Unaudited Condensed Consolidated Financial Information of EADS N.V. for the nine-month period ended September 30, 2009

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - September 30, 2009		January 1 - September 30, 2008		Deviation
	M €	%	M €	%	M €
Revenues	29,723	100	29,440	100	283
Cost of sales	-25,361	-85	-24,323	-83	-1,038
Gross margin	**4,362**	**15**	**5,117**	**17**	**-755**
Selling, administrative & other expenses	-1,733	-5	-1,591	-5	-142
Research and development expenses	-1,834	-6	-1,792	-6	-42
Other income	137	0	94	0	43
Share of profit from associates under the equity method and other income from investments	118	0	155	1	-37
Profit before finance result and income taxes	**1,050**	**4**	**1,983**	**7**	**-933**
Interest income	299	1	479	2	-180
Interest expense	-388	-1	-469	-2	81
Other financial result	-526	-2	-328	-1	-198
Finance result	**-615**	**-2**	**-318**	**-1**	**-297**
Income taxes	-140	-1	-567	-2	427
Profit for the period	**295**	**1**	**1,098**	**4**	**-803**
Attributable to:					
Equity owners of the parent **(Net income)**	**291**	**1**	**1,082**	**4**	**-791**
Non-controlling interests	4	0	16	0	-12
Earnings per share	€		€		€
Basic and diluted	0.36		1.34		-0.98

Unaudited Condensed IFRS Consolidated Income Statements for the third quarter of 2009 and 2008

	July 1 - September 30, 2009		July 1 - September 30, 2008		Deviation
	M €	%	M €	%	M €
Revenues	9,528	100	9,701	100	-173
Cost of sales	-8,167	-86	-7,730	-80	-437
Gross margin	**1,361**	**14**	**1,971**	**20**	**-610**
Selling, administrative & other expenses	-609	-6	-538	-5	-71
Research and development expenses	-662	-7	-662	-7	0
Other income	48	1	32	0	16
Share of profit from associates under the equity method and other income from investments	51	1	45	1	6
Profit before finance result and income taxes	**189**	**3**	**848**	**9**	**-659**
Interest income	96	1	189	2	-93
Interest expense	-145	-2	-169	-2	24
Other financial result	-259	-3	154	2	-413
Finance result	**-308**	**-4**	**174**	**2**	**-482**
Income taxes	34	0	-335	-4	369
Loss / profit for the period	**-85**	**-1**	**687**	**7**	**-772**
Attributable to:					
Equity owners of the parent **(Net loss / income)**	**-87**	**-1**	**679**	**7**	**-766**
Non-controlling interests	2	0	8	0	-6
Earnings per share	€		€		€
Basic and diluted	-0.11		0.84		-0.95

Unaudited Condensed IFRS Consolidated Balance Sheets

	September 30, 2009		December 31, 2008		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,101	14	11,171	15	-70	-1
Property, plant and equipment	12,431	16	12,243	16	188	2
Investments in associates under the equity method	2,506	3	2,356	3	150	6
Other investments and long-term financial assets	1,951	3	1,712	2	239	14
Other non-current assets	3,056	4	2,646	3	410	15
Deferred tax assets	2,668	3	2,756	4	-88	-3
Non-current securities	4,010	5	3,040	4	970	32
	37,723	48	35,924	47	1,799	5
Current assets						
Inventories	22,691	29	19,452	26	3,239	17
Trade receivables	5,067	6	5,267	7	-200	-4
Other current assets	4,324	5	4,590	6	-266	-6
Current securities	3,851	5	3,912	5	-61	-2
Cash and cash equivalents	5,298	7	6,745	9	-1,447	-21
Non-current assets / disposal groups classified as held for sale	0	0	263	0	-263	
	41,231	52	40,229	53	1,002	2
Total assets	**78,954**	**100**	**76,153**	**100**	**2,801**	**4**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	815	1	815	1	0	0
Reserves	8,509	11	8,558	11	-49	-1
Accumulated other comprehensive income	3,256	4	1,758	3	1,498	85
Treasury shares	-124	0	-109	0	-15	14
	12,456	16	11,022	15	1,434	13
Non-controlling interests	110	0	104	0	6	6
	12,566	16	11,126	15	1,440	13
Non-current liabilities						
Non-current provisions	7,855	10	7,479	10	376	5
Long-term financing liabilities	2,874	4	3,046	4	-172	-6
Deferred tax liabilities	1,578	2	953	1	625	66
Other non-current liabilities	15,531	19	16,824	22	-1,293	-8
	27,838	35	28,302	37	-464	-2
Current liabilities						
Current provisions	4,499	6	4,583	6	-84	-2
Short-term financing liabilities	2,226	3	1,458	2	768	53
Trade liabilities	7,133	9	7,824	10	-691	-9
Current tax liabilities	164	0	201	0	-37	-18
Other current liabilities	24,528	31	22,504	30	2,024	9
Liabilities directly associated with non-current assets classified as held for sale	0	0	155	0	-155	
	38,550	49	36,725	48	1,825	5
Total liabilities	66,388	84	65,027	85	1,361	2
Total equity and liabilities	**78,954**	**100**	**76,153**	**100**	**2,801**	**4**

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - September 30, 2009	January 1 - September 30, 2008
	M €	M €
Profit for the period attributable to equity owners of the parent (Net income)	**291**	**1082**
Profit for the period attributable to non-controlling interests	4	16
Adjustments to reconcile profit for the period to cash (used for) provided by operating activities		
Depreciation and amortization	1.233	1.159
Valuation adjustments	108	354
Deferred tax expense	60	389
Change in income tax assets, income tax liabilities and provisions for actual income tax	200	-121
Results on disposal of non-current assets	-30	-27
Results of companies accounted for by the equity method	-95	-128
Change in current and non-current provisions	49	-377
Change in other operating assets and liabilities	-1.838	721
Cash (used for) provided by operating activities	**-18**	**3.068**
Investments:		
- Purchase of intangible assets, PPE	-1.274	-1.066
- Proceeds from disposals of intangible assets, PPE	23	19
- Acquisitions of subsidiaries and joint ventures (net of cash)	0	-197
- Proceeds from disposals of subsidiaries (net of cash)	16	2
- Payments for investments in associates and other investments and long-term financial assets	-81	-104
- Proceeds from disposals of associates and other investments and long-term financial assets	21	95
- Dividends paid by companies valued at equity	27	50
- Decrease in finance lease receivables	0	0
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	104	0
Change in securities	-846	-4.357
Cash (used for) investing activities	**-2.010**	**-5.558**
Change in long-term and short-term financing liabilities	814	-690
Cash distribution to EADS N.V. shareholders	-162	-97
Dividends paid to non-controlling interests	0	-3
Capital increase and changes in non-controlling interests	2	26
Change in treasury shares	-15	39
Cash provided by (used for) financing activities	**639**	**-725**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-58	-7
Net (decrease) in cash and cash equivalents	**-1.447**	**-3.222**
Cash and cash equivalents at beginning of period	**6.745**	**7.549**
Cash and cash equivalents at end of period	**5.298**	**4.327**

Note: For retrospective adjustments concerning the first nine months 2009 please refer to Note 9. “Significant cash flow items”

As of September 30, 2009, EADS' cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 649 M € (666 M € as of December 31, 2008), which represent EADS' share in MBDA's cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - September 30, 2009	January 1 - September 30, 2008
Profit for the period	**295**	**1,098**
Foreign currency translation differences for foreign operations	-238	15
Net change in fair value of cash flow hedges	2,323	-3,423
Net change in fair value of available-for-sale financial assets	144	-92
Others	-208	300
Tax on income and expense recognized directly in equity	-712	972
Other comprehensive income, net of tax	**1,309**	**-2,228**
Total comprehensive income of the period	**1,604**	**-1,130**
Attributable to:		
Equity owners of the parent	1,599	-1,150
Non-controlling interests	5	20

Unaudited Condensed IFRS Consolidated Reconciliation of Movement in Equity attributable to Equity owners of the parent and Non-controlling interests

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	total
Balance at January 1, 2008	**13,090**	**85**	**13,175**
Total comprehensive income	-1,150	20	-1,130
Cash distribution to shareholders	-97	-3	-100
Capital Increase	24	1	25
Change in treasury shares	39	0	39
Change in non-controlling interests	0	41	41
Others	25	-1	24
Balance at September 30, 2008	**11,931**	**143**	**12,074**
Balance at January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive income	1,599	5	1,604
Cash distribution to shareholders	-162	0	-162
Capital Increase	0	2	2
Change in treasury shares	-15	0	-15
Others	12	-1	11
Balance at September 30, 2009	**12,456**	**110**	**12,566**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at September 30, 2009

1. The Company

The accompanying Condensed Interim Consolidated Financial Statements (unaudited) present the operations of **European Aeronautic Defence and Space Company EADS N.V.** and its subsidiaries ("EADS" or the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). EADS' core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the nine-month period ended September 30, 2009 were authorized for issue by EADS' Board of Directors on November 13, 2009.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU). EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board ("IASB") as endorsed by the EU. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee (“IFRIC”) or former Standards Interpretation Committee (“SIC”).

Financial reporting rules applied for the first time in the first nine months 2009

The following Standards and revised Standards were applied for the first time in the first nine months 2009 and are effective for EADS as of January 1, 2009. If not otherwise stated, the following standards and revised standards did not have a material impact on EADS’ Consolidated Financial Statements.

The amendment to IAS 23 “Borrowing Costs” removes the option of recognizing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as an expense and therefore requires capitalizing such borrowing costs as part of the cost of the asset prospectively. The application of the amended IAS 23 results in the mandatory capitalization of borrowing costs related to qualifying assets and thus increases the amount of total costs capitalized and thus the basis of depreciation of such qualifying assets.

IFRS 8 “Operating Segments” replaced IAS 14 “Segment Reporting” for accounting periods beginning on or after January 1, 2009. IFRS 8 requires the presentation and disclosure of segment information to be based on the internal management reports regularly reviewed by EADS’ Chief Operating Decision Maker in order to assess each segment’s performance and to allocate resources to them. EADS’ segment reporting takes into consideration these new requirements of IFRS 8 as well as its new management structure from 2009 onwards. See Note 5 “Segment Information” for relating changes to the presentation of segment information.

The amendment to IAS 1 “Presentation of Financial Statements: A revised presentation” introduces among other notes disclosures the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. EADS provides information regarding its total comprehensive income according to the two statement approach in an income statement as well as in a statement of comprehensive income.

Further, EADS applied the amendments to IAS 32 and IAS 1 “Puttable Financial Instruments”, the amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and to IAS 27 “Consolidated and Separate Financial Statements” as well as the amendments to IFRS 2 “Share Based Payments - Vesting Conditions and Cancellations”.

Finally, in May 2008 the IASB issued its omnibus of amendments to its standards primarily with a view to removing inconsistencies and clarifying wording. There are separate transition rules for each amended standard. Except for the amendments regarding IAS 16 and IAS 7 (see Note 9 “Significant cash flow items”), which were early adopted by EADS in its 2008’ Consolidated Financial Statements, the majority of these amendments, being effective from January 1, 2009 onwards, did not have a material impact on EADS’ Consolidated Financial Statements.

The following endorsed Interpretations were also required to be applied for the first time beginning of January 1, 2009:

IFRIC 13 “Customer Loyalty Programmes” (issued 2007, endorsed in December 2008)

IFRIC 14 “IAS 19 – The Limit of a Defined Benefit Asset Minimum Funding Requirements and their Interaction” (issued 2007, endorsed in December 2008 resulting in an effective date as of January 1st, 2009)

These Interpretations did not have a significant impact on EADS’ Consolidated Financial Statements.

IFRIC 12 “Service Concession Arrangements” (issued 2006, endorsed in March 2009) will be effective from January 1, 2010 onwards. The potential impacts from its application are currently under investigation.

New financial reporting rules issued during the first nine months 2009

The following amendments were published during the first nine months 2009:

The IASB published in March 2009 amendments to IFRS 7 “Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments” which are mandatory for the first time for annual periods beginning on or after January 1, 2009. These amendments will result in additional disclosures in EADS’ Consolidated Financial Statements for 2009 with regard to the fair value measurement of financial instruments and liquidity risks.

Further, the IASB issued amendments to IFRIC 9 and IAS 39 “Embedded Derivatives” to clarify the accounting treatment of embedded derivatives. The amendments are mandatory (retrospective application) for the first time for annual periods ending on or after June 30, 2009.

In April 2009, the IASB issued its second omnibus of amendments to its standards containing 15 amendments to 12 standards. The amendments refer to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16. Most of the amendments are mandatory for annual periods beginning on or after January 1, 2010 with separate transition rules for each amendment.

In June 2009 the IASB issued an amendment to IFRS 2 "Share-based Payments - Group Cash-settled Share-based Payment Transactions" which amends the definitions in IFRS 2 for transactions and arrangements, and the scope of the standard. In addition, guidance is given for accounting for share-based payment transactions amongst group entities. The amendment is mandatory for annual periods beginning on or after January 1, 2010.

Finally, the IASB published an amendment to IAS 32 “Classification of Rights Issues – Amendment to IAS 32 Financial Instruments: Presentation”, in October 2009. This amendment to IAS 32 addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. In particular, when the amendment is applied, rights (and similar derivatives) to acquire a fixed number of an entity’s own equity instruments for a fixed price stated in a currency other than the entity’s functional currency, would be equity instruments, provided the entity offers the rights pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

The following Interpretation was also issued:

IFRIC 18 “Transfers of Assets from Customers”. The Interpretation is mandatory (prospective application) for annual periods beginning on or after July 1, 2009. Retrospective application is also permitted to a limited extent.

The potential impacts from the application of those newly issued amendments and interpretations are currently under investigation. Further, EADS does not expect any impacts on its accounting policies arising from the IFRS for SMEs and the amendments made to IFRS 1 regarding additional exemptions for IFRS first time adopters, both published by the IASB in July 2009.

The accounting policies used in the preparation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those used for the annual Consolidated Financial Statements for the year ended December 31, 2008, which are disclosed as an integral part of the Group’s Annual Report 2008. The annual Consolidated Financial Statements were authorized for issue by EADS’ Board of Directors on March 9, 2009.

3. Accounting for the A400M programme

In September 2008, the Airbus A400M airlifter programme was affected by an undefined delay of the first flight of the A400M, mainly due to the unavailability of the propulsion system and beyond that – but not first flight critical – due to the fact that other major suppliers of mission critical systems and of system integration were severely struggling with the challenging technical requirements of this aircraft. Consequently, from September 2008 onwards and up to the date of these Unaudited Condensed IFRS Consolidated Financial Statements, EADS could neither agree with OCCAR a committed revised technical timetable of the A400M programme nor reliably assess the related financial implications of this delay and applied the early-stage method of accounting (see Note 3 “Accounting for the A400M programme” in EADS’ Consolidated Financial Statements 2008 for further details of the A400M programme and relating accounting issues).

Under the Launch Contract between Airbus Military SL (“AMSL”) and OCCAR, OCCAR had the contractual right with unanimous mandate of all launch nations to claim termination of the whole A400M Launch Contract as of April 1, 2009, as the first flight of the A400M did not occur before March 31, 2009. OCCAR did not exercise this cancellation right and subsequently agreed to a three month moratorium period until the end of June 2009. On July 24, 2009, the Defence Ministers of the launch nations confirmed to adhere to the A400M contract to enable detailed negotiations up to the end of the year. From a commercial as well as from a technical perspective, the A400M programme has made additional progress during the last months. Our ongoing discussions with OCCAR and the launch nations have contributed further to reinforce the nations’ confidence in the A400M programme and to prepare a common basis for all parties involved for entering into a new negotiation phase in order to realign the A400M programme on an achievable basis. However, the discussions with the representatives of OCCAR and the launch nations did not lead to an updated A400M contract scheme until the date of issuance of these Unaudited Condensed IFRS Consolidated Financial Statements, which will realign and rebase the contract on realistic general and specific conditions acceptable to all parties.

Therefore, EADS and AMSL continue to address all contractual issues with OCCAR and the launch nations as well as the technical challenges associated with the assembly of the first A400M aircraft and its planned first flight and continue to work with their suppliers and partners to be able to confirm a realistic timetable as well as a reliable and robust cost structure of the programme.

The technical progress made in summary on the A400M programme is anticipated to enable the achievement of the 1st Flight around the end of 2009. This technical progress of the A400M programme during the last months is interrelated with considerable reductions of sources of uncertainty which mainly arose from the unavailability of the propulsion system and other mission critical systems in the past. Compared to the situation during the second quarter 2009, additional progress in terms of generating a more reliable and robust cost structure for the remaining cost to completion has been made, however, with some areas of uncertainties still existing. Therefore, and due to the significant work still to be performed under this planning process EADS regards the cost information available as of September 30, 2009 still as premature. Accordingly, EADS considers itself still not to be in a position to comply with the requirements of IAS 11.22 to apply a different method of accounting than early stage accounting as of September 30, 2009.

Under the early stage method of accounting, all A400M related work-in-progress, which would have been expensed upon the completion of technical milestones according to the estimate at completion method of accounting only, have been expensed as incurred, with related revenues recognized up to the recoverable part of these costs as per the A400M Launch Contract. The A400M contract loss provision was accounted for in light of the excess-contract-costs-over-remaining-contract-revenues, based on the probable remaining contract costs that could be estimated. Additional potential contract costs not estimable as of the date of these Unaudited Condensed IFRS Consolidated Financial Statements have been considered as contingent liabilities.

The following tables summarize the major accounting balances specifically related to the A400M programme as at September 30, 2009:

in M €	**As at September 30, 2009**
Accumulated revenues	4,941
Accumulated cost of sales	(7,362)
Accumulated EBIT-impact	(2,421)

in M €	**As at September 30, 2009**
Accumulated revenues	4,941
Accumulated advance payments received	(6,360)
Net advance payments received (shown in liabilities)	(1,419)

in M €	**First nine months 2009** **Early stage accounting of the A400M programme**
Revenues	399
Expensed work in progress	(710)
Subtotal	**(311)**
Consumption of provision	311
Additional costs (including increase in provision)	(224)
Total EBIT impact	**(224)**

In M €	**As at September 30, 2009**
Property, plant and equipment (mainly buildings and jigs and tools)	788
Current assets (mainly advance payments made)	1,069
Net advance payments received (shown in liabilities)	1,419
A400M provision	1,282

In case of a potential, but still considered to date unlikely by EADS, cancellation of the A400M contract by OCCAR at the end of the moratorium period, AMSL would have to reimburse all initial payments, pre-delivery payments and any other payments received from OCCAR which would represent a total amount of cash of approximately 6.4 bn €. In addition, EADS would have to determine the further utilisation of specific tangible assets currently used for the A400M programme and to take into account possible claims from suppliers.

Under the scenario of a continuation of the A400M programme under the Launch Contract, significant penalties based on contractual clauses could be notified to EADS for a cumulative amount of €1.3 bn, due in case each aircraft delivery would be delayed by more than 10 months from the original contractual timetable. Based upon the currently probable minimum delivery delays, this penalty clause would apply at least to a significant number of aircraft, but would be subject to future discussion with customers. The A400M provision as of September 30, 2009 includes EADS' current assessment of the pro-rated amount of penalties to be finally paid.

Considering the current status of discussions between EADS and OCCAR as well as the launch nations, the initial A400M contract is still not expected to frame the conditions for EADS to proceed with the A400M programme on an achievable reasonable basis over the next years. However, as long as this existing contract scheme is not replaced by an updated contract, it still remains terminable.

Taken into consideration the reduced but ongoing technical and industrial uncertainties attached to the A400M programme and the uncertainties from the ongoing discussions with OCCAR and the launch nations to adjust contractual arrangements, no robust and validated comprehensive update of the cost to complete and the provision based on stabilized assumptions was possible. Due to these ongoing uncertainties the early stage method of accounting was retained for the closing of the third quarter 2009. Therefore, significant negative income statement's impacts may still have to be accounted for in future periods when such costs become estimable on a valid basis or triggering events lead to a return to the estimate-at-completion method of accounting. Potential benefits from current discussions with customers might reduce such impacts, but would only be taken into account once the respective agreement with OCCAR and the launch nations is assessed to be highly probable. Currently, under certain continuation scenarios which are still lacking enough estimable evidence and which are not taking into account the expected outcome by EADS of the current discussions with OCCAR, the magnitude of the negative impact of additional costs would substantially alter the financial statements of EADS as a whole in the future. A reliable assessment of this negative impact requires sufficient progress of current discussions with OCCAR and the launch nations, which are entering into a difficult and decisive phase.

In conclusion, EADS believes the early stage method of accounting currently incorporated in these Unaudited Condensed IFRS Consolidated Financial Statements reflects its most appropriate judgments under the current circumstances, the technical complexity of the A400M programme and the uncertainty about the outcome of on-going negotiations.

4. Changes in the consolidation perimeter of EADS

On April 22, 2008, EADS acquired PlantCML California / USA, a leading provider of emergency response solutions, which has been fully consolidated since that date. The difference between the purchase price and the acquired net assets led to the recognition of goodwill of 275 M USD.

On July 28, 2008, EADS acquired an additional 41% of Spot Image, Toulouse / France, a world leader in the provision of satellite imagery and geo-information value-added services. EADS thus increased its stake in Spot Image to 81% and consolidates it fully. This additional purchase led to the recognition of a goodwill of 2 M €.

In the previous year, EADS concluded negotiations with GKN to divest its Airbus site in Filton (UK). The closing of the sale occurred on January 5, 2009.

On January 7, 2009, DAHER acquired a 70% majority share of EADS SOCATA. The remaining 30% of EADS SOCATA is accounted for using the equity method and presented in “Other Businesses”.

Other acquisitions or disposals by the Group that occurred in the first nine months of 2009 are not material, nor were those that occurred in the first nine months of 2008.

5. Segment information

In 2009, the Group operates in four divisions (reportable segments) which reflect the internal organizational and management structure.

- *Airbus segment* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats, military transport aircraft and special mission aircraft; aircraft conversion.
- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters; provision of maintenance services.
- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space services.
- *Defence & Security* — Development, manufacturing, marketing and sale of missiles systems, military combat aircraft and training aircraft; provision of defence electronics and defence-related telecommunications solutions and logistics; training, testing, engineering and other related services.

In the context of the full integration of the former Military Transport Aircraft Division (MTA) into Airbus being Airbus Military and the consolidation of EADS EFW (previously included in Other Businesses) within Airbus from 2009 onwards, the Airbus segment’s 2008 figures and Other Businesses’ figures have been restated accordingly. Until the completion of the consequential changes to the internal reporting systems, the Airbus Segment is presented as one reportable segment, disclosing Airbus Military thereof in the former MTA perimeter. Additionally, completing the reorganization of aerostructures activities within EADS, the site in Augsburg (previously included in Defence & Security) was transferred to the Airbus segment in 2009. The respective previous year’s figures are not restated, but impacts are explained where considered to be material.

In the second quarter of 2009, the carrying amounts of operative real estate, owned by Headquarters, were transferred retrospectively to the respective segments (mainly Airbus) as at January 1, 2009. Since the operative segments as tenants are treated as if they were the owners, rental income and depreciations in Headquarters were restated accordingly, thus affecting its EBIT.

The following table presents information with respect to the Group’s reportable segments. Consolidation effects, the holding function of EADS Headquarters and other activities not attributable to the divisions (segments) are disclosed in the column “HQ / Conso.”. “Other Businesses” comprises operating segments, which are not reportable and mainly includes the development, manufacturing, marketing and sale of regional turboprop aircraft, aircraft components as well as maintenance services.

in M €	Airbus	Eurocopter	Defence & Security	Astrium	Other Business-es	Total segments	HQ/ Conso.	**Consoli-dated**
Nine-month period ended September 30, 2009								
Revenues	20,193	3,039	3,296	3,228	723	30,479	-756	**29,723**
thereof Airbus Military	1,637							
Research and development expenses	-1,473	-107	-138	-52	-3	-1,773	-61	**-1,834**
thereof Airbus Military	-10							
Profit before finance result and income taxes	504	164	210	152	3	1,033	17	**1,050**
thereof Airbus Military	-6							
EBIT pre-goodwill imp. and exceptionals (see definition below)	523	165	220	155	3	1,066	23	**1,089**
thereof Airbus Military	-5							
Nine-month period ended September 30, 2008								
Revenues	20,565	2,781	3,490 *)	2,749	958	30,543	-1,103	**29,440**
thereof Airbus Military	1,949							
Research and development expenses	-1,468	-89	-117	-56	-7	-1,737	-55	**-1,792**
thereof Airbus Military	-5							
Profit before finance result and income taxes	1,446	164	212	137	33	1,992	-9	**1,983**
thereof Airbus Military	-69							
EBIT pre-goodwill imp. and exceptionals (see definition below)	1,464	164	219	140	33	2,020	-2	**2,018**
thereof Airbus Military	-68							

*) thereof revenues of 281 M € related to the site in Augsburg

6. EBIT pre-goodwill impairment and exceptionals

EADS uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance. The term “exceptionals” refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges thereon. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions. EBIT pre-goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments’ economic performances.

A reconciliation from profit before finance result and income taxes to EBIT pre-goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1-September 30, 2009	January 1-September 30, 2008
Profit before finance result and income taxes	**1,050**	**1,983**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	38	34
Exceptional disposal (fixed assets in other income)	1	1
EBIT pre-goodwill impairment and exceptionals	**1,089**	**2,018**

7. Significant income statement items

Revenues of 29,723 M € (first nine months 2008: 29,440 M €) increase by +283 M € mainly at Astrium (partly driven by a catch-up for in-orbit incentive schemes on commercial telecommunication satellites) and Eurocopter. This is to some extent compensated by Airbus and Socata, of which 70 % was sold in 2009 and the remaining 30% are now accounted for at equity.

The **Gross Margin** decreases by -755 M € to 4,362 M € compared to 5,117 M € in the first nine months of 2008. This deterioration is mainly related to Airbus which is in particular burdened in 2009 by foreign exchange rate effects and lower realized prices for delivered aircraft, partly benefiting from lower A380 onerous contract charges. Apart from Airbus, the other divisions increase their gross margins.

Research and development expenses of -1,834 M € (first nine months 2008: -1,792 M €) principally reflect an increase for the Airbus A350XWB and some Defence and Eurocopter programs partly compensated for by a decrease in the Airbus A380-800 program.

Other income increases by +43 M € to 137 M € (first nine months 2008: 94 M €) mainly due to the gain of +33 M € resulting from the sale of Airbus UK's former site in Filton to GKN.

Share of profit from associates under the equity method and other income from investments of 118 M € (first nine months 2008: 155 M €) mainly consists of the result of Dassault Aviation of 107 M € (first nine months 2008: 123 M €). The Dassault Aviation equity accounted-for income in the first nine months 2009 includes a positive catch-up on 2008 results amounting to 4 M €.

Finance result amounts to -615 M € (first nine months 2008: -318 M €) mainly including negative impacts from the revaluation at closing spot rate of some assets and from the unwinding of provisions.

The **income tax** expense of -140 M € (first nine months 2008: -567 M €) corresponds to an effective income tax rate of 32% (first nine months 2008: 34%).

8. Significant balance sheet items

Non-current assets

Intangible assets of 11,101 M € (prior year-end: 11,171 M €) include 9,728 M € (prior year-end: 9,760 M €) of goodwill. This mainly relates to Airbus (6,437 M €), Defence & Security (2,482 M €), Astrium (614 M €) and Eurocopter (111 M €). The last annual impairment tests, which were performed at the end of the year 2008, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +89 M €, **property, plant and equipment** increase by +99 M € to 12,431 M € (prior year-end: 12,243 M €), including leased assets of 766 M € (prior year-end: 878 M €). Property, plant and equipment also comprise “Investment property” amounting to 80 M € (prior year-end: 87 M €).

Investments in associates under the equity method of 2,506 M € (prior year-end: 2,356 M €) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to 2,367 M € (prior year-end: 2,243 M €).

Other investments and other long-term financial assets of 1,951 M € (prior year-end: 1,712 M €) are related to Airbus for an amount of 1,308 M € (prior year-end: 1,290 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of -89 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The increase by +410 M € to 3,056 M € (prior year-end: 2,646 M €) is mainly caused by the positive variation of the non-current portion of fair values of derivative financial instruments (+587 M €) and higher non-current prepaid expenses (+36 M €), partly offset by the restructuring and negative revaluation of foreign exchange options.

Deferred tax assets of 2,668 M € (prior year-end: 2,756 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in other non-current assets (1,688 M €, prior year-end: 1,101 M €), in other current assets (1,263 M €, prior year-end: 1,482 M €), in other non-current liabilities (636 M €, prior year-end: 2,208 M €) and in other current liabilities (386 M €, prior year-end: 657 M €) which corresponds to a total net fair value of 1,929 M € (prior year-end: -282 M €). The volume of hedged US dollar-contracts decreases from 68.1 billion US dollar as at December 31, 2008 to a net of 62.5 billion US dollar as at September 30, 2009, including 4 billion of US dollar vanilla options. The US dollar exchange rate became less favorable (USD / € spot rate of 1.46 at September 30, 2009 vs. 1.39 at December 31, 2008). The average US dollar hedge rate for the hedge portfolio of the Group deteriorates from 1.36 USD / € as at December 31, 2008 to 1.38 USD / € as at September 30, 2009 (excluding US dollar plain vanilla options which are out of the money).

Current assets

Inventories of 22,691 M € (prior year-end: 19,452 M €) increase by +3,239 M €. This is mainly driven by an increase in unfinished goods and services in Airbus (+1,719 M €) among others due to a ramp-up in A380 program, at Defence (+365 M €) fuelled by communication systems and missile systems and at Eurocopter (+299 M €) due to an increase in commercial programs (mainly SuperPuma, Dauphin and EC 145) and governmental programs. Boosted by its launcher business, Astrium records a higher level of work in progress (+86 M €) as well as of advance payments made to suppliers (+319 M €).

Other current assets include “Current portion of other long-term financial assets”, “Current other financial assets”, “Current other assets” and “Current tax assets”. The decrease of -266 M € to 4,324 M € (prior year-end: 4,590 M €) comprises among others a decrease of -219 M € in positive fair values of derivative financial instruments and lower current tax assets (-216 M €).

Cash and cash equivalents decrease from 6,745 M € to 5,298 M € (see also note 9 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 12,456 M € (prior year-end: 11,022 M €). The increase in equity is mainly due to a comprehensive income for the period of +1,599 M €, primarily resulting from the positive effects of a net change in fair value of cash flow hedges and the profit for the period, partly compensated for by the cash distribution to the shareholders. The re-assessment of BAE Systems' pension deficit leads for the EADS share to a decrease of net accumulated actuarial gains and losses of -180 M € (included in "others" in the Statement of Comprehensive Income) and to a foreign exchange rate effect of -25 M € (see "non-current provisions").

Non-controlling interests slightly increase to 110 M € (prior year-end: 104 M €).

Non-current liabilities

Non-current provisions of 7,855 M € (prior year-end: 7,479 M €) comprise the non-current portion of pension provisions with an increase of +397 M € to 4,732 M € (prior year-end: 4,335 M €). For the first half-year 2009, BAE Systems re-assessed its pension deficit including an update of the assumptions for their calculation of the defined benefit obligations, thereby leading to an increase of the net pension obligation. Since EADS applies the equity approach under IAS 19, non-current pension provisions increase by +220 M €, reflecting EADS' share in the BAE Systems' pension deficit. For its other pension schemes, EADS re-assessed the cumulated actuarial gains and losses, resulting in no material change in the net pension obligation.

Moreover, other provisions are included in non-current provisions, which decrease by -21 M € to 3,123 M €. Other provisions include among others the provision for aircraft financing activities.

Long-term financing liabilities of 2,874 M € (prior year-end: 3,046 M €) decrease by -172 M €. Due to the maturity date of the first tranche of the EMTN bond, an amount of 1 billion € is classified to short-term financing liabilities. In August 2009, this decrease is balanced by issuing the third tranche of the EMTN bond amounting to 1 billion €.

Other non-current liabilities comprise "Non-current other financial liabilities", "Non-current other liabilities" and "Non-current deferred income" and decrease in total by -1,293 M € to 15,531 M € (prior year-end: 16,824 M €). They mainly include non-current customer advance payments received of 9,175 M € (prior year-end: 8,843 M €) and the non-current portion of European Government refundable advances amounting to 4,604 M € (prior year-end: 4,563 M €). The decrease is mainly affected by the reduction of fair values of derivative financial instruments (please refer to "derivative financial instruments".) The main part of non-current deferred income of 284 M € (prior year-end: 418 M €) is linked to deferred revenues of Airbus and ATR relating to Residual Value Guarantee clauses. These are reversed over the guaranteed period.

Current liabilities

Current provisions decrease by -84 M € to 4,499 M € (prior year-end: 4,583 M €) and comprise the current portions of pensions (211 M €) and other provisions (4,288 M €). The decrease mainly reflects restructuring provisions for the "Power 8" program (-57 M €) and provisions for outstanding costs (-51 M€), partly compensated for by provisions for aircraft financing activities.

Short-term financing liabilities of 2,226 M € (prior year-end: 1,458 M €) increase by +768 M €, mainly due to the first tranche of the EMTN bond with an amount of 1 billion €, maturing in March 2010.

Trade liabilities decrease by -691 M € (thereof +84 M € foreign exchange rate effect) to 7,133 M € (prior year-end: 7,824 M €), mainly coming from Airbus (-373 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +2,024 M € to 24,528 M € (prior year-end: 22,504 M €). Other current liabilities mainly comprise current customer advance payments of 20,043 M € (prior year-end: 17,802 M €).

9. Significant cash flow items

IAS 16 “Property, Plant and Equipment” and consequentially IAS 7 “Statement of Cash Flows” were amended by the IASB’s Annual Improvements Project 2008 regarding the presentation of cash flows relating to customer financing activities. Cash flows from leased assets and finance lease receivables formerly presented within investing activities are now included in “change in other operating assets and liabilities” within operating activities. Cash flows in relation to customer finance liabilities formerly presented in “change in long-term and short-term financing liabilities” within financing activities are now also included in “change in other operating assets and liabilities” within operating activities.

Cash (used for) provided by operating activities decreases by -3,086 M € to -18 M € (first nine months 2008: 3,068 M €).Gross cash flow from operations (excluding working capital changes) of 1,820 M € falls below the prior period’s level (first nine months 2008: 2,347 M €). The decrease is mainly caused by Airbus. Changes in other operating assets and liabilities (working capital changes) amount to -1,838 M € (first nine months 2008: 721 M €), mainly resulting from an increase in inventories as well as lower advance payments received.

Cash (used for) investing activities (including change in securities) amounts to -2,010 M € (first nine months 2008: -5,558 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -1,274 M €, namely in Airbus, and a net purchase of securities of -846 M €.

Cash provided by (used for) financing activities improves by +1,364 M € to 639 M € (first nine months 2008: -725 M €). The inflow comprises the issuance of the third tranche of the EMTN bond (1 billion €) included in financing liabilities partly offset by the cash payment to shareholders.

10. Number of shares

The total number of shares outstanding is 808,803,672 and 809,263,685 as of September 30, 2009 and 2008, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first nine months 2009, the number of treasury shares held by EADS increased from 5,259,965 as of December 31, 2008 to 5,942,453 as of September 30, 2009.

EADS neither issued any new shares nor implemented an Employee Stock Ownership Plan. In the first nine months 2008, EADS issued 14,200 shares as a result of the exercise of stock options in relation to the implemented stock option plans. Under ESOP 2008, 2,031,820 shares were granted in June 2008 and issued in July 2008.

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent (Net income) by the weighted average number of issued ordinary shares during the period, excluding ordinary shares purchased by the Group and held as treasury shares:

	January 1 to September 30, 2009	January 1 to September 30, 2008
Net income attributable to equity owners of the parent	291 M €	1,082 M €
Weighted average number of ordinary shares outstanding	810,057,593	806,251,855
Basic earnings per share	0.36 €	1.34 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's categories of dilutive potential ordinary shares are stock options as well as performance and restricted shares. Since the average price of EADS shares during the first nine months 2009 and 2008, respectively did not exceed the exercise price of any stock option plan initiated by the Group, no shares related to stock options were considered in the calculation of diluted earnings per share. Since the average price of EADS shares during the first nine months 2009 exceeded the price of performance and restricted shares, 1,218,814 shares related to performance and restricted shares (in the first nine months 2008: 486,041 shares) were considered in the calculation.

	January 1 to September 30, 2009	January 1 to September 30, 2008
Net income attributable to equity owners of the parent	291 M €	1,082 M €
Weighted average number of ordinary shares outstanding (diluted)	811,276,407	806,719,896
Diluted earnings per share	0.36 €	1.34 €

12. Related party transactions

The Group has entered into various transactions with related companies in the first nine months of 2009 and 2008 that have all been carried out in the normal course of business. As is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI, such transactions are not considered material to the Group either individually or on aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security and Astrium divisions. The transactions with SEPI include mainly sales from Airbus Military in the Airbus segment and Defence & Security division.

13. Number of employees

The number of employees as at September 30, 2009 is 118,149 as compared to 118,349 as at December 31, 2008.

14. Litigation and claims

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 governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which EADS is aware), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on EADS and/or the Group's financial position or profitability.

In 2005, a liquidator representing the special purpose vehicle GFAC (a joint venture between Swissair and GATX) sued Airbus before a New York court to recover USD 227 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus' termination of a purchase agreement with GFAC in October 2001 for 38 single-aisle and long-range aircraft, in the context of Swissair's bankruptcy. On 6 February 2009, a judge decided in favour of GFAC. In March 2009, GFAC submitted arguments on the amount of its alleged damages and requested entry of judgment. In parallel, Airbus has filed an appeal of the February 2009 decision. Both requests are currently under consideration by the courts, and it cannot be excluded that Airbus could be ordered to pay an amount equal to the pre-delivery payments plus legal interest.

In 2006, a liquidator representing the special purpose vehicle FlightLease No. 7 (a wholly-owned subsidiary of the bankrupt Swissair Group) sued Airbus before a Paris court to recover USD 319 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus' termination of a purchase agreement with FlightLease No. 7 in October 2001, in the context of Swissair's bankruptcy. The case is at an early procedural stage.

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 31 May 2005, the US and the EU each requested the establishment of a panel. At its meeting on 20 July 2005, the Dispute Settlement Body established the panels. Between November 2005 and the present, the parties filed numerous written submissions and attended several oral hearings in both cases. On 4 September 2009, a non-binding confidential draft decision was issued in the case brought by the US. The parties are currently providing comments on the draft, and a first instance decision could occur in the second quarter of 2010. A draft decision in the case brought by the EU concerning subsidies to Boeing is expected in December 2009. Exact timing of further steps in the WTO litigation process is subject to ruling of the panels 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.

The French *Autorité des marchés financiers* (the "AMF") began investigations in 2006 for alleged breaches of market regulations and insider trading rules with respect to, among other things, the A380 delays announced in 2006. On 1 April 2008, the AMF announced the notification of charges against EADS and certain of its executives for breach of such market regulations and insider trading rules, respectively. On 22 July 2009, the *Rapporteur* of the Sanction Commission of the AMF issued a report regarding the charges notified by the AMF, which contains various recommendations to the Sanction Commission on the merits of the charges. EADS and the individual defendants intend to vigorously exercise their defence rights in front of the Sanction

Commission of the AMF, which will decide whether to impose fines after due hearing of the parties. EADS believes that the financial risk associated with this procedure and its possible consequences is not material. However, it recognises that these proceedings may have significant consequences on its image and reputation. Following criminal complaints filed by a shareholders' association and by an individual shareholder (including a civil claim for damages), French investigating judges are also carrying out investigations on the same facts.

In Germany, criminal proceedings regarding suspected insider trading offences involving a small number of individuals have either been discontinued without charges being brought or dismissed by the court. Furthermore, in Germany, several shareholders have filed civil actions against EADS since 2006 to recover their alleged losses in connection with the disclosure of A380 programme delays. The actions are in their preliminary stage and the amounts claimed are relatively small. On 17 July 2009, the regional court of Frankfurt partially granted one plaintiff's motion for "model proceedings", which would allow common issues of fact or law in multiple individual securities actions to be bundled together.

On 12 June 2008, two actions were initiated in the United States District Court for the Southern District of New York, one of which has since been voluntarily withdrawn. The remaining action purports to be a class action brought on behalf of all persons and entities residing in the United States who purchased or otherwise acquired EADS' common stock during the period from 27 July 2005 through 9 March 2007. Named as defendants are EADS and four current or former executives of EADS and Airbus. The action seeks damages in an unspecified amount, with interest and attorneys' fees, for alleged violations of the US securities laws in connection with financial disclosures issued by EADS in 2005, 2006 and 2007 and public statements made during that same time frame relating to A380 programme delays. On 2 January 2009, defendants filed motions to dismiss the complaint in the action. On 17 March 2009, plaintiff filed its opposition to the motions to dismiss; on 23 April 2009, defendants filed replies; and on 30 April 2009, plaintiff requested leave to file a sur-reply. This request and defendants' motions to dismiss are pending.

Finally, on 9 September 2009, an institutional shareholder filed a request with the Enterprise Chamber of the Amsterdam Court of Appeal to conduct an inquiry into whether EADS' affairs with respect to the A380 have been properly conducted. This request is currently pending. EADS anticipates a vigorous defence.

Regarding certain past contractual relationships of Astrium in Italy, there is currently an analysis ongoing by the Italian tax authorities to assess whether Astrium owes any tax in Italy.

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. EADS believes that it has made adequate provisions to cover current or contemplated general and specific litigation risks.

15. Subsequent events

On November 5, 2009, the South African government withdraw from the A400M programme and cancelled its order for eight aircraft. Further, the Malaysian government declared on November 6, 2009 that it would maintain its order for four A400M but specified that their delivery would be delayed to 2016. EADS is currently investigating the industrial and financial implications of these subsequent events.