20,759	16,760
Astrium	17,038	16,623	15,340
Cassidian	21,573	20,923	21,181
Headquarters	2,904	2,665	2,430
Other Businesses	2,955	2,845	3,229
Total EADS	140,405	133,115	121,691

Employees by geographic area	31 December 2012	31 December 2011	31 December 2010
France	52,147	48,394	45,580
Germany	49,442	47,051	43,966
Spain	11,021	10,701	10,498
UK	14,894	13,467	12,813
Italy	464	480	487
US	3,245	2,829	2,692
Other Countries	9,193	10,193	5,655
Total EADS	140,405	133,115	121,691

% Part time employees	31 December 2012	31 December 2011	31 December 2010
France	4.1%	4.1%	4.1%
Germany	4.0%	3.9%	3.7%
Spain	0.8%	0.9%	0.7%
UK	2.1%	2.2%	2.1%
US	0.5%	1.4%	0.7%
Other Countries	2.4%	2.8%	2.8%
Total EADS	3.4%	3.5%	3.4%

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 EADS for the year ended 31 December 2010, 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 19 April 2011 and filed in English with the Chamber of Commerce of The Hague;
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS 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 EADS for the year ended 31 December 2012, 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.eads.com (Investor Relations > Events and Reports > 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

New Board Approves Launch of Share Buyback Programme

On 2 April 2013, the new Board of Directors approved an 18-month share buyback programme (the “**Buyback**”) of up to €3.75 billion. The Buyback is to be carried out in accordance with the authority conferred by the Company's shareholders at the Extraordinary General Meeting of Shareholders held on 27 March 2013 for a repurchase of up to 15% of EADS' issued and outstanding share capital and at a maximum price of €50 per share.

The programme reflects current market conditions as well as EADS' balanced approach to organic and external growth while preserving a conservative financial policy and sustainable returns to shareholders.

The Buyback is planned to be financed by cash available on the balance sheet. It is also expected to be earnings accretive.

The Buyback may be carried out by any means, including on stock exchange, in private purchase or via derivative products, subject to market conditions, applicable legal requirements, and other applicable laws. EADS will disclose the results of the Buyback in accordance with its disclosure obligations.

The Buyback will enable EADS to repurchase shares from all its shareholders. Shares acquired through the Buyback will be cancelled.

EADS' New Board of Directors

Following their appointment by the Extraordinary General Meeting of Shareholders held on 27 March 2013 and the effectiveness of such appointment on 2 April 2013, the following individuals now compose the Board of Directors of EADS:

Name	Age	Term started	Term expires	Principal function	Status
Manfred Bischoff	70	2000, re-elected in 2005	2016	Director of Royal KPN N.V. and UniCredit S.p.a. and Chairman of the Supervisory Boards of Voith AG and Daimler AG	Non-independent, Non-Executive Director
Ralph D. Crosby	65	First proposed to EGM in 2013	2016	Member of the Board of Directors of Serco Group PLC. and former Member of the Management Boards of Northrop Grumman Corporation and EADS N.V.	Non-independent, Non-Executive Director
Thomas Enders	54	2005, re-elected in 2012	2016	Chief Executive Officer of EADS N.V.	Executive Director
Hans-Peter Keitel	65	First proposed to EGM in 2013	2016	Vice President of the Federation of German Industries (BDI) and former Chief Executive Officer of Hochtief AG	Independent Non-Executive Director
Hermann-Josef Lamberti	57	2007 re-elected in 2012	2016	Member of the Supervisory Board of Carl Zeiss AG, Member of the Advisory Board of Barmenia Versicherungen, and former Member of the Management Board of Deutsche Bank AG	Independent Non-Executive Director
Anne Lauvergeon	53	First proposed to EGM in 2013	2016	Partner of Efficiency Capital and CEO of A.L.P.S.A.	Independent Non-Executive Director
Lakshmi N. Mittal	62	2007 re-elected in 2012	2016	Chairman and Chief Executive Officer of ArcelorMittal and Member of the Board of Directors of Goldman Sachs	Independent Non-Executive Director
Sir John Parker	70	2007, re-elected in 2012	2016	Chairman of Anglo American PLC, Deputy Chairman of DP World and former Chairman of the Board of Directors of National Grid PLC	Independent Non-Executive Director
Michel Pébereau	71	2007, re-elected in 2012	2016	Honorary President of BNP Paribas and Member of the Board of Directors of Saint-Gobain S.A. and Total S.A.	Independent Non-Executive Director
Josep Piqué i Camps	58	2012	2016	Chairman of Pangea21 Consultora Internacional and Chairman of Vueling	Independent Non-Executive Director
Denis Ranque	61	First proposed to EGM in 2013	2016	Member of the Board of Directors of Saint-Gobain S.A., former Chairman of the Board of Directors of Technicolor S.A., and former Chairman and Chief Executive Officer of Thales S.A.	Independent Non-Executive Director
Jean-Claude Trichet	70	2012	2016	Honorary Governor of Banque de France and former President of the European Central Bank	Independent Non-Executive Director

At its inaugural meeting, the new Board of Directors elected Denis Ranque as its Chairman and re-appointed Tom Enders as CEO. In addition, the new Board of Directors elected the members of the Audit Committee and the Remuneration & Nomination Committees.

Based on their strong experience in recent years, Sir John Parker and Hermann-Josef Lamberti were elected to continue serving as Chairmen of the Remuneration & Nomination Committee and Audit Committee, respectively.

Joining Sir John Parker in the Remuneration & Nomination Committee as members are Jean-Claude Trichet, Lakshmi N. Mittal and Hans-Peter Keitel.

Besides Hermann-Josef Lamberti, the Audit Committee is composed of Anne Lauvergeon, Michel Pébereau and Josep Piqué i Camps.

Jean-Claude Trichet and Anne Lauvergeon also sit on the Supervisory Board of the French national defence company, while Manfred Bischoff and Hans-Peter Keitel are Members of the German national defence company's Board of Directors. Their appointments in these national defence companies have received the consent of the respective governments of France and Germany.

At the Extraordinary General Meeting, shareholders also approved changes to the Company's Articles of Association and a possible share buy back (subject to market conditions).

Airbus Activates “Plan B” for the A350 XWB Batteries

On 15 February 2013, Airbus announced that it was confident that the lithium ion (Li-ion) main battery architecture it had been developing with Saft and qualifying for the A350 XWB aircraft was robust and safe, and that the A350 XWB flight test programme would continue as planned using the qualified Li-ion main batteries. However, given that the root causes of two prior industry Li-ion main batteries incidents remained unexplained to the best of Airbus' knowledge, and with a view to ensuring the highest level of programme certainty, Airbus decided to activate its “Plan B” and therefore to revert back to the proven and mastered nickel cadmium main batteries for its A350 XWB programme at entry into service. Airbus considers this to be the most appropriate way forward in the interest of programme execution and A350 XWB reliability.

In parallel, Airbus has also launched additional maturity studies on Li-ion main batteries behaviour in aerospace operations and will naturally take on board the findings of the ongoing official investigation. As a result of making this decision now, Airbus does not expect it to impact the A350 XWB entry into service schedule.

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

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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 EADS as of and for the years ended 31 December 2012, 2011 and 2010 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, EADS makes use of the non-GAAP measures "EBIT*", "net cash" and "free cash flow".

EADS 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 EADS 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 EADS' 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 €56.5 billion in 2012, EADS 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, EADS 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 2012, it generated approximately 79% of its total revenues in the civil sector (compared to 76% in 2011) and 21% in the defence sector (compared to 24% in 2011). As of 31 December 2012, EADS' active headcount was 140,405 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:

Year ended	Average		Year End	
	€-US\$	€-£	€-US\$	€-£
31 December 2010	1.3257	0.8578	1.3362	0.8608
31 December 2011	1.3920	0.8679	1.2939	0.8353
31 December 2012	1.2848	0.8109	1.3194	0.8161

2.1.1.2 Reportable Business Segments

EADS organises 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;
- **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**" mainly consist of the development, manufacturing, marketing and sale of regional turboprop aircraft, aircraft components as well as the Group's activities managed in the US.

2.1.1.3 Significant Programme Developments and Related Financial Consequences in 2010, 2011 and 2012

A380 programme. In 2010, EADS made significant progress on the learning curve, leading to an improvement of the gross margin per aircraft. However, the A380 programme continued to weigh significantly on underlying performance. In 2011, continued progress on the learning curve led 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.

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, EADS recorded an adjustment on the loss-making contract provision of €0.2 billion 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 EADS recorded a charge of €-124 million. The A350 XWB programme remains on track based on the revised schedule, with the final assembly line fully operational.

The structural assembly of the first flyable plane, "MSN1", was completed and "electrical power on" accomplished. Another milestone was achieved in February 2013 with the award of the European Aviation Safety Agency's Engine Type Certification for the Trent XWB turbofan.

However, the A350 XWB programme remains challenging, and there is no room left in the schedule. Any schedule change could lead to an increasingly higher impact on provisions.

A400M programme. On 5 November 2010, EADS/Airbus/AMSL, 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. The on-going technical progress on the A400M programme resulted in the recognition of A400M-related revenues of €1.0 billion in 2010, including a partial utilisation of the A400M loss provision of €-157 million. Further technical progress on the A400M programme resulted in the recognition of A400M-related revenues of €0.8 billion in 2011 and €0.5 billion in 2012.

Civil and military certification for the A400M is expected in the first quarter of 2013, with the first delivery due in the second quarter and a total of four deliveries expected during 2013. Full military capabilities will be achieved over time and challenges remain until then.

2.1.1.4 Current Trends

Airbus is targeting approximately 600 to 610 commercial aircraft deliveries in 2013, as well as a level of gross commercial aircraft orders that is above deliveries, in the range of approximately 700 commercial aircraft orders. 25 A380 deliveries are targeted for 2013, as Airbus works to resolve the wing rib issue through on-going retrofit repairs on already delivered aircraft and implementation of a new production standard for future aircraft. A further expense of approximately €85 million is expected to be recorded in 2013 to cover the estimated wing rib feet repair costs on the 25 A380 aircraft targeted for delivery.

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 EADS' 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 20 November 2012, EADS 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. Eltra Holdings Pte Ltd. reported revenues of €31 million for the full year 2012.

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. Netasq reported revenues of €17 million for the full year 2012.

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. Carl Zeiss Optronics GmbH reported revenues of €110 million for the full year 2012.

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. Rheinmetall Airborne Systems GmbH reported revenues of €63 million for the full year 2012.

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. Space Engineering SpA reported revenues of €17 million for the full year 2012.

In the first half year 2012, Eurocopter 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. The acquired businesses reported revenues of €17 million for the full year 2012.

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 EADS 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, EADS N.V. purchased the remaining 25% of DADC Luft- und Raumfahrt Beteiligungs AG, Munich (Germany), from Daimler Luft- und 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%).

On 3 December 2010, Astrium GmbH acquired Jena-Optronik GmbH, Jena (Germany), one of the international leading providers of space sensors and opto-electronic instruments.

Disposals

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.

On 31 December 2010, Cassidian Air Systems sold its shares in ASL Aircraft Services Lemwerder GmbH to SGL Rotec GmbH & Co. KG, which intends to establish a production line for rotor blades at the Lemwerder site. The programme related assets and liabilities of the Eurofighter, Tornado, A400M and C160 programmes were transferred to Premium Aerotec GmbH.

Transactions with Non-Controlling Shareholders

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 EADS participates are currently underfunded. Accordingly, EADS has recorded a provision of €1.0 billion as of 31 December 2012 (compared to €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 €-1.1 billion has been recorded in total equity (net of deferred taxes) as of 31 December 2012 (compared to €-1.0 billion as of 31 December 2011) in accordance with IAS 19.

For further information related to EADS' 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 EADS 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., EADS 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, EADS 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, EADS performs an impairment test on the assets, group of assets, subsidiaries, joint ventures or associates likely to be affected. In addition, EADS 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 EADS' 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 EADS 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 EADS' consolidated income statement. No goodwill was impaired in 2010. In 2011 and 2012, the annual goodwill impairment tests within Other Businesses resulted in impairment charges of €20 million and €17 million, respectively.

2.1.2.5 Capitalised Development Costs

Pursuant to the application of IAS 38 "Intangible Assets", EADS 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. €145 million of product-related development costs were capitalised in accordance with IAS 38 in

2010, €97 million in 2011 and €488 million in 2012, the latter relating mostly (€366 million) to A350 XWB programme development costs.

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 €34 million in 2010, €116 million in 2011 and €171 million in 2012, the latter relating among others to the A380 programme and FSTA programme. The 2012 figure also includes an impairment of capitalised development costs at Cassidian (€74 million).

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 EADS' revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a lesser extent, pounds sterling. EADS 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. EADS 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, EADS 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

EADS' 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, Eurocopter and ATR, EADS 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 EADS 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. EADS' 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, EADS 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

EADS 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 EADS' 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 (such as the A350 XWB) 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. EADS' 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 EADS 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 EADS' 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 EADS 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 EADS.

For civil market 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 2012, 2011 AND 2010⁽¹⁾

	Year ended 31 December 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn	In percentage ⁽²⁾	Amount in €bn	In percentage ⁽²⁾	Amount in €bn	In percentage ⁽²⁾
Airbus ^{(3) (4)}	523.4	93%	495.5	92%	400.4	89%
<i>Airbus Commercial</i>	503.2	89%	475.5	88%	378.9	85%
<i>Airbus Military</i>	21.1	4%	21.3	4%	22.8	5%
Eurocopter	13.0	2%	13.8	2%	14.5	3%
Astrium	12.7	2%	14.7	3%	15.8	4%
Cassidian	15.6	3%	15.5	3%	16.9	4%
Total Divisional backlog	564.7	100%	539.5	100%	447.6	100%
Other Businesses	2.9		3.0		2.5	
HQ/Consolidation	(1.1)		(1.5)		(1.6)	
Total	566.5		541.0		448.5	

(1) Without options.

(2) Before "Other Businesses" and "HQ/Consolidation".

(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. See "— 2.1.1 Overview".

2012 compared to 2011. The €25.5 billion increase in the order backlog from 2011, to €566.5 billion, primarily reflects the strong order intake at EADS in 2012 (€102.5 billion), in particular at Airbus, which largely exceeded the revenues accounted for in the same year (€56.5 billion). 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 €86.5 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 (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.

2011 compared to 2010. The €92.5 billion increase in the order backlog from 2010, to €541.0 billion, primarily reflects the strong order intake at EADS in 2011 (€131.0 billion), which largely exceeded the revenues accounted for in the same year (€49.1 billion). In addition, the stronger US dollar spot rate used for conversion of the non-hedged portion of the backlog into euro at year end (€-US\$1.29 as compared to €-US\$1.34 at the end of 2010) had a positive impact on order backlog of approximately €15 billion.

Airbus' backlog increased by €95.1 billion from 2010, to €495.5 billion, reflecting a strong increase at Airbus Commercial. Airbus Commercial's backlog increased by €96.6 billion from 2010, to €475.5 billion, primarily reflecting a book-to-bill ratio of more than three with new orders of €117.3 billion and, to a lesser extent, the positive net foreign currency adjustment to the non-hedged portion of the order backlog. Order intake consisted of 1,419 net orders in 2011 (as compared to 574 in 2010), driven mainly by the A320neo (new engine option), which received 1,226 firm orders. Total order backlog at Airbus Commercial amounted to 4,437 aircraft at the

end of 2011 (as compared to 3,552 aircraft at the end of 2010). Airbus Military's backlog decreased by €1.5 billion from 2010, to €21.3 billion, reflecting a book-to-bill ratio of less than one with new orders of €0.9 billion. Order intake at Airbus Military consisted of five net orders in 2011 (as compared to 11 in 2010). Total order backlog at Airbus Military amounted to 217 aircraft at the end of 2011 (as compared to 241 aircraft at the end of 2010).

Eurocopter's backlog decreased by €0.7 billion from 2010, to €13.8 billion, reflecting a book-to-bill ratio of less than one with new orders of €4.7 billion. Order intake consisted of 457 net orders in 2011 (as compared to 346 in 2010), driven mainly by orders for civil helicopters, in particular Ecureuil and the EC145. Total order backlog amounted to 1,076 helicopters at the end of 2011 (as compared to 1,122 helicopters at the end of 2010).

Astrium's backlog decreased by €1.1 billion from 2010, to €14.7 billion, reflecting a book-to-bill ratio of less than one with new orders of €3.5 billion, driven mainly by commercial and institutional satellite orders.

Cassidian's backlog decreased by €1.4 billion from 2010, to €15.5 billion, reflecting a book-to-bill ratio of less than one with new orders of €4.2 billion. Order intake included a contract award for the first phase of the United Arab Emirates command and control system.

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 2012		Year ended 31 December 2011		Year ended 31 December 2010	
	Amount in €bn ⁽¹⁾	In percentage	Amount in €bn ⁽¹⁾	In percentage	Amount in €bn ⁽¹⁾	In percentage
Backlog:						
Civil Sector	516.9	91%	488.2	90%	390.2	87%
Defence Sector	49.6	9%	52.8	10%	58.3	13%
Total	566.5	100%	541.0	100%	448.5	100%

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

2.1.3.2 Use of EBIT*

EADS uses EBIT pre-goodwill impairment and exceptionals (EBIT*) as a key indicator of its financial 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 EADS.

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

(in €m)	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Profit before finance costs and income taxes	2,131	1,613	1,187
Disposal and impairment of goodwill	17	42	-
Exceptional depreciation/disposal	38	41	44
EBIT*	2,186	1,696	1,231

2.1.3.3 EBIT* Performance by Division

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

(in €m)	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Airbus ⁽¹⁾	1,230	584	305
<i>Airbus Commercial</i>	1,125	543	291
<i>Airbus Military</i>	93	49	21
Eurocopter	311	259	183
Astrium	312	267	283
Cassidian	142	331	457
Total Divisional EBIT*	1,995	1,441	1,228
Other Businesses	49	59	25
HQ/Consolidation ⁽²⁾	142	196	(22)
Total	2,186	1,696	1,231

(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) HQ/Consolidation includes results from headquarters, which mainly consist of the "share of profit from associates accounted for under the equity method" from EADS' investment in Dassault Aviation.

2012 compared to 2011. EADS' consolidated EBIT* increased by 28.9%, from € 1.7 billion for 2011 to € 2.2 billion for 2012, reflecting the increased EBIT* at Airbus, Eurocopter and Astrium. Partially offsetting this increase was a deterioration in EBIT* at Cassidian, Headquarters/Consolidation and Other Businesses in 2012.

Airbus' EBIT* increased by 110.6%, from € 0.6 billion for 2011 to € 1.2 billion for 2012, due primarily to an increase at Airbus Commercial. Airbus Commercial's EBIT* increased by 107.2%, 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 20.1%, from € 259 million for 2011 to € 311 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 16.9%, from € 59 million for 2011 to € 49 million for 2012, primarily due to a less favourable revenue mix. The 2011 EBIT* included a gain from a divestiture at EADS North America.

2011 compared to 2010. EADS' consolidated EBIT* increased by 37.8%, from € 1.2 billion for 2010 to € 1.7 billion for 2011, primarily reflecting the increased EBIT* at Airbus, Eurocopter and Headquarters/Consolidation. Partially offsetting this increase was a deterioration in EBIT* at Cassidian and Astrium in 2011.

Airbus' EBIT* increased by 91.5%, from € 0.3 billion for 2010 to € 0.6 billion for 2011, due primarily to an increase at Airbus Commercial. Airbus Commercial's EBIT* increased by 86.6%, from € 0.3 billion for 2010 to € 0.5 billion for 2011, mainly due to operational improvements, including higher aircraft deliveries (534 deliveries in 2011 with margin recognition for 536, as compared to 510 deliveries in 2010 with margin recognition for 508), positive

mix effects and an improvement in the price of delivered aircraft net of escalation. See “— 2.1.4.1 Consolidated Revenues”. Partially offsetting this EBIT* increase was an increase in research and development expenses, particularly for the A350 XWB programme, and a deterioration of hedge rates.

Airbus Military's EBIT* increased from €21 million for 2010 to €49 million for 2011, primarily due to a favourable delivery mix, operational improvements and overhead cost reductions.

Eurocopter's EBIT* increased by 41.5%, from €183 million for 2010 to €259 million for 2011, primarily due to a favourable mix effect in commercial deliveries and support activities as well as better operational performance. An increase in research and development expenses was roughly offset by cost savings. 2011 EBIT* includes a net charge of €-115 million mainly relating to governmental programmes and the “SHAPE” transformation programme.

Astrium's EBIT* decreased by 5.7%, from €283 million for 2010 to €267 million for 2011. The strong performance in the satellites and space transportation businesses was weighed down by lower activity in services, expenses related to the Vizada acquisition and a charge of €23 million booked for the “AGILE” transformation programme in 2011.

Cassidian's EBIT* decreased by 27.6%, from €457 million for 2010 to €331 million for 2011, primarily due to a significant increase in research and development expenses, a restructuring provision of €38 million in relation to its transformation programme and a net negative charge of €34 million on programmes in 2011.

The EBIT* of Other Businesses increased from €25 million for 2010 to €59 million for 2011, primarily due to increases at ATR and Sogerma as well as a gain from the divestiture of Defense Security and Systems Solutions (DS3) in EADS North America that was completed in May 2011.

Headquarters/Consolidation EBIT* improved from €-22 million for 2010 to €196 million for 2011, mainly due to an increased allocation of management fees to Divisions and positive impacts from Group eliminations in the fourth quarter of 2011.

Foreign currency impact on EBIT*. More than 60% of EADS' 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), EADS 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 EADS' 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 2012, cash flow hedges covering approximately US\$22.2 billion of EADS' 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”.

During 2011, cash flow hedges covering approximately US\$19.1 billion of EADS' US dollar-denominated revenues matured. In 2011, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €-US\$1.37, as compared to €-US\$1.35 in 2010. This difference resulted in an approximate €-0.2 billion decrease in EBIT* from 2010 to 2011, of which approximately €-0.2 billion 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 a positive effect of €0.2 billion on EBIT* compared to 2010.

2.1.4 Results of Operations

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

(in €m, except for earnings per share)	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Revenues	56,480	49,128	45,752
Cost of sales	(48,545)	(42,285)	(39,528)
Gross margin	7,935	6,843	6,224
Selling and administrative expenses	(2,864)	(2,408)	(2,312)
Research and development expenses	(3,142)	(3,152)	(2,939)
Other income	184	359	171
Other expenses	(229)	(221)	(102)
Share of profit from associates accounted for under the equity method and other income from investments	247	192	145
Profit before finance costs and income taxes	2,131	1,613	1,187
Interest result	(285)	13	(99)
Other financial result	(168)	(233)	(272)
Income taxes	(449)	(356)	(244)
Profit for the period	1,229	1,037	572
Attributable to:			
Equity owners of the parent (Net Income)	1,228	1,033	553
Non-controlling interests	1	4	19
Earnings per share (basic) (in €)	1.50	1.27	0.68
Earnings per share (diluted) (in €)	1.50	1.27	0.68

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

2.1.4.1 Consolidated Revenues

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

(in €m)	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Airbus ⁽¹⁾	38,592	33,103	29,978
<i>Airbus Commercial</i>	36,943	31,159	27,673
<i>Airbus Military</i>	2,131	2,504	2,684
Eurocopter	6,264	5,415	4,830
Astrium	5,817	4,964	5,003
Cassidian	5,740	5,803	5,933
Total Divisional revenues	56,413	49,285	45,744
Other Businesses	1,524	1,252	1,182
HQ/Consolidation ⁽²⁾	(1,457)	(1,409)	(1,174)
Total	56,480	49,128	45,752

(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) HQ/Consolidation includes, in particular, adjustments and eliminations for intercompany transactions.

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.

For 2011, consolidated revenues increased by 7.4%, from €45.8 billion for 2010 to €49.1 billion for 2011. The increase was primarily due to higher revenues at Airbus and Eurocopter, partially offset by slight revenue decreases at Astrium and Cassidian.

Airbus

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.

For 2011, Airbus' consolidated revenues increased by 10.4%, from €30.0 billion for 2010 to €33.1 billion for 2011. 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 by product type for the past three years.

Number of aircraft	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Single-aisle	455	421	401
Long-range	103	87	91
Very large	30	26	18
Total	588⁽¹⁾	534⁽²⁾	510⁽³⁾

(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).

(3) 508 aircraft with revenue recognition (two A330-200 delivered under operating lease).

For 2012, Airbus Commercial's consolidated revenues increased by 18.6%, from €31.2 billion for 2011 to €36.9 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. For a discussion of the impact of exchange rate variations on EADS' 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".

For 2011, Airbus Commercial's consolidated revenues increased by 12.6%, from €27.7 billion for 2010 to €31.2 billion for 2011. The increase was primarily due to higher aircraft deliveries (534 deliveries in 2011 with revenue recognition for 536, as compared to 510 deliveries in 2010 with revenue recognition for 508), a favourable mix effect (in particular the increased number of A380s delivered in 2011) as well as an improvement in the price of delivered aircraft net of escalation. Partially offsetting this revenue increase was an approximate €-0.4 billion negative impact of exchange rate effects.

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 2012	Year ended 31 December 2011	Year ended 31 December 2010
CN235	8	7	6
C212	2	3	-
C295	10	10	13
P-3	4	3	1
A330 MRTT (Tanker)	5	6	-
Total	29	29	20

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.

For 2011, Airbus Military's consolidated revenues decreased by 6.7%, from €2.7 billion for 2010 to €2.5 billion for 2011. The decrease was primarily due to €0.3 billion lower revenue recognition on the A400M programme in 2011, partially offset by an increase in revenues from tanker activities.

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 2012	Year ended 31 December 2011	Year ended 31 December 2010
Tiger	10	16	15
Light	227	237	260
Medium	168	189	197
Heavy	70	61	55
<i>of which NH90</i>	<i>35</i>	<i>32</i>	<i>28</i>
Total	475	503	527

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.

For 2011, consolidated revenues of Eurocopter increased by 12.1%, from €4.8 billion for 2010 to €5.4 billion for 2011, despite an overall decrease in helicopter deliveries from 527 in 2010 to 503 in 2011. The revenue increase was primarily due to a favourable mix effect in commercial deliveries and from support activities, as well as additional revenues of €0.2 billion in 2011 related to the first-time consolidation of Vector Aerospace.

Astrium

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”.

For 2011, consolidated revenues of Astrium amounted to €5.0 billion, almost stable compared to 2010. A decrease in revenues at Astrium Services was nearly offset by an increase in revenues at Astrium Space Transportation and Astrium Satellites.

Cassidian

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.

For 2011, consolidated revenues of Cassidian decreased by 2.2%, from €5.9 billion for 2010 to €5.8 billion for 2011. Strong revenues related to backlog deliveries from core and export Eurofighter programme, missiles and radar business were more than offset by, among other things, the milestone shift in the security business.

Other Businesses

For 2012, consolidated revenues of Other Businesses increased by 21.7%, from €1.3 billion for 2011 to €1.5 billion for 2012. The increase mainly reflects higher revenues at EADS North America as well as higher aircraft deliveries at ATR (10 additional aircraft compared to 2011).

For 2011, consolidated revenues of Other Businesses increased by 5.9%, from €1.2 billion for 2010 to €1.3 billion for 2011. The increase mainly reflects a ramp-up in medium and light transport aircraft deliveries and higher revenues from light utility helicopter deliveries at EADS North America in 2011, as well as production rate increases and higher cabin seat activity at EADS Sogerma.

2.1.4.2 Consolidated Cost of Sales

For 2012, consolidated cost of sales increased by 14.8%, from €42.3 billion for 2011 to €48.5 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. See “— 2.1.1.3 Significant Programme Developments and Related Financial Consequences in 2010, 2011 and 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 13.9% in 2011 to 14.0% in 2012.

For 2011, consolidated cost of sales increased by 7.0% despite certain cost savings, from €39.5 billion for 2010 to €42.3 billion for 2011. The increase was primarily due to strong delivery patterns and costs related to business growth at Airbus, as well as a loss-making contract charge of €200 million incurred on the A350 XWB programme in 2011. See “— 2.1.1.3 Significant Programme Developments and Related Financial Consequences in 2010, 2011 and 2012”. Consolidated cost of sales also includes the amortisation of capitalised development costs pursuant to IAS 38, which amounted to €-116 million in 2011 compared to €-34 million in 2010. Mainly as a result of the above stated items and despite a negative US dollar effect at Airbus in respect of revenues compared to 2010, the gross margin increased from 13.6% in 2010 to 13.9% in 2011.

2.1.4.3 Consolidated Selling and Administrative Expenses

For 2012, consolidated selling and administrative expenses increased by 18.9%, 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. See “— 2.1.2.1 Scope of and Changes in Consolidation Perimeter”.

For 2011, consolidated selling and administrative expenses increased by 4.2%, from €2.3 billion for 2010 to €2.4 billion for 2011. The increase was primarily due to higher expenses at Eurocopter, which was in turn primarily related to the first consolidation of Vector Aerospace. See “— 2.1.2.1 Scope of and Changes in Consolidation Perimeter”.

2.1.4.4 Consolidated Research and Development Expenses

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).

For 2011, consolidated research and development expenses increased by 7.2%, from €2.9 billion for 2010 to €3.2 billion for 2011. The increase was primarily due to higher expenses at Airbus for A350 XWB development, at Cassidian for unmanned aerial systems and Eurofighter radar activities and at Eurocopter across the product range.

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 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.

For 2011, other income and other expenses was €138 million net as compared to €69 million for 2010. The net increase 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. See “— Notes to the Consolidated Financial Statements (IFRS) —

Note 27: Other financial liabilities”. This positive effect was partially offset by a goodwill impairment charge of €-20 million in 2011.

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 2012, EADS 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 EADS' 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 2011, EADS recorded €192 million in consolidated share of profit from associates accounted for under the equity method and other income from investments as compared to €145 million for 2010. The €47 million increase reflects among others the increased contribution from EADS' 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 2012, EADS 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”.

For 2011, EADS recorded a consolidated net interest income of €13 million, as compared to a consolidated net interest expense of €-99 million for 2010. The improvement in interest result is primarily due to lower interest expenses on refundable advances and a higher interest income recorded on the Group's higher cash balances. The 2011 interest result includes a positive effect of €120 million following Airbus' termination of the A340 programme in 2011.

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 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. See “— Notes to the Consolidated Financial Statements (IFRS) — Note 12: Total finance costs” for further discussion.

For 2011, consolidated other financial result improved to €-233 million from €-272 million for 2010. This positive €39 million change results among others from the improvement in the impact of revaluation changes of US dollar- and pound sterling-denominated cash balances on the euro-denominated balance sheets of Group companies.

2.1.4.9 Consolidated Income Taxes

For 2012, income tax expense was €-449 million as compared to €-356 million for 2011. The increase was primarily due to the higher taxable income recorded in 2012 (€1,678 million) as compared to 2011 (€1,393 million). The effective tax rate was 27% in 2012. See “— Notes to the Consolidated Financial Statements (IFRS) — Note 13: Income taxes”.

For 2011, income tax expense was €-356 million as compared to €-244 million for 2010. The increase was primarily due to the higher taxable income recorded in 2011 (€1,393 million) as compared to 2010 (€816 million). The effective tax rate was 26% in 2011.

2.1.4.10 Consolidated Non-Controlling Interests

For 2012, consolidated profit for the period attributable to non-controlling interests was €1 million, as compared to €4 million for 2011 and €19 million for 2010.

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, EADS recorded consolidated net income of €1,228 million for 2012, as compared to consolidated net income of €1,033 million for 2011 and €553 million for 2010.

2.1.4.12 Earnings per Share

Basic earnings were €1.50 per share in 2012, as compared to €1.27 per share in 2011. The number of outstanding shares as of 31 December 2012 was 827,367,945. The denominator used to calculate earnings per share was 819,378,264 shares, reflecting the weighted average number of shares outstanding during the year. In 2010, EADS reported basic earnings of €0.68 per share.

Diluted earnings were €1.50 per share in 2012, as compared to €1.27 per share in 2011. The denominator used to calculate diluted earnings per share was 820,551,931, reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all potential ordinary shares. In 2010, EADS reported diluted earnings of €0.68 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 2012 through 31 December 2012.

(in €m)	
Balance as at 31 December 2011, (adjusted)⁽¹⁾	8,865
Profit for the period	1,229
Actuarial gains or losses	(770)
Accumulated other comprehensive income	1,357
<i>Thereof foreign currency translation adjustments</i>	<i>4</i>
Capital increase	144
Share-based payment (IFRS 2)	18
Cash distribution to EADS N.V. shareholders/dividends paid to non-controlling interests	(379)
Equity transaction (IAS 27)	(32)
Change in non-controlling interests	7
Change in treasury shares	(5)
Balance as at 31 December 2012	10,434

(1) Comparative information is adjusted retrospectively in accordance with IFRS 3.45. See “— Notes to the Consolidated Financial Statements (IFRS) — Note 4: Acquisitions and disposals”.

The increase in consolidated total equity in 2012 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 EADS’ hedge portfolio qualifying for cash flow hedge accounting under IAS 39 (“cash flow hedges”), as well as profit for the period recorded for 2012. The increase in consolidated total equity was partially offset by, among others, changes in actuarial gains or losses (€-0.8 billion) and the cash distribution to EADS N.V. shareholders/dividends paid to non-controlling interests (€-0.4 billion).

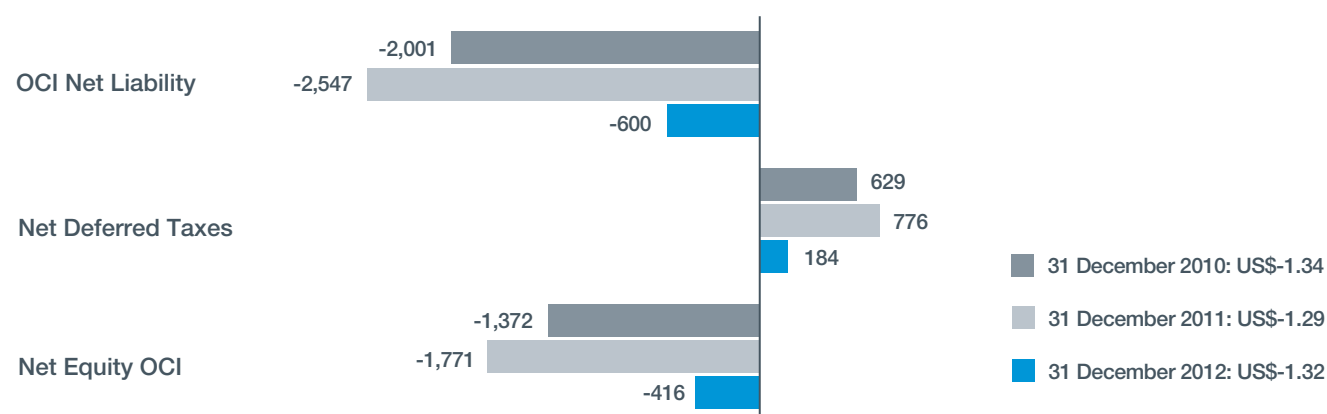
Set forth below is a discussion on the calculation of AOCI and the related impact on consolidated total equity. For a discussion of the other line items affecting consolidated total equity, see “— Consolidated Financial Statements (IFRS) of EADS — Consolidated Statements of Changes in Equity (IFRS) for the years ended 31 December 2012, 2011 and 2010”.

2.1.5.1 Cash Flow Hedge Related Impact on AOCI

As of 31 December 2012, the notional amount of EADS’ portfolio of outstanding cash flow hedges amounted to US\$83.6 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 €1.9 billion from 31 December 2011, based on a closing rate of €-US\$1.32, as compared to a negative pre-tax AOCI valuation change of €-0.5 billion as of 31 December 2011 from 31 December 2010, based on a closing rate of €-US\$1.29. 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 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 2012, AOCI amounted to a net liability of €-0.6 billion for 2012, as compared to a net liability of €-2.5 billion for 2011. The corresponding €-0.6 billion tax effect led to a net deferred tax asset of €0.2 billion as of 31 December 2012 as compared to a net deferred tax asset of €0.8 billion as of 31 December 2011.

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 €4 million currency translation adjustment (“CTA”) related impact on AOCI in 2012 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.

EADS 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 2012 was €12.3 billion (€11.7 billion as of 31 December 2011).

This net cash position is further supported by a €3.0 billion syndicated back-up facility, undrawn as of 31 December 2012 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 EADS’ 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 positive 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 BBB+ with a positive 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

EADS 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, EADS' military activities benefit from government-financed research and development contracts. If necessary, EADS may raise funds in the capital markets.

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

(in €m)	Year ended 31 December 2012	Year ended 31 December 2011	Year ended 31 December 2010
Consolidated net cash position at 1 January	11,681	11,918	9,797
Gross cash flow from operations ⁽¹⁾	4,772	3,392	2,177
Changes in other operating assets and liabilities	(76)	1,386	2,819
<i>Thereof customer financing</i>	<i>(146)</i>	<i>135</i>	<i>63</i>
Cash used for investing activities ⁽²⁾	(3,448)	(3,820)	(2,289)
<i>Thereof industrial capital expenditures</i>	<i>(3,270)</i>	<i>(2,197)</i>	<i>(2,250)</i>
<i>Thereof acquisitions</i>	<i>(201)</i>	<i>(1,535)</i>	<i>(38)</i>
Free cash flow⁽³⁾	1,248	958	2,707
<i>Free cash flow before customer financing</i>	<i>1,394</i>	<i>823</i>	<i>2,644</i>
Cash distribution to shareholders/non-controlling interests	(379)	(183)	(7)
Changes in capital and non-controlling interests	144	(65)	(48)
Change in treasury shares	(5)	(1)	(3)
Contribution to plan assets of pension schemes	(856)	(489)	(553)
Other changes in financial position	459	(457)	25
Consolidated net cash position as of 31 December	12,292	11,681	11,918

(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 (€-553 million for 2010; €-489 million for 2011; €-856 million for 2012).

(2) Does not reflect change of securities (net investment of €-3,147 million for 2010; net investment of €-378 million for 2011; net disposal of €3,422 million for 2012), 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 2012 was €12.3 billion, a 5.2% increase from 31 December 2011. The increase primarily reflects the gross cash flow from operations (€4.8 billion), partially offset by the cash used for investing activities (€-3.4 billion) as well as other items.

Gross Cash Flow from Operations

Gross cash flow from operations increased by 40.7% to €4.8 billion for 2012, primarily due to the improvement of operating profitability before depreciation and provisioning.

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 €-76 million negative impact on the net cash position for 2012, as compared to a positive impact of €1.4 billion for 2011.

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).

In 2011, the main net contributors to the positive working capital variation were: (i) pre-delivery payments from customers (€2.0 billion), which increased compared to 2010 due to higher business activity mainly at Airbus, (ii) the change in trade liabilities (€0.8 billion), mainly at Airbus and (iii) the change in trade receivables (€0.4 billion). The positive variations within the year were partially offset by (i) the change in inventory (€-1.6 billion) reflecting inventory growth across most Divisions, in particular at Airbus due to the progressive ramp-up on single-aisle and long-range aircraft production and (ii) the change in other assets and liabilities (€-0.3 billion).

European government refundable advances. As of 31 December 2012, 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 €6.1 billion, including accrued interest.

European government refundable advances (net of reimbursements) as recorded on the statement of financial position decreased in 2011, due primarily to the settlement of €0.4 billion in obligations following Airbus' termination of the A340 programme (cash effect of €-0.1 billion). This also had a positive effect on other income and on

interest result (€ 192 million and € 120 million, respectively) during 2011 as discussed above. 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)	2012	2011	2010
Long-range	1.9	1.5	1.8
A380	3.7	3.8	3.7
Eurocopter	0.2	0.2	0.2
Others	0.3	0.2	0.3
Total	6.1	5.7	6.0

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 €-3.3 billion for 2012, as compared to €-2.2 billion for 2011 and €-2.3 billion for 2010. Capital expenditures in 2012 related to programmes at Airbus of €-2.4 billion (a large portion of which related to the A350 XWB) and additional projects in the other Divisions of €-0.9 billion, mainly driven by investment at Astrium and Eurocopter. 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 2013 to 2014, it is expected that the majority of EADS' capital expenditures will occur in connection with Airbus activities, in particular for the A350 XWB programme, and be broadly distributed across EADS' home markets of France, Germany, Spain and the UK.

Acquisitions. 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".

In 2011, the €-1.5 billion figure reflects the net cash used for the Group's acquisitions during the year, in particular Vizada (€-709 million), Vector (€-432 million) and Satair (€-342 million). In 2010, the €-38 million figure reflects the acquisition of Jena-Optronik GmbH.

Free Cash Flow

EADS 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 €1.2 billion for 2012, as compared to €1.0 billion for 2011 and €2.7 billion for 2010. Free cash flow before customer financing was €1.4 billion for 2012, as compared to €0.8 billion for 2011 and €2.6 billion for 2010.

Contribution to Plan Assets of Pension Schemes

The cash outflows of €-0.9 billion, €-0.5 billion and €-0.6 billion in 2012, 2011 and 2010, 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 2013, EADS 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 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. In 2010 there was a small positive change of €25 million, which reflects among others currency effects on financing liabilities.

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".

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EADS 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 2012 included €0.4 billion from the 37.5% consolidation of MBDA, compared to €0.7 billion in 2011 and €0.7 billion in 2010.

2.1.6.3 Consolidated Financing Liabilities

The following table sets forth the composition of EADS' consolidated financing liabilities, including both short- and long-term debt, as of 31 December 2012:

31 December 2012				
(in €m)	Not exceeding 1 year	Over 1 year up to 5 years	More than 5 years	Total
Bonds	165	1,090	579	1,834
Liabilities to financial institutions	53	821	561	1,435
Loans	189	231	56	476
Finance leases	13	99	69	181
Others	853	-	-	853
Total	1,273	2,241	1,265	4,779⁽¹⁾

(1) Financing liabilities include non-recourse Airbus debt for €345 million.

The outstanding balance of financing liabilities decreased from €5.1 billion as of 31 December 2011 to €4.8 billion as of 31 December 2012. This decrease is mainly related to a dividend from MBDA.

Financing liabilities include liabilities connected with sales financing transactions amounting to €345 million as of 31 December 2012, most of which bore interest at variable rates. See "— 2.1.6.4 Sales Financing".

EMTN programme. EADS has a €3 billion Euro Medium Term Note ("EMTN") Programme in place, with two tranches outstanding as of 31 December 2012:

- €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%.

Commercial paper programme. EADS 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 €2 billion. As of 31 December 2012, an issued volume of €165 million was outstanding under the programme.

European investment bank loans. In 2004, the European Investment Bank granted a long-term loan to EADS in the amount of US\$421 million maturing in 2014 and bearing interest

at 5.1% (effective interest rate: 5.1%). In 2011, EADS 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 0.849%. EADS concurrently swapped the variable interest rate into a fixed rate of 3.2%.

Development Bank of Japan loan. In 2011, EADS 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%. EADS concurrently swapped the variable interest rate into a fixed rate of 4.8%.

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

2.1.6.4 Sales Financing

EADS 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, EADS 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 EADS 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 EADS finance and asset value exposure and its evolution in terms of quality, volume and

intensity of cash requirements. EADS 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.

7.2% of the €4.8 billion of total consolidated financing liabilities as of 31 December 2012 related to the funding of EADS' 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)	2012	2011	2010
Liabilities to financial institutions	313	421	491
Loans	32	111	140
Total sales financing liabilities	345	532	631

All of the €345 million total sales financing liabilities as of 31 December 2012 is in the form of non-recourse debt, where EADS' 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 €195 million as of 31 December 2012 (2011: €224 million, 2010: €275 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.

EADS 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

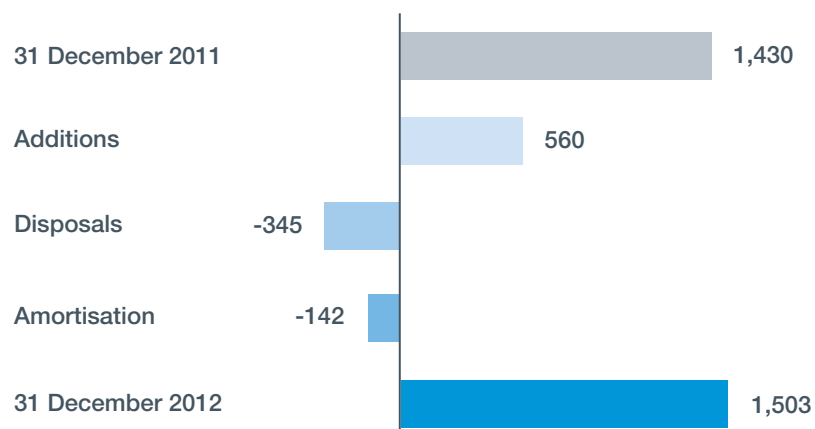
Gross exposure. Gross customer financing exposure is computed as the sum of (i) the net book value of aircraft under operating leases; (ii) the outstanding principal amount of finance leases or loans; and (iii) the net present value of the maximum commitment amounts under financial guarantees.

Gross customer financing exposure from operating leases, finance leases and loans differs from the value of related assets on EADS' 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\$1.5 billion (€1.1 billion) as of 31 December 2012. The chart below illustrates the evolution of this exposure during 2012 (in US\$ million).

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EVOLUTION OF AIRBUS GROSS EXPOSURE DURING 2012



Airbus gross customer financing exposure as of 31 December 2012 is distributed over 87 aircraft, operated at any time by approximately 25 airlines. In addition, the level of exposure may include other aircraft-related assets, such as spare parts. 90% of Airbus gross customer financing exposure is distributed over 10 airlines in nine countries (this excludes backstop commitments).

ATR's gross customer financing exposure amounted to US\$0.1 billion (€0.1 billion) as of 31 December 2012. This exposure is distributed over 124 aircraft. EADS 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 2012. This exposure is distributed over 50 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 2012, 2011 and 2010. It includes 100% of Airbus' and Eurocopter's customer financing exposure and 50% of ATR's exposure, reflecting EADS' stake in ATR.

(in €m)	Note ⁽¹⁾	Airbus			ATR 50%			Eurocopter			Total EADS		
		31/12/2012	31/12/2011	31/12/2010	31/12/2012	31/12/2011	31/12/2010	31/12/2012	31/12/2011	31/12/2010	31/12/2012	31/12/2011	31/12/2010
Operating leases	15	693	497	579	-	-	-	-	-	-	693	497	579
Finance leases & loans	17	783	1,062	1,234	19	13	14	70	46	41	872	1,121	1,289
Others		-	-	-	10	29	55	2	-	-	12	29	55
On balance sheet customer financing		1,476	1,559	1,813	29	42	69	72	46	41	1,577	1,647	1,923
Off balance sheet customer financing		318	357	448	45	56	46	12	40	48	375	453	542
Non-recourse transactions on balance sheet		(461)	(721)	(880)	-	-	-	-	-	-	(461)	(721)	(880)
Off balance sheet adjustments		(194)	(90)	(115)	-	-	-	-	-	-	(194)	(90)	(115)
Gross Customer Financing Exposure	33	1,139	1,105	1,266	74	98	115	84	86	89	1,297	1,289	1,470
Collateral values	33	(741)	(627)	(759)	(61)	(86)	(105)	(48)	(53)	(62)	(850)	(766)	(926)
Net exposure		398	478	507	13	12	10	36	33	27	447	523	544
Asset impairments and provisions on:													
Operating leases	33	(223)	(127)	(75)	-	-	-	-	-	-	(223)	(127)	(75)
Finance leases & loans	33	(132)	(172)	(176)	-	-	-	-	-	-	(132)	(172)	(176)
On balance sheet commitments	33	-	-	-	(13)	(12)	(10)	(36)	(33)	(27)	(49)	(45)	(37)
Off balance sheet commitments	33	(43)	(179)	(256)	-	-	-	-	-	-	(43)	(179)	(256)
Asset impairments and provisions		(398)	(478)	(507)	(13)	(12)	(10)	(36)	(33)	(27)	(447)	(523)	(544)
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 (€693 million in 2012, €497 million in 2011 and €579 million in 2010) is accounted for in "Property, plant and equipment" at net book value of operating leases before impairment. Corresponding accumulated asset impairments (€-223 million in 2012, €-127 million in 2011 and €-75 million in 2010) 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 (€872 million in 2012, €1,121 million in 2011 and €1,289 million in 2010). Consolidated finance leases (€448 million in 2012, €618 million in 2011 and €731 million in 2010) are accounted for as long-term financial assets, recorded at their book value before impairment. Loans (€424 million in 2012, €503 million in 2011 and €558 million in 2010) are also accounted

for as long-term financial assets, recorded at their outstanding gross amount. Corresponding overall accumulated impairments (€-132 million in 2012, €-172 million in 2011 and €-176 million in 2010) 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 EADS) and Eurocopter was €375 million in 2012, €453 million in 2011 and €542 million in 2010. 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 €181 million in 2012, €363 million in 2011 and €427 million in 2010. A provision of €43 million has been accrued for in EADS' balance

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sheet as of 31 December 2012 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 EADS' 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 2022, 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 2012, gross asset value exposure was US\$ 1.9 billion (€1.4 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 €1,046 million, excluding €333 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 €712 million as of 31 December 2012. 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 (2010, 2011 and 2012), the average number of newly ordered aircraft in respect of which a backstop commitment has been offered amounted to 8% of the average orders recorded over the same period, *i.e.* 73 supported aircraft per year out of 942 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 (2010, 2011 and 2012), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to 2% of the average number of deliveries over the same period, *i.e.* nine aircraft financed per year out of 544 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 EADS' 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 EADS' sales financing policies and accounting procedures.

2.1.7 Hedging Activities

2.1.7.1 Foreign Exchange Rates

More than 60% of EADS' 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 EADS 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 EADS intends to generate profits only from its operations and not through speculation on foreign currency exchange rate movements, EADS 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 EADS 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 EADS. 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, EADS 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, EADS 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. 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 EADS 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, EADS enters into foreign exchange swap contracts (notional amount of €2.1 billion as of 31 December 2012) 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 EADS' net income.

Embedded derivatives. EADS 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 EADS' 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, EADS hedges currency risk arising from financial transactions in other currencies than euro, such as funding transactions or securities.

Hedge portfolio. EADS 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 2012, and the average US dollar rates applicable to corresponding EBIT*.

	2013	2014	2015	2016+	Total
Total Hedges (in US\$bn)	23.1	21.6	18.5	20.4	83.6
Forward Rates (in US\$)					
€-US\$ ⁽¹⁾	1.37	1.36	1.35	1.32	
£-US\$	1.57	1.57	1.58	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 34C: Notional amounts of derivative financial instruments".

2.1.7.2 Interest Rates

EADS uses an asset-liability management approach with the objective of limiting its interest rate risk. EADS 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. Any related interest rate hedges qualify for hedge accounting as either fair value hedges or cash flow hedges. For this portfolio, EADS 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 34C: Notional amounts of derivative financial instruments". For further information relating to market risk and the ways in which EADS attempts to manage this risk, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34A: Financial risk management".

2.2 Financial Statements

The Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS for the year ended 31 December 2012, 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 for the year ended 31 December 2010, 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 19 April 2011 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 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.

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.eads.com (Investor Relations > Events and Reports > 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.

EADS confirms that the reports of the auditors incorporated by reference herein have been accurately reproduced and that as far as EADS 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 2012, 2011 and 2010:

	KPMG Accountants N.V.						Ernst & Young Accountants LLP					
	2012		2011		2010		2012		2011		2010	
	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	5,780	55.0%	5,675	70.0%	5,710	81.1%	5,836	61.3%	5,851	69.2%	4,493	70.8%
Additional tasks	3,725	35.5%	1,678	20.7%	516	7.4%	3,158	33.2%	2,338	27.6%	1,607	25.4%
Sub-total	9,505	90.5%	7,353	90.7%	6,226	88.5%	8,994	94.5%	8,189	96.8%	6,100	96.2%
Other services as relevant												
Legal, tax, employment	961	9.2%	715	8.8%	628	8.9%	519	5.5%	201	2.4%	123	1.9%
Information technology	20	0.1%	37	0.5%	12	0.2%	-	-	70	0.8%	121	1.9%
Other	22	0.2%	6	0.1%	172	2.4%	-	-	-	-	-	-
Sub-total	1,003	9.5%	758	9.3%	812	11.5%	519	5.5%	271	3.2%	244	3.8%
Total	10,508	100%	8,111	100%	7,038	100%	9,513	100%	8,460	100%	6,344	100%

2.4 Information Regarding the Statutory Auditors

	Date of first appointment	Expiration of current term of office ⁽¹⁾
KPMG Accountants N.V. Rijnzathe 14, 3454 PV De Meern — The Netherlands Represented by Jack Van Rooijen	10 May 2000	29 May 2013
Ernst & Young Accountants LLP Boompjes 258, 3011 XZ Rotterdam — The Netherlands Represented by C. T. Reckers	24 July 2002	29 May 2013

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

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3.1 General Description of the Company

3.1.1 Commercial and Corporate Names, Seat and Registered Office

Commercial Name: EADS

Seat (*statutaire zetel*): Amsterdam

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

Tel: +31 (0)71 5245 600

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

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, EADS 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**”).

Finally, Regulated Information must be made available for central storage by a mechanism that is officially designated by EADS’ home Member state.

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.

Dutch Regulations

For the purpose of the Transparency Directive, supervision of EADS 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 EADS in this respect is the AFM.

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

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**”), EADS is required to disclose certain periodic and on-going information (the “**Regulated Information**”).

- 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.

Pursuant to the Transparency Directive, EADS 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, EADS may use a professional service provider (wire). In addition, Regulated Information must be filed at the same time with the relevant competent market authority. EADS must then ensure that Regulated Information remains publicly available for at least five years.

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, EADS 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, EADS 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, EADS 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, EADS 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, EADS 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, EADS 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. EADS 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. EADS 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 EADS is in a position to guarantee the confidentiality of the relevant information. Nonetheless, EADS will immediately inform the CNMV should it decide to delay the publication of any relevant event. Furthermore, pursuant to the Spanish Securities Act, EADS must post details of any relevant event on its website. EADS 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 EADS appoint at least one official spokesperson to respond to any inquiries that the CNMV may have in relation to a relevant event disclosed by EADS. This spokesperson must be able to officially reply on behalf of EADS 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 CIFRADO system (the CNMV's electronic system for notifications and communications) and that publication by a 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, EADS 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 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 of The Hague (*Handelsregister van de Kamer van Koophandel en Fabrieken voor Den Haag*) 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 of The Hague.

In France, the Articles of Association are available at the head office of EADS in France (37, boulevard de Montmorency, 75016 Paris, France, Tel.: +33 1 42 24 24 24).

In Germany, the Articles of Association are available at the head office of EADS in Germany (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 head office of EADS in Spain (Avda. 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.

3.1.10 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.eads.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 1% of the issued share capital or shares having an aggregate market value of €50 million) 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.

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 EADS shares through Euroclear France S.A. who wish to attend shareholders' meetings will have to request from their financial intermediary or acountholder 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 acountholder, 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.

Pledges 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 EADS – 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 EADS 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: 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person whose interest in the capital or voting rights of EADS meets, exceeds or falls below one or several of the above-mentioned thresholds due to a change in EADS' outstanding capital, or in voting rights attached to the shares as notified to the AFM by EADS, should notify the AFM no later than the fourth trading day after the AFM has published the notification by EADS. Among other things, EADS 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 EADS 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 EADS 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 changes 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 EADS 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 EADS and attached voting rights.

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 EADS 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, 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.

(1) In this context, the term “shares” also includes for example depository receipts for shares and rights resulting from an agreement to acquire shares or depository 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).

EADS 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 EADS shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in EADS 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 EADS, 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, EADS 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 EADS, 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 EADS 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 EADS, 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 EADS 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 (EADS 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 EADS 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 EADS 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 EADS 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 EADS 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 EADS voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

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 EADS 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 EADS from among the various market authorities supervising the markets where its shares are listed.

For EADS, 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 EADS at a future date.

Matters relating to the information to be provided to the employees of EADS 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 EADS 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 “— 3.1.12.2 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;

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- 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 2012, the Company's issued share capital amounted to €827,367,945, consisting of 827,367,945 fully paid-up shares of a nominal value of €1.0 each.

3.2.2 Authorised Share Capital

As of 31 December 2012, the Company's authorised share capital amounted to €3 billion, consisting of 3,000,000,000 shares of €1.0 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 31 May 2012, the Board of Directors was granted powers (i) to issue shares and to grant rights to subscribe for shares which are part of EADS' 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 2013. Shareholders will be asked to renew this authority at the Company's Annual General Meeting of Shareholders to be held on 29 May 2013, provided that such renewed authorisation 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 EADS shares (See "— Corporate Governance — 4.3.3 Long-Term Incentive Plans"), there are no securities that give access, immediately or over time, to the share capital of EADS.

The table below shows the total potential dilution that would occur if all the stock options issued as of 31 December 2012 were exercised:

	Number of shares	Percentage of diluted capital	Number of voting rights	Percentage of diluted voting rights ⁽¹⁾
Total number of EADS shares issued as of 31 December 2012	827,367,945	98.6%	822,141,410	98.6%
Total number of EADS shares which may be issued following exercise of stock options	11,356,143	1.4%	11,356,143	1.4%
Total potential EADS share capital	838,724,088	100%	833,497,553	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".

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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 (<i>note d'opération</i> 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 (<i>note d'opération</i> 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 (<i>note d'opération</i> 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 (<i>note d'opération</i> 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 (<i>note d'opération</i> 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
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

(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 EADS employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

3.3 Shareholdings and Voting Rights

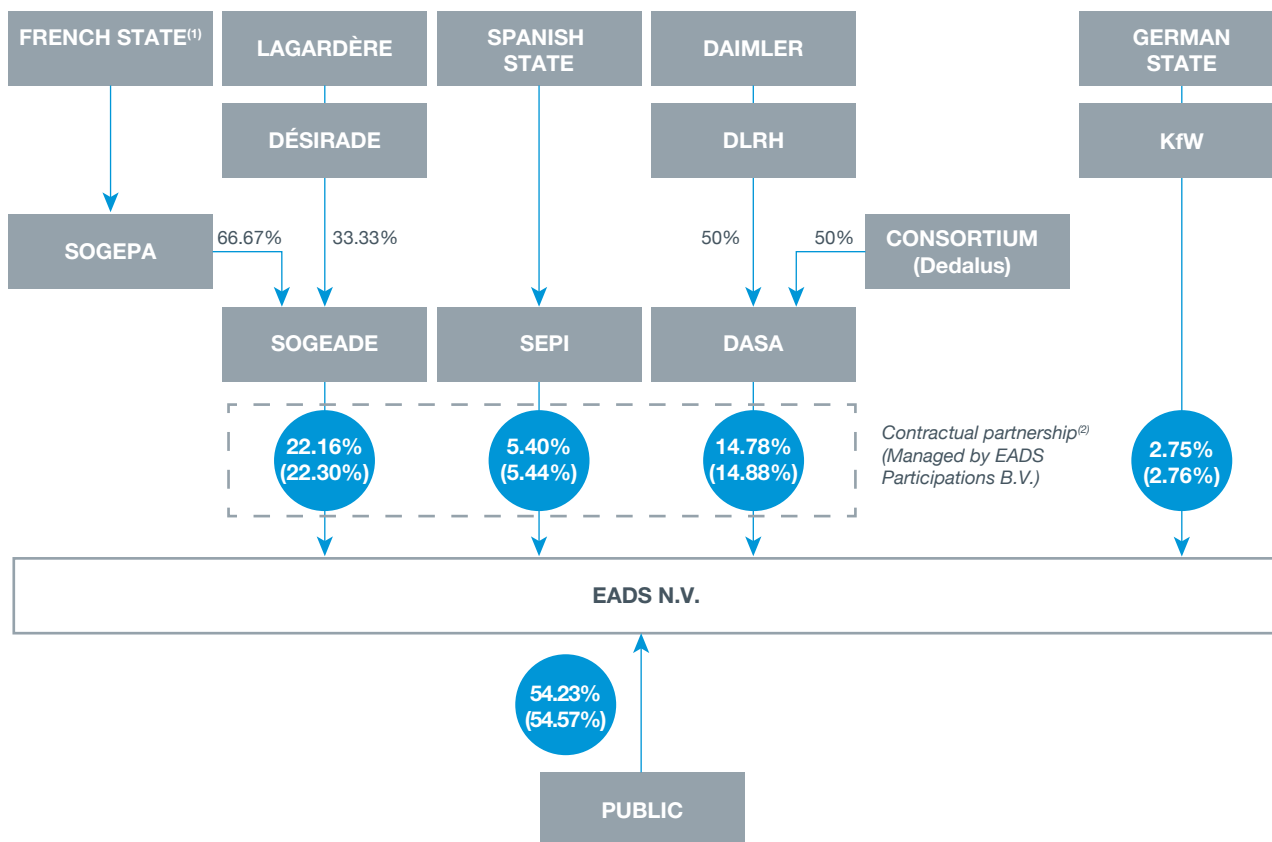
3.3.1 Shareholding Structure

As of 31 December 2012, 14.78% of EADS' share capital was held by Daimler Aerospace AG ("**DASA**"), whose share capital, as of 31 December 2012, was held 50% by Daimler Luft- und Raumfahrt Holding AG ("**DLRH**"), a wholly owned subsidiary of Daimler AG ("**Daimler**") and 50% by a consortium of private and public-sector investors ("**Dedalus**"), with Daimler controlling the voting rights of all of the EADS shares held by DASA. *Société de Gestion de l'Aéronautique, de la Défense et de l'Espace* ("**Sogeade**"), a French partnership limited by shares (*société en commandite par actions*) whose share capital, as of 31 December 2012, was held 66.67% by *Société de Gestion de Participations Aéronautiques* ("**Sogepa**"), a French state holding company, and 33.33% by Désirade (a French *société par actions simplifiée* wholly owned by Lagardère SCA ("**Lagardère**")), held 22.16% of EADS' share capital. Thus, 36.94% of EADS' share capital was held by DASA and Sogeade who jointly controlled EADS through a Dutch law contractual partnership managed by EADS Participations B.V. (the "**Contractual Partnership**"). *Sociedad Estatal de Participaciones Industriales* ("**SEPI**"), a Spanish state holding company and a party to the Contractual Partnership, held 5.40% of EADS' share capital. Kreditanstalt für Wiederaufbau

("KfW"), a public law institution serving domestic and international policy objectives of the Federal Government of the Federal Republic of Germany, held 2.76% of EADS' share capital. As of 31 December 2012, KfW had also agreed to acquire 65% of Dedalus. This acquisition was completed on 2 January 2013, as described under "– 3.3.2.1 Changes to Shareholding Structure". The public (including EADS employees) and the Company held, respectively, 54.23% and 0.63% of EADS' share capital. The République Française (the "**French State**") directly held 0.06% of the share capital, such shareholding being subject to certain specific provisions.

The diagram below shows the ownership structure of EADS as of 31 December 2012 (% of capital and of voting rights (in parentheses) before exercise of outstanding stock options granted for the subscription of EADS shares). See "– Corporate Governance — 4.3.3 Long-Term Incentive Plans".

OWNERSHIP STRUCTURE OF EADS AS OF 31 DECEMBER 2012



(1) The French State owned an additional 0.06% of the share capital directly.

(2) EADS Participations B.V. exercised the voting rights attached to these EADS shares pledged by Sogead, DASA and SEPI who retain title to their respective shares.

(3) As of 31 December 2012, EADS held, directly or indirectly through another company in which EADS holds directly or indirectly more than 50% of the share capital, 5,226,535 of its own shares, equal to 0.63% of issued share capital. The treasury shares owned by EADS 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 Granted to Directors and Principal Executive Officers”.

Approximately 1.7% of the share capital (and voting rights) was held by EADS employees as of 31 December 2012.

3.3.2 Relationships with Principal Shareholders

On 5 December 2012, the Board of Directors, EADS’ then-core shareholders – Daimler, DASA, Sogead, Lagardère, Sogepa and SEPI – and KfW reached an agreement (the “**Multiparty Agreement**”) on far-reaching changes to EADS’ shareholding structure and governance. The Multiparty Agreement aimed at further normalising and simplifying the governance of EADS 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 EADS.

The Multiparty Agreement provided for significant changes to EADS’ 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 EADS, including changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of EADS. The Participation Agreement (the “**Participation Agreement**”) among

EADS' former core shareholders and, as at 31 December 2012 including KfW (together, the **"Former Consortium Members"**), 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 Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG, a subsidiary of KfW (**"GZBV"**), Sogepa and SEPI (who have agreed to hold, collectively, less than 30% of the voting interests in EADS). 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 EADS.

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 shares (approximately 7.44% of the outstanding EADS shares) through an accelerated book building transaction (the **"ABB"**). This reduced Daimler's economic interest in EADS to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding EADS 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% is held by certain other German public entities. Dedalus held an economic interest of 7.44% in EADS as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in EADS and an economic interest of 8.56% in EADS – 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in EADS via Dedalus. The joint economic interest of KfW and such German public entities in EADS was thus 10.2% immediately following these acquisitions.

3.3.2.2 New Corporate Governance Arrangements

After the Consummation, the corporate governance arrangements of EADS were substantially changed. These changes are intended to further normalise and simplify EADS' corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Certain changes to EADS' corporate governance arrangements were provided for in the Articles of Association, including (i) disclosure obligations for shareholders that apply when their interests in EADS 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 EADS, 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 New 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 EADS (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 EADS 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 EADS, 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

EADS 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.

EADS 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 EADS 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 EADS 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 EADS.

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 New 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 EADS 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:

- 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;
- 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;
- 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 EADS 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 Limitations on EADS Share Transactions

Following the Consummation, Lagardère and Daimler are free to sell their EADS shares with no contractual restrictions (other than undertakings between Lagardère and Daimler with respect to such sales).

SEPI may sell up to 1.15% of EADS’ share capital between Consummation and close of business on 9 April 2013. Other than this, Sogepa and SEPI have agreed not to sell any EADS shares on the market until the earlier of 1 January 2014 and the date on which Daimler has sold a further 5% economic interest in EADS.

3.3.2.5 Undertakings with Respect to Certain Interests of Certain Stakeholders

EADS 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

EADS and the French State have entered into an amendment to the current convention between the French State and EADS relating to the ballistic missiles business of EADS (as so amended, the “**French State Security Agreement**”). Under the French State Security Agreement, certain sensitive French military assets will be held by an EADS subsidiary (the “**French Defence Holding Company**”). At the Consummation, EADS 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.

EADS 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 an EADS 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.

EADS 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

EADS plans to enter into an agreement with the French State pursuant to which EADS 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.

Entry into this agreement is conditional upon receiving an appropriate waiver to a mandatory bid from the French stock exchange authorities.

Stock Exchange Listings

EADS has undertaken to the parties to the Shareholders' Agreement that for the duration of the Shareholders' Agreement EADS shares will remain listed exclusively in France, Germany and Spain.

Specific Rights of the French State

Pursuant to an agreement entered into between EADS and the French State (the "**Ballistic Missiles Agreement**"), EADS 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 EADS 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.

EADS, 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 EADS 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 EADS 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 EADS shares (respectively 7,500,000 and 16,709,333 EADS shares) other than their Indirect EADS Shares (and, in the case of the French State, other than the EADS 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 EADS 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 EADS shares (22,227,478 EADS shares), representing 2.73% of the capital and 2.78% of the EADS voting rights at that date, except for its Indirect EADS Shares.

On 11 November 2005, DASA transferred its entire interest in EADS 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 EADS 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 EADS. Daimler entered into a forward sale agreement of approximately 61 million EADS 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 EADS shares deliverable at the maturity of the bonds represented a maximum of 7.5% of the share capital of EADS, or approximately 61 million EADS shares, and were delivered in three equal tranches representing 2.5% of the share capital of EADS. 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 EADS, representing 5.04% of the share capital of EADS at that date.

On 9 February 2007, Daimler reached an agreement with the Dedalus consortium by which it effectively reduced its shareholding in EADS 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 EADS, with Daimler continuing to control the voting rights of the entire 22.5% package of EADS shares.

On 26 December 2007, JSC Vneshtorgbank sold and transferred 41,055,530 EADS shares to the Bank for Development and Foreign Economic Affairs (*Vnesheconombank*). EADS 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 EADS shares – from 25 June 2009 to 24 March 2009. Under the terms of this amendment, Lagardère delivered 20,370,000 EADS shares, representing 2.5% of the capital and voting rights of EADS, 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 EADS (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 EADS 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 EADS from Daimler.

On 6 December 2012 pursuant to a transaction contemplated by the Multiparty Agreement, Daimler sold 61.1 million EADS shares (approximately 7.44% of the outstanding EADS shares) through an ABB. This reduced Daimler's economic interest in EADS to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding EADS 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 EADS as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in EADS and an economic interest of 8.56% in EADS – 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in EADS via Dedalus. The joint economic interest of KfW and such German public entities in EADS was thus 10.2% following these acquisitions.

On 19 March 2013, KfW transferred the 2.76% of the EADS shares which it held directly to GZBV. As part of the Consummation, 7.44% of the outstanding EADS shares held by Dasa were transferred to GZBV, and Dasa, which now holds a 7.44% economic and voting interest in EADS, became a wholly owned subsidiary of Daimler. GZBV, which now holds a 10.2% economic and voting interest in EADS, 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 EADS shares held by Sogead were transferred to Sogepa, and Sogead, which now holds a 7.44% economic and voting interest in EADS, became a wholly owned subsidiary of Lagardère.

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 2012			Position as of 31 December 2011			Position as of 31 December 2010		
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
DASA	14.77%	14.87%	122,225,136	22.35%	22.45%	183,337,704	22.46%	22.55%	183,337,704
Sogeade	22.16%	22.30%	183,337,704	22.35%	22.45%	183,337,704	22.46%	22.55%	183,337,704
SEPI	5.40%	5.44%	44,690,871	5.45%	5.47%	44,690,871	5.47%	5.49%	44,690,871
KfW	2.75%	2.76%	22,725,182	-	-	-	-	-	-
Sub-total Contractual Partnership	45.08%	45.37%	372,978,893	50.14%	50.36%	411,366,279	50.39%	50.59%	411,366,279
French State	0.06%	0.06%	502,746	0.06%	0.06%	502,746	0.06%	0.06%	502,746
Public ⁽¹⁾	54.23%	54.57%	448,659,771	49.35%	49.58%	404,943,474	49.16%	49.35%	401,338,521
Own share buy-back ⁽²⁾	0.63%	-	5,226,535	0.45%	-	3,669,792	0.39%	-	3,195,176
Total	100%	100%	827,367,945	100%	100%	820,482,291	100%	100%	816,402,722

(1) Including EADS employees. As of 31 December 2012, EADS employees held approximately 1.7% of the share capital (and voting rights).

(2) 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 2012, resulted in the identification of 1,512 shareholders holding a total of

435,424,496 EADS shares (including 4,355,531 shares held by Iberclear on behalf of the Spanish markets and 30,203,957 shares held by Clearstream on behalf of the German market).

The shareholding structure of the Company as of 31 December 2012 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 EADS as of 31 December 2012, comprising four Divisions and the main Business Units. See "— Information on EADS' Activities

— 1.1.1 Overview — Organisation of EADS Businesses". For ease of presentation, certain intermediate holding companies have been omitted.

3



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 Annual General Meeting of Shareholders held on 31 May 2012 authorised the Board of Directors, in a resolution that renewed the previous authorisation given by the Annual General Meeting of Shareholders held on 26 May 2011, 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.

Moreover, 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. This authorisation is in addition, and without prejudice, to the authorisation granted by the Annual General Meeting of Shareholders held on 31 May 2012.

A resolution will be submitted to the Annual General Meeting of Shareholders called for 29 May 2013 in order to renew the authorisation given by the Annual General Meeting of Shareholders

held on 31 May 2012 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 31 May 2012, but will be in addition, and without prejudice, to the authorisation granted by the Extraordinary General Meeting held on 27 March 2013.

As of the date of this document, the Company held 5,226,535 of its own shares, representing 0.63% 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 241-6 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 EADS' issued and outstanding share capital.

For details on the decision of the Board of Directors to launch such share repurchase programme, please refer to "1. Information on EADS' Activities — 1.2 Recent Developments".

- **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 shares held by the Company as of the date of this document:** For details on use of the EADS 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 29 May 2013".
- **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 EADS, from which the repurchase price for the treasury shares must be deducted.

As of 31 December 2012, the respective values of each of these EADS equity components which are by nature repayable or distributable to the shareholders were: €7,253,000,000 (contribution premiums), €-2,294,000,000 (other reserves and retained earnings, including net profit for the year) and €-84,000,000 (treasury shares), i.e. an aggregate amount of €4,875,000,000.

EADS 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 €4,875,000,000 throughout the term of the programme.

Finally, EADS 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 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, EADS 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, 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 EADS 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 29 May 2013

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:** 29 May 2013;
- **intended use of the EADS 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, 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 EADS Group 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 EADS Group employees: 5,226,535 shares.

For information on shares held by EADS at the date of the entry into force of EC Regulation No. 2273/2003 and still held by EADS 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 EADS Group 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 EADS Group employees, 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 shares, or (ii) employee share option programmes or other allocations of shares to EADS Group employees,
 - 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 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: 83,112,614 shares, based on an issued share capital of 831,126,149 shares as of the date of this document. Assuming the exercise of all stock options outstanding as of the date of this document, the threshold of 10% would represent 83,869,438 shares based on the 838,694,388 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 EADS, from which the repurchase price for the treasury shares must be deducted.

As of 31 December 2012, the respective values of each of these EADS equity components which are by nature repayable or distributable to the shareholders were: €7,253,000,000 (contribution premiums), €-2,294,000,000 (other reserves and retained earnings, including net profit for the year) and €-84,000,000 (treasury shares), *i.e.* an aggregate amount of €4,875,000,000.

EADS 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 €4,875,000,000 throughout the term of the programme.

Finally, EADS 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 shares within the limits set out in this document. Moreover, EADS 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, EADS 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, 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,
- Daimler, DASA, the French State, Lagardère, SEPI, Sogéade and Sogepa will retain all of their rights, depending on the circumstances, to sell their available EADS shares to EADS as part of this share repurchase programme,
- maximum purchase price per share: €50;
- **term of the share repurchase programme and other characteristics:** this share repurchase programme shall be valid until 29 November 2014 inclusive, *i.e.* the date of expiry of the authorisation requested from the Annual General Meeting of Shareholders to be held on 29 May 2013. As one of the main aims of this EADS share repurchase programme is related to the possible exercise by EADS Group employees 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 EADS Group 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 shares held by EADS 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 EADS 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 an EADS employee share ownership programme and/or upon the exercise of stock options granted to certain EADS Group employees, 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, EADS 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

(1) Note: figures have not been adjusted to take into account changes in the number of shares outstanding.

3.4.2 Dividend Policy of EADS

Based on earnings per share of €1.50 in 2012, the Board of Directors has proposed payment of a dividend of €0.60 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 5 June 2013 (expected record date of 4 June 2013).

This is converging towards a pay-out ratio in line with sector and industry peers. From the Board of Directors' perspective, as the Company matures, this dividend pay-out will be the orientation for the future.

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

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The announcements listed below and underlying information are on display and may be inspected during the life of this Registration Document on www.eads.com:

Press release – First Quarter 2012 Results	16 May 2012
Press release – EADS Confirms Top Management Changes	31 May 2012
Press release – First Half 2012 Results	27 July 2012
Press release – New EADS Group Executive Committee Appointed	6 September 2012
Press release – BAE Systems plc and EADS N.V.	10 October 2012
Press release – Third Quarter 2012 Results	8 November 2012
Press release – Response to Recent Shareholding Structure Reshuffling Press Reports	3 December 2012
Press release – EADS Governance and Shareholding Structure Receives Far-Reaching Overhaul	5 December 2012
Press release – EADS Proposes Candidates for Future Board of Directors	5 February 2013
Press release – 2012 Annual Results	27 February 2013

In addition, EADS publishes announcements made in the ordinary course of business which are also available on www.eads.com.

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4.1 Management and Control

The corporate governance arrangements of EADS 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

EADS’ 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 New Corporate Governance Arrangements

Board of Directors Composition and Board Rules

Under the Board Rules, the Board of Directors has a total of twelve (12) Directors, who each serve for a three-year term. 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 EADS (the “**CEO**”), the CEO is required to be an Executive Director and must be a 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 EADS, 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 EADS.

The Remuneration and Nomination Committee of the Board of Directors 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 EADS for appointment as Directors. 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 general Dutch corporate law.

In addition to the membership and composition rules described above, the Remuneration and Nomination Committee, 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 EADS (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 EADS 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 EADS 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 EADS and consented to by the German State.

The Remuneration and Nomination Committee 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.

For details on the new composition of the Board of Directors please refer to “— 1. Information on EADS’ Activities — 1.2 Recent Developments”.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee has four (4) Members, with geographic diversity. Each Member of the Remuneration and Nomination Committee is an Independent Director. One Member of the Remuneration and Nomination Committee is a Director who is appointed to the Board of Directors on the basis of the French State Security Agreement. One Member of the Remuneration and Nomination Committee 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 Remuneration and Nomination Committee, who may not be any of the following:

- the Chairman of the Board of Directors;
- a current or former Executive Director of EADS;
- 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 EADS. 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 EADS. Under the Board Rules, the Board of Directors delegates day-to-day management of EADS to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of EADS. 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 EADS 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 EADS 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 Chief Executive Officers of important Group companies and their service contracts and other contractual matters in relation to the Executive Committee and their function as Chief Executive Officers;
- 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 EADS 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 EADS (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 EADS 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 EADS, 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 EADS 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 EADS or at the level of one of its principal subsidiaries having an impact on the share capital of EADS 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 Remuneration and Nomination Committee 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 EADS (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 an Executive Committee (the "**Executive Committee**"), is responsible for managing the day-to-day operations of EADS. 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 in 2012

COMPOSITION OF THE BOARD OF DIRECTORS IN 2012

Name	Age	Term started (as Member of the Board of Directors)	Term expires	Principal function	Status
Arnaud Lagardère	51	2003, re-elected in 2005, 2007 and 2012	2017	Chairman of the Board of Directors of EADS N.V.	Non-Executive
Thomas Enders	54	2005, re-elected in 2012	2017	Chief Executive Officer of EADS N.V.	Executive
Dominique D'Hinnin	53	2007, re-elected in 2012	2017	Co-Managing Partner of Lagardère SCA	Nominated by Sogéade
Hermann-Josef Lamberti	57	2007, re-elected in 2012	2017	Former Member of the Management Board of Deutsche Bank AG	Independent
Lakshmi N. Mittal	62	2007, re-elected in 2012	2017	Chairman and Chief Executive Officer of ArcelorMittal S.A.	Independent
Sir John Parker	70	2007, re-elected in 2012	2017	Chairman of Anglo American PLC	Independent
Michel Pébereau	71	2007, re-elected in 2012	2017	Honorary President of BNP Paribas S.A.	Independent
Josep Piqué i Camps	58	2012	2017	Chairman of Pangea XXI, Consultora Internacional	Nominated by SEPI
Wilfried Porth	54	2009, re-elected in 2012	2017	Member of the Management Board of Daimler AG	Nominated by Daimler
Jean-Claude Trichet	70	2012	2017	President of SOGÉPA, Honorary Governor of Banque de France	Nominated by Sogéade
Bodo Uebber	53	2007, re-elected in 2012	2017	Member of the Management Board of Daimler AG	Nominated by Daimler

Note: Status as of 1 March 2013. The professional address of all Members of the Board of Directors for any matter relating to EADS 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 2012

Arnaud Lagardère

Mr Arnaud Lagardère was appointed Managing Partner of Lagardère SCA in March 2003 and his appointment was renewed by the Supervisory Board on proposal of the General Partners on 11 March 2009, for a period of six years to run until 11 March 2015. In addition, Mr Lagardère is the Chairman of Lagardère S.A.S. and Lagardère Capital & Management S.A.S. He and these two companies held 9.30% of Lagardère SCA's share capital on 31 December 2012. Mr Lagardère holds a DEA higher degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of the company MMB, which became Lagardère SCA, in 1987. He was Chairman of the US Company Grolier Inc. from 1994 to 1998.

Current mandates in addition to the one listed in the chart above are set forth below:

- Chairman and Chief Executive Officer of Lagardère Media ex Hachette S.A.)
- Director of Hachette Livre S.A.

- Chairman of the Supervisory Board of Lagardère Services S.A.S.
- Chairman of the Supervisory Board of Lagardère Active S.A.S.
- Chairman of the Executive Committee of Lagardère Unlimited S.A.S.
- Director of Lagardère Ressources S.A.S.
- President, Lagardère Unlimited Inc.
- Permanent Representative of Lagardère Unlimited INC, Managing Member of Lagardère Unlimited LLC
- Director of World Sport Group Investments Ltd
- Director of World Sport Group Holdings Ltd
- Chairman and Chief Executive Officer of Sogéade Gérance S.A.S.
- Member of the Board of Directors of EADS Participations B.V.
- Chairman of Fondation Jean-Luc Lagardère
- President of the sports association, Lagardère Paris Racing Ressources (*Association loi 1901*)
- President of the sports association Lagardère Paris Racing (*Association loi 1901*)
- Chairman and Chief Executive Officer of Lagardère S.A.S.
- Chairman and Chief Executive Officer of Lagardère Capital & Management S.A.S.

- Chairman and Chief Executive Officer of Arjil Commanditée - ARCO S.A.
- Chairman of Sports Investment Company LLC

Former mandates for the last five years:

- Director of France Télécom S.A. (resigned January 2008)
- Member of the Supervisory Board of Virgin Stores S.A. (resigned February 2008)
- Member of the Supervisory Board of Le Monde S.A. (resigned February 2008)
- President (Chief Executive Officer) of Lagardère Active Broadband S.A.S. (resigned June 2008)
- Director of LVMH-Moët Hennessy Louis Vuitton S.A. (resigned May 2009)
- Permanent Representative of Lagardère Active Publicité to the Board of Directors of Lagardère Active Radio International S.A. (resigned May 2009)
- Member of the Supervisory Board of Daimler AG (resigned April 2010)
- President of the "Association des Amis de Paris Jean-Bouin C.A.S.G." (Association loi 1901) (resigned September 2010)
- Chairman of the Supervisory Board of Lagardère Sports S.A.S. (resigned May 2011)
- Member of the Board of Directors of the BDI (Federation of German Industry)
- Chairman of the Advisory Council for Aeronautics Research and Innovation in Europe (ACARE)
- 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

Dominique D'Hinnin

Mr Dominique D'Hinnin was appointed Co-Managing Partner of Lagardère SCA in March 2010. He joined Lagardère in 1990 as Advisor to the Chairman of the Finance Committee of the Group. After that, he held different positions within the Group, first being appointed as Internal Audit Manager, and then CFO Hachette Livre in 1993, before being appointed Executive Vice President of Grolier Inc. in the US and Chief Financial Officer of Lagardère SCA in 1998. Mr D'Hinnin is an alumnus of the École normale supérieure and is an Inspecteur des finances.

Current mandates in addition to the one listed in the chart above are set forth below:

- Director, Chief Operating Officer of Arjil Commanditée Arco S.A.
- Chairman and Managing Director of Ecrinvest 4 S.A.
- Administrator of Lagardère Media (ex Hachette S.A.)
- Member of the Supervisory Board of Lagardère Active S.A.S.
- Permanent representative of Lagardère Media (ex Hachette S.A.) at the Supervisory Board of Lagardère Active Broadcast
- Member of the Supervisory Board of Lagardère Services S.A.S.
- Administrator of Hachette Livre S.A.
- Administrator of Lagardère Ressources S.A.S.
- Administrator of Sogeadé Gérance S.A.S.
- Member of the Supervisory Board of Financière de Pichat & CIE SCA
- Member of the Supervisory Board of Matra Manufacturing & Services S.A.S.
- Chairman of the "Club des Normaliens dans l'Entreprise"
- Treasurer of "Fondation de l'École normale supérieure"
- Chairman of the "Institut de l'École Nationale Supérieure"
- Permanent representative of Hachette Filipacchi Presse at the Supervisory Board of Les Editions P. Amaury S.A.

Thomas Enders

Thomas Enders was appointed Chief Executive Officer of EADS 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 Planning Staff 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 CEO of the EADS Defence and Security Systems Division, holding this position until 2005 when he was appointed co-CEO of EADS. Furthermore, Mr Enders served as President of the BDLI (German Aerospace Industry Association) from 2005 to 2012.

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
- Chairman of the Supervisory Board Eurocopter
- Chairman of the Supervisory Board Astrium
- Chairman of the Supervisory Board EADS Deutschland GmbH

- Deputy Chairman and Member of the Supervisory Board and of the Audit Committee of CANAL+ France S.A.
- Director of Lagardère North America, Inc.
- Member of the Board of Directors of EADS Participations B.V.
- Member of the Strategic Committee of PWC France

Former mandates for the last five years:

- Member of the Supervisory Board of Financière de Pichat S.A.S. (resigned April 2008)
- Chairman of the Supervisory Board of Newsweb S.A. (resigned June 2008)
- Chairman of Eole S.A.S. (resigned February 2009)
- Member of the Supervisory Board and Chairman of the Audit Committee of Le Monde S.A. (resigned November 2010)
- Chairman of Club des Trente (resigned January 2011)
- Vice-Chairman of Atari S.A. (former Infogrames Entertainment S.A.) and Chairman of the Audit Committee of Atari S.A. (resigned March 2011)
- Member of the Supervisory Board of Lagardère Sports S.A.S. (resigned May 2011)
- Administrator of Le Monde Interactif S.A. (resigned December 2011)
- Administrator of Lagardère Entertainment S.A.S. (resigned June 2012)

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 Supervisory Board of Carl Zeiss AG
- 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 Managing Committee of the Institut für Wirtschaftsinformatik der HSG of the Universität St. Gallen
- Member of the Steering Committee and of the Federal Committee of Wirtschaftsrat der CDU e.V.
- Member of the University Council of the University of Cologne
- 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 Unternehmensgespräche - 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)

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- 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 Börsensachverständigenkommission (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)

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 Advisory Board of the Kellogg School of Management. 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 Council
- Member of the Presidential International Advisory Board of Mozambique
- Member of President's Domestic and Foreign Investors Advisory Council, Ukraine
- Member of the Advisory Board of the Kellogg School of Management
- Member of Board of Trustees of Cleveland Clinic
- Member of Executive Board of Indian School of Business
- Gold Patron of Prince's Trust
- Member of the Board of ArcelorMittal USA Inc.
- President of Ispat Inland ULC
- 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.

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
- Member of the Board of Directors of Compagnie de Saint-Gobain
- Member of the Board of Directors of Total
- 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 S.A., Switzerland
- Member of the Board of Directors of Axa
- Member of the Supervisory Board of Banque Marocaine pour le Commerce et l'Industrie, Morocco
- Censor of Galeries Lafayette S.A.
- Chairman of the Management Board of Institut d'études Politiques de Paris
- Member of the Supervisory Board of Institut Aspen France
- Member of the Executive Committee of the Institut de l'Entreprise
- Member of the Executive Committee 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"

Former mandates for the last five years:

- Member of the Board of Directors of Lafarge (resigned 12 May 2011)
- Chairman of the Board of Directors of BNP Paribas (resigned 1 December 2011)

Josep Piqué i Camps

Josep Piqué i Camps has been the Non-Executive Chairman of Vueling since 2007. 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, 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 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:

- Chairman of Vueling
- Advisory Board of Seat, Volkswagen Group
- Chairman 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 Ezentis, S.A.
- Member of the Board of Directors of Grupo San Jose, 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

Wilfried Porth

Mr Wilfried Porth is a Member of the Board of Management of Daimler AG and the Director of Labor Relations, responsible for Human Resources, IT-management and Procurement of Non-Production Material and Services. Until 2006, he was Executive Vice President, MB Van and prior to that, he was Chief Executive Officer of Mitsubishi Fuso Truck & Bus Corp. He previously held various engineering management positions within the Daimler Group, including several years of experience abroad. Mr Porth graduated in engineering at the University of Stuttgart.

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Management of Daimler AG
- Member of the Supervisory Board of Daimler Financial Services AG

- Member of the Board of Directors of EADS Participations B.V.
- Chairman of the Board of Directors Hanns Martin Schleyer-Stiftung
- Member of the Advisory Board of Daimler Unterstützungskasse GmbH

Former mandates for the last five years:

- Member of the Supervisory Board of Mercedes-Benz Ludwigsfelde GmbH (resigned March 2009)
- Member of the Advisory Board of Mercedes-Benz España, S.A. (resigned June 2009)
- Member of the Board of Directors of Daimler Vans Manufacturing, LLC (resigned August 2009)
- Officer of Daimler Vans Manufacturing, LLC (resigned August 2009)

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)

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)

Bodo Uebber

Mr Bodo Uebber was appointed Chairman of EADS in April 2009. He is a Member of the Board of Management of Daimler AG, responsible for Finance and Controlling (since 16 December 2004) as well as for the Daimler Financial Services Division (since 16 December 2003). He previously held various leadership positions in finance within Dornier Luftfahrt GmbH, DASA AG and MTU Aero Engines GmbH. Mr Uebber was born on 18 August 1959 in Solingen. He graduated in 1985 with a degree in engineering and economics at the Technical University of Karlsruhe. In the same year, he joined Messerschmitt-Bölkow-Blohm GmbH (MBB).

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Management of Daimler AG
- Chairman of the Board of Directors of EADS Participations B.V.
- Chairman of the Supervisory Board of Daimler Financial Services AG
- Member of the Supervisory Board of Mercedes-Benz Bank AG
- Chairman of the Supervisory Board of Daimler Luft- und Raumfahrt Holding AG
- Member of the Supervisory Board of Dedalus GmbH & Co. KGaA
- Member of the Supervisory Board of Bertelsmann AG SE & Co. KGaA
- Member of the Supervisory Board of Stiftung Deutsche Sporthilfe
- Member of the Investment Council of "Stifterverband der Deutschen Wissenschaft"
- Member of the Advisory Board of Daimler Unterstützungskasse GmbH
- Member of the Advisory Board of Deutsche Bank AG in Munich
- Member of the Advisory Board of Landesbank Baden-Württemberg

Former mandates for the last five years:

- Member of the Supervisory Board of Daimler España Holding S.A. (resigned 30 June 2008)
- Chairman of the Supervisory Board of Daimler France Holding S.A.S. (resigned 31 October 2008)
- Member of the Board of Directors of Freightliner LLC (resigned 30 September 2009)
- Member of the Supervisory Board of McLaren (resigned 10 November 2009)
- Member of the Supervisory Board of Talanx AG (resigned 31 August 2011)

Independent Directors

The four independent Directors appointed pursuant to the criteria of independence set out above are Hermann-Josef Lamberti, Lakshmi N. Mittal, Sir John Parker and Michel Pébereau.

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 2012

Board Meetings

The Board of Directors met 11 times during 2012 and was regularly informed of developments through business reports from the Chief Executive Officer, including strategic and operational plans. The average attendance rate at such meetings remained stable at 86%.

Throughout 2012, the Board of Directors monitored the progress of significant programmes, such as A350 XWB, A400M, A380, NH90, and Saudi Border Security. It was kept regularly informed about the A350 XWB programme development progress as well as the A380 wing rib feet challenges.

The Board of Directors also addressed EADS' strategy (including the competitive environment) and undertook post-merger integration reviews on recent acquisitions such as Vector Aerospace and Vizada. Furthermore, the Board approved the Single Aisle Final Assembly Line investment in Mobile, Alabama, which is bringing the production of the industry-leading A320 Family to the world's largest market for single-aisle jetliners.

In line with the ambitious objectives of Vision 2020, the Board supported the management in its evaluation and negotiation of a merger between EADS and BAE Systems. The initiative was based on sound industrial logic and represented an opportunity to create a combination of two complementary companies greater than the sum of the parts. The effort was discontinued when it appeared that the interest of the parties' home country governments could not be reconciled adequately, and that the length of the process would be disruptive to the Company.

Finally, following a review of lessons learned from the abandoned merger project, the Board supported management to negotiate the renouncement by the principal shareholders of their control rights and the establishment of the new governance agreed in the Multiparty Agreement of 5 December 2012. 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 played a major role.

Moreover, the Board 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 programs, as well as efficiency and innovation initiatives. It reviewed Enterprise Risk Management ("ERM") results, export control regulations, investor relations and financial communication policy, and legal risks. The Board also discussed further actions resulting from the third EADS engagement survey.

Finally, the Board of Directors focused on governance issues and succession planning, ensuring a smooth Board and management transition. The recommendations for the respective appointments

were prepared diligently by the Board, applying the succession process under the governance of EADS, which was updated in October 2007. The process identified the best possible candidates for the composition of the Board of Directors as well as the top Executive management positions.

Board Assessment

The Board of Directors carries out an assessment of its performance annually and a more thorough assessment is conducted every three years by independent consultants. Due to the transition of Board and management in mid-year, and in view of the significant changes in Governance, and Board composition, following the EGM in March 2013, the Board decided to forego a Board assessment in 2012. The next Board assessment will be conducted in 2013.

Board Committees in 2012

In 2012, membership on Board Committees was as follows:

Directors	Audit Committee	Remuneration & Nomination Committee	Strategic Committee
Arnaud Lagardère (Chairman)			Chairman
Thomas Enders (CEO)			X
Dominique D'Hinnin	X	X	
Hermann-Josef Lamberti	Chairman	X	
Lakshmi N. Mittal			
Sir John Parker	X	Chairman	
Michel Pébereau			X
Josep Piqué i Camps			
Wilfried Porth		X	
Jean-Claude Trichet			X
Bodo Uebber	X		X
Number of meetings in 2012	5	6	1
Average attendance rate in 2012	85%	96%	100%

Note: Status as of 1 March 2013.

Audit Committee

Pursuant to the Board 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.

Under the governance rules in place in 2012, the Chairman of the Board of Directors and the Chief Executive Officer were permanent guests of the Committee. The Chief Financial

Officer and the Head of Accounting were requested to attend meetings to present management proposals and to answer questions. Furthermore, the Head of Corporate Audit and the Chief Compliance Officer were requested to report to the Audit Committee on a regular basis. The new Board of Directors has not yet adopted comparable rules.

The Audit Committee is required to meet at least four times a year. In 2012 it fully performed all of its duties, and met five times, with an 85% average attendance rate.

Remuneration and Nomination Committee

Pursuant to the Board Rules as in effect in 2012, the Remuneration and Nomination Committee made recommendations to the Board of Directors regarding the appointment of Members of the Executive Committee (upon proposal by the CEO and approval by the Chairman); the EADS 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 Remuneration and Nomination Committee 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 Executive Committee Members.

The guiding principle governing management appointments in the Group was 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 EADS executive management team.

Under the governance rules in place in 2012, the Chairman of the Board of Directors and the Chief Executive Officer were permanent guests of the Committee. The Head of EADS Human Resources was requested to attend meetings of the Remuneration and Nomination Committee to present management proposals and to answer questions. The new Board of Directors has not yet adopted comparable rules.

The Remuneration and Nomination Committee is required to meet at least twice a year. It met six times during 2012, with a 96% average attendance rate. In addition to making recommendations to the Board of Directors for major appointments within the Group, the Remuneration and Nomination Committee reviewed top talents and succession planning, discussed measures to improve engagement and to promote diversity, reviewed the remuneration of the Executive Committee Members for 2012, the Long-Term Incentive Plan, and the variable pay for 2011. Based on the outcome of the Free Share plan, it also proposed the terms of the 2013 ESOP plan.

Strategic Committee

The Strategic Committee was not a decision making body but a resource available to the Board of Directors for the preparation of decisions on strategic matters prior to the Consummation. Pursuant to the Board Rules as in effect in 2012, the Strategic Committee made recommendations to the Board of Directors regarding strategic developments, corporate strategies, major merger and acquisition projects, major investments or divestments, projects or product decisions, as well as major research and development projects.

In addition to monitoring major strategic and divisional initiatives, acquisition targets and divestment candidates, and progress on the top priorities of the Group for the year, it made recommendations to the Board of Directors linked to the competitive landscape and home countries industrial policy, company perception in key markets, the continuous constraints on defence budgets, and conducted a review of several country strategies.

The Strategic Committee was required to meet at least twice a year. The Chief Executive Officer was a Member and the Chief of the EADS Marketing and Sales Organisation was a permanent

guest, in order to present management proposals and to answer questions. During the merger initiative with BAE, the Board of Directors absorbed the functions of the Strategic Committee, thus the Committee only met once during 2012, in the first half of the year.

Executive Committee in 2012

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 8 times during 2012.

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 EADS 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 2012, 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 2012

Name	Age	Current Term started	Term expires	Principal Occupation
Thomas Enders	53	2012	2017	Chief Executive Officer EADS
François Auque	56	2010	2015	Astrium CEO/Coordination of Space & Defence
Thierry Baril	47	2012	2017	Chief Human Resources Officer EADS & Airbus
Lutz Bertling	50	2011	2016	Eurocopter CEO
Jean J. Botti	55	2011	2016	Chief Technical Officer EADS
Fabrice Brégier	51	2012	2017	Airbus CEO
Günter Butschek	51	2012	2017	Airbus COO
Bernhard Gerwert	59	2012	2017	Cassidian CEO
Marwan Lahoud	46	2012	2017	Chief Strategy and Marketing Officer EADS
John Leahy	62	2012	2017	Airbus COO - Customers
Sean O'Keefe	56	2010	2014	EADS North America CEO
Domingo Ureña-Raso	54	2009	2014	Head of Airbus Military
Harald Wilhelm	46	2012	2017	Chief Financial Officer EADS & Airbus

Note: Status as of 1 March 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 – EADS CEO

Thomas Enders was appointed Chief Executive Officer of EADS 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 Planning Staff 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 CEO of the EADS Defence and Security Systems Division, holding this position until 2005 when he was appointed co-CEO of EADS. Furthermore, Mr Enders served as President of the BDLI (German Aerospace Industry Association) from 2005 to 2012.

François Auque – Astrium CEO & Coordination Space and Defence

Mr Auque was appointed Chief Executive Officer of Astrium 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, EADS and Airbus CHRO

Mr Baril was appointed Chief Human Resources Officer of EADS and Airbus in May 2012. After leading the Human Resources department 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.

Lutz Bertling, Eurocopter CEO

Mr Bertling was appointed Chief Executive Officer of Eurocopter in 2006. Coming from the Defence & Security Division, he joined Eurocopter in 2003 as Executive Vice President Governmental Programmes and became CEO of Eurocopter Deutschland in early 2006. Previously, Mr Bertling held various positions at DaimlerChrysler Rail Systems and at Braunschweig University. He received a PhD in Engineering from the University of Braunschweig.

Jean Botti – EADS 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.

Fabrice Brégier, Airbus CEO

Mr Brégier was appointed CEO of Airbus in May 2012 after being its COO for six years as well as Head of Operational performance across the EADS 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.

Bernhard Gerwert – Cassidian CEO

Mr Gerwert was appointed Chief Executive Officer of Cassidian 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, EADS 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, EADS North America CEO

Mr O'Keefe was appointed CEO of EADS North America 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 Airbus Military

Mr Ureña-Raso was appointed Head of Airbus Military in February 2009. Previously, he was in charge of the Power8 and "Future EADS" programmes. Since 1989, he has held various positions, amongst others at CASA, EADS PZL, the Defence & Security Division and Airbus. Mr Ureña-Raso holds degrees from the Polytechnic University of Madrid, from ESSEC in Paris and has an MBA.

Harald Wilhelm, EADS 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 EADS, 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. **The corporate governance arrangements of EADS were substantially changed pursuant to the Multiparty Agreement. These changes are intended to further normalise and simplify EADS' corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group, while securing a shareholding structure that allows France, Germany and Spain to protect their legitimate strategic interests.**

— The Board of Directors shall endeavour to avoid a complete replacement of outgoing Directors by new candidates, while favouring the introduction of new candidates for at least one

third of Director positions (whereas 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 term of the office of Members of the Board of Directors is three years without limitation on renewal (whereas 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).
- The Board of Directors is headed by the Chairman of the Board of Directors. In case of dismissal or resignation of the 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 (whereas provision III.4.1(f) of the Dutch Code recommends that there is a vice-Chairman).
- Pursuant to the Bill on Management and Supervision (*Wet bestuur en toezicht*) 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 Board of Directors does not yet comply with these composition guidelines. A woman was appointed to its Board of Directors at the Extraordinary General Meeting of Shareholders held on 27 March 2013. EADS will continue to promote gender diversity within its Board of Directors in the future by striving to increase the proportion of female Directors.

2. As for remuneration of Members of the Board of Directors

EADS applies different rules for the remuneration of Executive (the Chief Executive Officer) and non-Executive Members of the Board of Directors, as set forth below under “4.2.1 — Remuneration Granted to Directors and Principal Executive Officers”.

In case of dismissal from the Company of the Chief Executive Officer, a termination indemnity equal to one and a half times the annual total target salary would be paid subject to the following conditions (whereas 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 Board of Directors has concluded that the Chief Executive Officer can no longer fulfil his position as a result of change of EADS' strategy or policies or as a result of a change in control of EADS. 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.

3. EADS is listed on the Frankfurt, Paris and Spanish stock exchanges and endeavours to strictly comply with the relevant regulations and takes into account the general principles on these markets protecting all its stakeholders.

Therefore, in line with these regulations and general principles in the jurisdictions in which the Company is listed;

- EADS does not require Members of the Board of Directors to hold their securities in the Company as a long-term investment (whereas provision III.7.2 of the Dutch Code recommends such a treatment);
- EADS does not follow various recommendations for dealings with analysts, including allowing shareholders to follow meetings with analysts in real time and publishing presentations to analysts on the website as set out in provision IV.3.1 of the Dutch Code.

4.1.4 Enterprise Risk Management System

Risk and opportunity management is of paramount importance to EADS, given the complex and volatile business environment in which EADS operates. A comprehensive set of risk and opportunity management procedures and activities across EADS makes up the EADS Enterprise Risk Management (“ERM”) system.

The objective of the ERM system is to create and preserve value for EADS' stakeholders. It is designed and operated to effectively identify potential events that may affect EADS, 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, EADS 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 EADS culture, in order to make risk and opportunity management a regular and everyday process for employees.

The Board of Directors and EADS 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 EADS 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 EADS 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 EADS ERM Policy and communicated throughout the Group. The EADS 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 EADS 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 EADS in the short-, middle- and long-term. It also applies to all of EADS’ 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 EADS 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 EADS’ 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 EADS Chief Executive Officer, backed by the 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 EADS Chief Financial Officer who supervises the EADS Chief Risk Officer and the ERM system design and process implementation;
- the EADS 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.

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4.1.4.3 ERM Effectiveness

The EADS ERM system needs to be effective. EADS has established recurring ERM self-assessment mechanisms, to be applied across EADS. This seeks to allow EADS to reasonably assure the effectiveness of its ERM system. The ERM effectiveness assurance comprises:

- ERM process: needs to be present and functioning throughout EADS without any material weaknesses and needs to fulfil the EADS ERM Policy requirements;
- Risk appetite: needs to be in accordance with the EADS 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, EADS 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 top management discussions This control is an important step of the ERM compliance process. All results of the risk management, self-assessment and confirmation procedures are presented by the Divisions or Business Units to top management and discussed and challenged at EADS 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 EADS 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 2012 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. EADS 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 2012:

- regular monitoring took place by the Board of Directors/Audit Committee: quarterly 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, and all ERM top management discussions took place.

Generally, EADS seeks to continuously evaluate and improve the operating effectiveness of the ERM system. EADS 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 2012 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 EADS' 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 EADS' activities, 20 high-level business processes have been identified within EADS. 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 2012.

Accounting

At the core of EADS' 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 EADS' investors and other stakeholders. The integrated approach to planning and reporting aims to improve internal communication and transparency across departments and organisational units within EADS.

The EADS 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, 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. EADS' accounting policies are set out in a written accounting manual, which is agreed with the Company's external auditors. Changes to the EADS 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 EADS' 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 EADS financial statements are submitted to the Board of Directors.

Treasury

Treasury management procedures, defined by EADS' 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 EADS 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, EADS 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 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 EADS 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".

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Sales financing. In connection with certain commercial contracts, EADS 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 EADS 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 EADS' 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 EADS 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 EADS guidelines which follow the same principle, with participation of EADS. In general, where EADS shares control of a subsidiary with a third party, the Commercial Committee is responsible for developing the EADS position on proposed commercial contracts.

Legal

EADS is subject to myriad legal requirements in each jurisdiction in which it conducts business. The mission of the EADS 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 EADS' 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 EADS Legal department, together with the Corporate Secretary, also plays an essential role in the design and administration of (i) the EADS corporate governance procedures and (ii) the legal documentation underlying the delegation of powers and

responsibilities which define the EADS management and its internal control environment.

Corporate Audit

The EADS Corporate Audit department, under the direction of the Corporate Secretary, provides 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, focusing on current (e.g., suspected fraudulent activities) and future (e.g., contract management and programme management) risks. 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 established a forensic function in 2011, with specialist expertise to support the Group in its treatment of compliance allegations.

Corporate Sourcing

The performance of EADS is to a large extent determined through its supply chain. Therefore, sourcing is a key lever for EADS in its marketplace.

EADS' 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 EADS Chief Procurement Officers Council to define and roll out across EADS 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 Compliance Organisation" below.

4.1.5 Compliance Organisation

The Board of Directors appointed the EADS Group Chief Compliance Officer (“CCO”) to design and implement the EADS Ethics and Compliance Programme, which supports the Group’s commitment to adhering to the highest ethical and compliance standards in order to sustain the Group’s global competitiveness. The CCO heads the group-wide compliance organisation, the operations of which are overseen by the Audit Committee.

The EADS Ethics and Compliance Programme seeks to ensure that Group business practices conform to applicable laws and regulations as well as to ethical business principles endorsed by the Group. It also seeks to promote a culture of integrity and transparency. A key programme element consists of the Group Ethics Code, “Integrity & Transparency” (available on the Company’s website), which provides the daily behaviour of all EADS employees.

A compliance organisation and a resource network have been implemented throughout the Group, in a structure that balances proximity to day-to-day business activities with the necessary independence. Accordingly, Compliance Officers throughout the Group report both to management as well as to the compliance organisation. This is reflected at the very top of the hierarchy, with the EADS Group CCO reporting both to the Chief Executive Officer and the Audit Committee.

Compliance officers appointed in each of EADS’ four Divisions as well as various Business Units are in charge of supporting employees to conduct business ethically and in accordance with the EADS Ethics and Compliance Programme. Chief Compliance Officers at the Divisions and Business Units must ensure that they have sufficient local resources to carry out their roles effectively, and report both to the EADS Group CCO and to the head of the relevant Division or Business Unit.

At Group level, permanent Compliance Officers are appointed where the main compliance risks exist, and are empowered to issue compliance directives applicable throughout the Group. The Group International Compliance Officer is in charge of developing and implementing EADS’ Business Ethics Policy and associated processes and guidelines to prevent corruption. The Group Export Compliance Officer seeks to ensure that the activities of the Group comply with all relevant export control rules and with the internal “sensitive countries” policy, while the Group Procurement Compliance Officer supervises compliance in the supply chain. The Group Data Protection Compliance Officer is in charge of more effectively addressing the compliance risks associated with the protection of data privacy in the Group.

In order to achieve the objectives set by the Chief Executive Officer and discussed with the Audit Committee, the EADS Group CCO has established a compliance “roadmap” based on international standards. The roadmap provides an overview of compliance activities such as:

- a periodic assessment and reporting of the main compliance risks as part of the EADS ERM system;

- the monitoring of Ethics and Compliance policies;
- empowerment of compliance organisation and transparent reporting to the Audit Committee and discussions with the Executive Committee;
- communication and training activities across the Group; and
- the investigation of compliance allegations and the functioning of the alert system OpenLine, through which employees may raise ethical and compliance concerns in strict confidentiality and without fear of retaliation.

Due to regulatory requirements, alerts posted on the OpenLine may only be treated if they deal with accounting, financial, corruption or anti-competitive practices issues. The use of the OpenLine is limited to employees of all companies controlled by the Group and located in France, Germany, Spain and the UK. In 2012, relevant regulatory clearance was obtained for the reporting of issues related to conflict of interest, harassment, disclosure of confidential information and product safety as well as to expand the system to new countries. Implementation is subject to internal clearance. Taking into account EADS’ overall compliance strategy, EADS monitors the OpenLine system, organises its deployment in additional countries and assesses the possibility of further broadening its scope to issues of a general and operational nature.

Programme progress reports are presented quarterly to the Board of Directors Audit Committee. Additionally, the EADS Group CCO provides a semi-annual Compliance Report to the Audit Committee on compliance allegations. The report contains details on potentially significant compliance violations affecting the Group of which the CCO is currently aware, including the compliance allegations described above under “— 1. Information on EADS’ Activities — 1.1.9 Legal and Arbitration Proceedings”. Reflecting transparency across the Group, this report is shared with the top management.

In the future, EADS will continue to lead efforts to establish consistent global standards for compliance in the aerospace and defence industry, in particular business ethics including the zero tolerance to corruption commitment. Today, the European Common Industry Standards and the International Forum on Business Ethical Conduct are both among the most innovative sector-wide business ethics initiatives. As such industry standards become more consistent globally with a more level playing field for all, EADS will seek to turn its commitment to ethics and integrity into a sustainable competitive advantage.

4.2 Interests of Directors and Principal Executive Officers

4.2.1 Remuneration Granted to Directors and Principal Executive Officers

4.2.1.1 General Principles

Strategy

EADS' remuneration strategy is to provide remuneration that:

- attracts, retains and motivates qualified executives;
- is aligned with shareholders' interest;
- is performance-related to a significant extent;
- is fair and transparent;
- is competitive against the comparable market;
- can be applied consistently throughout the Group.

Benchmark

The remuneration policy is benchmarked regularly against the practice of other global companies, using peer group data and general industry data of consulting firms. The benchmark data is a weighted average of French, German and UK information, in the home countries of EADS. In countries outside EADS' home region (such as the US), EADS benchmarks against national peer group data of the industry. The total target remuneration for executives is targeted at the median level compared to the benchmark data.

4.2.1.2 Detailed Remuneration Policy

Non-Executive Members of the Board of Directors

Each non-Executive Member of the Board of Directors receives an annual fixed fee of €80,000, as well as a fee for participation in Board meetings of €5,000 per meeting attended. The Chairman of the Board receives an annual fixed fee of €180,000 for carrying out this role, as well as a fee for participation in Board meetings of €10,000 per meeting attended.

The Chairmen of each of the Board Committees receive an additional annual fixed fee of €30,000. The Members of each of the Board Committees receive an additional annual fixed fee of €20,000 for each Committee membership. Committee chairmanship and Committee membership annual fees are cumulative if the concerned non-Executive Members of the Board of Directors belong to two different Committees.

Non-Executive Members of the Board of Directors are not entitled to variable remuneration or grants under EADS' Long-Term Incentive Plans.

Chief Executive Officer

The Chief Executive Officer (the sole Executive Member of the Board of Directors) does not receive fees for participation in Board meetings or any dedicated compensation as a Member of the Board of Directors. Rather, the remuneration policy for the Chief Executive Officer (as well as the other Members of the Executive Committee) is designed to balance short-term operational performance with the mid- and long-term objectives of the Company and consists of the following main elements:

Remuneration Element	Main drivers	Performance measures	% of total target remuneration/ % of vesting
Base salary	Rewards market value of job/position	Not applicable	<ul style="list-style-type: none"> • Former EADS CEO Louis Gallois: 45% of total target remuneration • EADS CEO Thomas Enders: 50% of total target remuneration⁽²⁾ • Other Members of the Executive Committee: 50% of total target remuneration
Annual variable remuneration	Rewards annual performance based on achievement of company performance measures and individual/team objectives, including financial and non-financial targets and behaviours	Collective part (50% of target variable remuneration): EBIT* (50%), Free Cash Flow (50%)	<ul style="list-style-type: none"> • Former EADS CEO Louis Gallois: 55% of total target remuneration (range from 0% to 200%) • EADS CEO Thomas Enders: 50% of total target remuneration (range from 0% to 200%)⁽²⁾ • Other Members of the Executive Committee: 50% of total target remuneration (range from 0% to 200%)
		Individual part (50% of target variable remuneration): achievement of annual individual objectives	
Long-Term Incentive Plans	Rewards long-term company performance and engagement on financial targets	The number of performance units which will vest is based on 3 year absolute average earnings per share at EADS level	Vested performance units will range from 50% to 150% of initial grant ⁽¹⁾

(1) In case of absolute negative results 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) For Louis Gallois, former CEO of EADS, until 31 May 2012. For Thomas Enders, CEO of EADS, since 1 June 2012.

In addition, the Chief Executive Officer (as well as the other Members of the Executive Committee) is entitled to pension and other benefits as described below.

4.2.1.3 Remuneration of the Members of the Board of Directors

The amounts of the various components constituting the compensation granted to the Chief Executive Officer and to Non-Executive Directors during 2012, together with additional information such as the number of performance units (see “— 4.3.3 Long-Term Incentive Plans”) and details of the pension benefits entitlements of the Chief Executive Officer, are set out in “— Notes to the Company Financial Statements — Note 11: Remuneration”.

They are summarised below as well:

Total remuneration and related compensation costs

The total remuneration and related compensation costs of the Members of the Board of Directors related to 2012 and 2011 can be summarised as follows:

	2012	2011
	in €	in €
Non-Executive Members of the Board of Directors		
Fixed fees ⁽¹⁾	1,158,335	1,170,000
Fees for participation in meetings	510,000	425,000

(1) The fixed fees related to 2011 were paid in 2012; the fixed fees related to 2012 will be paid in 2013.

	2012	2011
Executive Member of the Board of Directors	<i>in €</i>	<i>in €</i>
<i>Former CEO, Louis Gallois, until 31 May 2012</i>		
Base salary	412,500	990,000
Annual variable remuneration (related to reporting period including part paid by EADS N.V.)	830,615	1,993,475
<i>Current CEO, Thomas Enders, from 1 June 2012</i>		
Base salary	816,669	N/A
Annual variable remuneration (related to reporting period including part paid by EADS N.V.)	1,278,083	N/A

The cash remuneration of the non-Executive Members of the Board of Directors related to 2012 was as follows:

2012	Fixed fees ⁽¹⁾ in €	Fees for participation in meetings in €	Total in €
Director			
Bodo Uebber	157,500	55,000	212,500
Rolf Bartke ⁽²⁾	41,667	15,000	56,667
Dominique D'Hinnin	120,000	55,000	175,000
Juan Manuel Eguiagaray Ucelay ⁽²⁾	33,333	15,000	48,333
Arnaud Lagardère	164,167	80,000	244,167
Hermann-Josef Lamberti	130,000	50,000	180,000
Lakshmi N. Mittal ⁽³⁾	80,000	40,000	120,000
Sir John Parker	130,000	50,000	180,000
Michel Pébereau	100,000	40,000	140,000
Josep Piqué I Camps ⁽⁴⁾	46,667	35,000	81,667
Wilfried Porth	108,334	35,000	143,334
Jean-Claude Trichet ⁽⁴⁾	46,667	40,000	86,667
Total	1,158,335	510,000	1,668,335

(1) The fixed fees will be paid in 2013.

(2) Retired from Board of Directors as of 31 May 2012.

(3) Excluding the fees related to 2011 paid in 2012.

(4) Appointed to Board of Directors as of 31 May 2012.

The cash remuneration of the Executive Member of the Board of Directors related to 2012 was as follows:

2012	Base salary in €	Annual variable remuneration in € related to 2012
Director		
Former CEO, Louis Gallois (until 31 May 2012)	412,500	830,615
Current CEO, Thomas Enders (from 1 June 2012)	816,669	1,278,083

Long-Term Incentives

The table below gives an overview of the performance units granted to the Chief Executive Officer in 2012 pursuant to the LTIP:

Unit plan: number of performance units ⁽¹⁾		
	Granted in 2012	Vesting dates
Thomas Enders	50,300	Vesting schedule is made up of 4 payments over 2 years: (i) 25% expected in May 2016; (ii) 25% expected in November 2016; (iii) 25% expected in May 2017; (iv) 25% expected in November 2017.

(1) Vesting of all performance units granted to the Chief Executive Officer is subject to performance conditions (see "— 4.3.3 Long-Term Incentive Plans") and following specific rules for EADS Executive Committee Members

Pension Benefits

The Members of the Executive Committee have pension promises as part of their employment agreements. The general policy is to give them annual pensions of 50% of their annual base salary upon reaching five years of service in the Executive Committee of EADS, payable once they reach retirement age.

These rights can gradually increase to 60% after a second term, usually after ten years of service in the Executive Committee. However, in order to reach this 60% replacement ratio the respective Member of the Executive Committee must also have 12 years of seniority within the Group.

These pension schemes have been implemented through collective executive pension plans in France and Germany. These pension promises also have separate rules, e.g. for minimum length of service and other conditions to comply with national regulations.

The former Chief Executive Officer, Louis Gallois, retired from EADS as of 1 June 2012, with a pension promise worth €3,869,637 (defined benefit obligation (*i.e.*, the book cash value)).

For the current Chief Executive Officer, Thomas Enders, the amount of the pension defined benefit obligation (*i.e.*, the book cash value) amounted to €11,800,233 as of 31 December 2012, while the amount of current service and interest cost related to his pension promise accounted for the fiscal year 2012 represented an expense of €1,000,769. This obligation has been accrued in the Consolidated Financial Statements. Such higher defined benefit obligation for the Company pension of Thomas Enders results from EADS Executive Committee pension policy as described above and takes into account (1) the seniority of Thomas Enders at EADS and its Executive Committee and (2) the significant lower public pension promise deriving from the German social security pension system, compared to public pensions resulting from the membership in the French public pension system. These above-mentioned public pension promises are off-set positions, which reduce the ultimate pensions paid by the Company.

Non-Executive Members of the Board of Directors do not receive pension benefits.

Termination Indemnity

As part of his mandate contract, the Chief Executive Officer is entitled to a termination indemnity when the departure results from a decision by the Company in case of change in control or change in the Company's strategy. Payment of the termination indemnity is also subject to performance conditions as fixed and assessed by the Board of Directors. The termination indemnity, if applicable, would amount to a maximum of 18 months of annual total target remuneration. The former Chief Executive Officer, Louis Gallois, reached the age of 65 in 2009 and retired in 2012, without any payment of a termination indemnity.

Non-Executive Members of the Board of Directors do not have a termination indemnity.

Non-Competition Clause

A non-competition clause is included in the terms of the Chief Executive Officer's mandate, applicable for one-year starting at the end of the mandate contract, and renewable for another year at the Company's initiative. The clause envisages a compensation equal to 50% of the last target annual salary, defined as the base salary plus the last paid annual variable remuneration. The application of the clause is subject to a Board of Directors' decision.

The former Chief Executive Officer, Louis Gallois, has acknowledged EADS' expectations with regard to his non-competition clause when retiring. However, because both EADS and Louis Gallois agreed not to formally enforce this non-competition clause, no related payment has been made.

Other Benefits

The Chief Executive Officer, Thomas Enders, is entitled to a company car. The residual value of his company car was worth €57,134 (excluding VAT) as of 31 December 2012.

4.2.1.4 Remuneration of the Members of the Executive Committee

The Members of the Executive Committee, including the Chief Executive Officer, are entitled to receive for the year 2012 total remuneration (pro-rata for the period of membership in the Executive Committee, including base salaries, variable pay for 2012 and payments from EADS Long-Term Incentive Plans) of €26,712,896. The increase in total remuneration compared to 2011 is largely due to the enlargement of the Executive Committee and to the payout on past Long-Term Incentive Plans.

The remuneration for the former EADS Chief Executive Officer Louis Gallois was divided into 45% fixed part (base salary) and a 55% variable part (annual variable remuneration) on target and for the other Members of the Executive Committee into a 50% fixed part (base salary) and a 50% variable part (annual variable remuneration) on target. Thomas Enders, EADS Chief Executive Officer, has a 50% fixed part (base salary) and a 50% variable part (annual variable remuneration) on target.

The total remuneration paid by EADS and all its Group companies to Louis Gallois, former Chief Executive Officer, during the year 2012, was €1,243,115 (this sum includes the payments of his January to 31 May 2012 base salary of €412,500 and the variable pay for 2012 of €830,615). The total remuneration paid by EADS and all its Group companies to Thomas Enders, Chief Executive Officer, from 1 June 2012 to 31 December 2012, was €2,696,264 (for that period, this sum includes the payments of his base salary of €816,669, the variable pay for 2012 of €1,278,083 and payments from EADS Long-Term Incentive Plans of €601,512).

Additionally, performance units granted in 2012 pursuant to the LTIP to the Chief Executive Officer and to the other Executive Committee Members represented 275,900 units (356,350 units in 2011). The related compensation expense recorded in 2012 amounted to €0.1 million.

4

The Members of the Executive Committee including the Chief Executive Officer receive the majority of their remuneration from their relevant national Group entity (under the terms of their employment or mandate contract) and the remaining part from EADS N.V. (“**N.V. compensation**”, under the terms of the N.V. letter of agreement).

Besides Louis Gallois, former CEO of EADS, three Executive Committee Members left the EADS Executive Committee in 2012: Hans Peter Ring, former CFO of EADS, Jussi Itavuori, former EADS Head of Human Resources and Stefan Zoller, former Head of the Cassidian Division. The total cumulated amount of severance payments made in the frame of EADS Group departures was €3,132,162.

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 2010, 2011 and 2012, 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 2012 and “— Notes to the Consolidated Financial Statements (IFRS) — Note 36: Related party transactions” for the year ended 31 December 2011, 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.

4.2.4 Loans and Guarantees Granted to Directors

EADS has not granted any loans to its Directors or Members of the Executive Committee.

4.3 Employee Profit Sharing and Incentive Plans

4.3.1 Employee Profit Sharing and Incentive Agreements

EADS' 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 EADS 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

EADS supports employee share ownership. Since its creation, EADS has regularly offered qualifying employees the opportunity to purchase EADS shares on favourable terms through employee share ownership plans ("ESOPs").

The following table summarises the main terms of the ESOPs conducted from 2000-2012⁽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

(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 shares in EADS, 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 2012

In June 2012, EADS offered to qualifying employees a maximum of 0.39% 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 three months' seniority;

- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) companies in which EADS holds at least 50% of the share capital and over whose management it has a determining influence.

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 €28.55 per share;

- shares subscribed for by qualifying employees directly were offered for a price of €27.07 per share.

The 2012 ESOP was structured as a share matching plan, whereby EADS 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 2,177,103 shares were issued in the employee offering. Shares were delivered on 30 July 2012.

Future ESOPs

EADS intends to implement an ESOP in 2013, subject to approval by the Board of Directors. The 2013 ESOP is expected to be a share matching plan, whereby the Company would match a certain number of shares purchased at fair market value with a grant of free shares based on a defined ratio. The total offering would be up to approximately 3,200,000 shares of the Company, i.e. up to 0.39% of its issued share capital, open to all qualifying employees (including the Chief Executive Officer). As part of ESOP 2013, a dedicated UK share incentive plan (SIP) was launched in December 2012 subject to a final decision by the Board of Directors.

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 and 2012, 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 2012 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:

Fourth tranche	
Date of shareholders' meeting	10 May 2001
Date of Board of Directors meeting (grant date)	9 August 2002
Number of options granted	7,276,700
Number of options outstanding	-
Options granted to:	
• Mr Philippe Camus	135,000
• Mr Rainer Hertrich	135,000
• the 10 employees having being granted the highest number of options during the year 2001 (third tranche) and 2002 (fourth tranche)	808,000
Total number of eligible employees	1,562
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	8 August 2012
Conversion right	One option for one share
Vested	100%
Exercise price	€ 16.96
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	6,434,110

	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	1,502,835	3,316,613
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	5,403,571	1,909,745

(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	5,333,695
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	-

(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	1,202,000
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	350,000

Ninth tranche		
Date of Board of Directors meeting (grant date)	7 December 2007	
Performance and restricted unit plan		
	Performance units	Restricted units
Number of units granted	1,693,940	506,060
Number of units outstanding	-	-
Units granted to:		
• Mr Louis Gallois	33,700	-
• the 10 employees having being granted the highest number of units during the year 2007 (ninth tranche)	239,900	43,500
Total number of eligible beneficiaries		1,617
Vesting dates	The restricted units will vest if the participant is still employed by an EADS company at the respective vesting dates. Vesting schedule is made up of 4 payments over 2 years: <ul style="list-style-type: none">• 25% expected in May 2011;• 25% expected in November 2011;• 25% expected in May 2012;• 25% expected in November 2012.	
Number of vested units	4,240	475,860

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⁾	1,409,592	377,575
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: <ul style="list-style-type: none">• 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⁾	1,422,956	382,535
<p>(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).</p> <p>(2) Re-evaluation based on 136% performance achievement for the remaining outstanding performance units.</p>		

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	2,579,920	903,820
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: <ul style="list-style-type: none">• 25% expected in May 2013;• 25% expected in November 2013;• 25% expected in May 2014;• 25% expected in November 2014.	
Number of vested units	9,150	4,160
<p>(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).</p> <p>* For more information in respect of units granted to the Chief Executive Officer, see “— Notes to the Company Financial Statements — Note 11: Remuneration”.</p>		

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	2,835,240	947,160
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: <ul style="list-style-type: none">• 25% expected in May 2014;• 25% expected in November 2014;• 25% expected in May 2015;• 25% expected in November 2015.	
Number of vested units	-	700

(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	2,559,950	877,125
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: <ul style="list-style-type: none">• 25% expected in May 2015;• 25% expected in November 2015;• 25% expected in May 2016;• 25% expected in November 2016.	
Number of vested units	-	625

(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	2,121,800	623,080
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: <ul style="list-style-type: none">• 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) 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".

For information on the transactions carried out by the Members of the Board of Directors and the Executive Committee see EADS' website and/or the relevant stock exchange authorities' website.

SHAREHOLDING IN THE COMPANY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Member of the Board of Directors	Shareholding
• Mr Thomas Enders	5,440 ordinary shares 197,500 stock options ⁽¹⁾

(1) See eighth tranche as set forth in the above table.

The other Members of the Board of Directors do not hold shares or other securities in the Company.

Entity Responsible for the Registration Document

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5.1 Entity Responsible for the Registration Document

EADS

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 represented by:

Thomas Enders
Chief Executive Officer

5.3 Information Policy

Contact details for information:

Mr Philippe Balducchi

Head of Investor Relations and Financial Communication, EADS

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75781 Paris Cedex 16 France

Telephone: +33 1 42 24 28 00

Fax: +33 1 42 24 28 40

E-mail: ir@eads.com

A website, www.eads.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 19 April 2011;
- the Registration Document filed in English with, and approved by, the AFM on 12 April 2012; and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS for the years ended 31 December 2010, 2011 and 2012, together with the related Auditors' reports, may be inspected at EADS' 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: 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 2012.

