First quarter 2007 Report

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the first quarter 2007

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - March 31, 2007		January 1 - March 31, 2006		Deviation	
	M €	%	M €	%	M €	%
Revenues	8,984	100	9,083	100	-99	-1
Cost of sales*)	-7,866	-88	-7,379	-81	-487	7
Gross margin	**1,118**	**12**	**1,704**	**19**	**-586**	**-34**
Selling, administrative & other expenses	-626	-7	-575	-6	-51	9
Research and development expenses	-550	-6	-536	-6	-14	3
Other income	44	1	156	1	-112	-72
Share of profit from associates under the equity method and other income from investments	91	1	25	0	66	264
Profit before finance costs and income taxes	**77**	**1**	**774**	**8**	**-697**	**-90**
Interest income	104	1	96	1	8	8
Interest expenses	-135	-1	-125	-1	-10	8
Other financial result	-69	-1	-33	0	-36	109
Finance costs	**-100**	**-1**	**-62**	**0**	**-38**	**61**
Income taxes*)	16	0	-215	-2	231	-107
(Loss) profit for the period	**-7**	**0**	**497**	**6**	**-504**	**-101**
Attributable to:						
Equity holders of the parent **(Net loss / income)*)**	**-10**	**0**	**522**	**6**	**-532**	**-102**
Minority interests	3	0	-25	0	28	-112

Earnings per share	€	€	€
Basic*)	-0.01	0.66	-0.67
Diluted*)	-0.01	0.65	-0.66

*) For retrospective adjustments concerning the first quarter 2006 please refer to Note 2 “Accounting policies” and Note 10 “Earnings per share”.

Unaudited Condensed IFRS Consolidated Balance Sheets

	March 31, 2007		December 31, 2006		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	10,859	15	10,855	15	4	0
Property, Plant and Equipment	14,259	20	14,315	20	-56	0
Investments in associates under the equity method	2,124	3	2,095	3	29	1
Other investments and long-term financial assets	1,600	2	1,666	2	-66	-4
Non-current other assets	3,847	5	4,231	6	-384	-9
Deferred tax assets	2,757	4	2,624	4	133	5
Non-current securities	1,484	2	1,294	2	190	15
	36,930	51	37,080	52	-150	0
Current assets						
Inventories	18,734	26	16,892	23	1,842	11
Trade receivables	4,474	6	4,852	7	-378	-8
Other current assets	4,797	7	4,545	6	252	6
Current securities	290	0	549	1	-259	-47
Cash and cash equivalents	6,946	10	8,143	11	-1,197	-15
	35,241	49	34,981	48	260	1
Non-current assets / disposal groups classified as held for sale	0	0	76	0	-76	-100
Total assets	**72,171**	**100**	**72,137**	**100**	**34**	**0**
Total equity						
Equity attributable to equity holders of the parent						
Capital Stock	816	1	816	1	0	0
Reserves	7,567	11	7,593	11	-26	0
Accumulated other comprehensive income	4,615	6	4,955	7	-340	-7
Treasury shares	-341	0	-349	0	8	-2
	12,657	18	13,015	19	-358	-3
Minority interests	139	0	137	0	2	1
	12,796	18	13,152	19	-356	-3
Non-current liabilities						
Non-current provisions	9,726	14	9,063	13	663	7
Long-term financial liabilities	3,459	5	3,561	5	-102	-3
Deferred tax liabilities	2,373	3	2,465	3	-92	-4
Other non-current liabilities	12,316	17	12,680	17	-364	-3
	27,874	39	27,769	38	105	0
Current liabilities						
Current provisions	3,718	5	3,631	5	87	2
Short-term financial liabilities	1,761	2	2,196	3	-435	-20
Trade liabilities	7,310	10	7,461	10	-151	-2
Current tax liabilities	225	0	218	0	7	3
Other current liabilities	18,487	26	17,646	25	841	5
	31,501	43	31,152	43	349	1
Liabilities directly associated with non-current assets classified as held for sale	0	0	64	0	-64	-100
Total liabilities	59,375	82	58,985	81	390	1
Total equity and liabilities	**72,171**	**100**	**72,137**	**100**	**34**	**0**

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - March 31, 2007	January 1 - March 31, 2006
	M €	M €
(Loss) profit for the period attributable to equity holders of the parent **(Net loss / income)**[1)]	**-10**	**522**
Profit (loss) attributable to minority interests	3	(25)
Adjustments to reconcile (loss) profit for the period (net loss / income) to cash (used for) provided by operating activities		
Depreciation and amortization	448	345
Valuation adjustments and CTA release	102	23
Deferred tax (income) / expense[1)]	-41	155
Change in tax assets, tax liabilities and provisions for actual income tax	-63	6
Results of disposal of non-current assets	-86	-258
Results of companies accounted for by the equity method	-48	-23
Change in current and non-current provisions[1)]	842	90
Change in other operating assets and liabilities	-1,603	-603
Cash (used for) provided by operating activities	**-456**	**232**
- Purchase of intangible assets, PPE	-502	-501
- Proceeds from disposals of intangible assets, PPE	36	35
- Acquisitions of subsidiaries and joint ventures (net of cash)	0	-9
- Proceeds from disposals of subsidiaries (net of cash)	30	81
- Payments for investments in associates and other investments and long-term financial assets	-203	-83
- Proceeds from disposals of associates and other investments and long-term financial assets	150	453
- Increase in equipment of leased assets	0	-35
- Proceeds from disposals of leased assets	32	19
- Increase in finance lease receivables	-6	-5
- Decrease in finance lease receivables	77	15
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	27	161
Change of securities[2)]	70	1,316
Cash (used for) provided by investing activities[2)]	**-289**	**1,447**
Change in long-term and short-term financial liabilities	-461	-265
Capital increase	5	76
Disposal (purchase) of treasury shares	8	-34
Cash (used for) financing activities	**-448**	**-223**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-4	-8
Net (decrease) increase in cash and cash equivalents[2)]	**-1,197**	**1,448**
Cash and cash equivalents at beginning of period[2)]	**8,143**	**5,386**
Cash and cash equivalents at end of period[2)]	**6,946**	**6,834**

1) For retrospective adjustments concerning the first quarter 2006 due to the revised IAS 19 “Employee benefits” please refer to Note 2 “Accounting policies”.
2) For retrospective adjustments concerning the first quarter 2006 of “Cash and cash equivalents” please refer to Note 2 “Accounting policies” and Note 8 ”Significant cash flow items”.

As of March 31, 2007, EADS’ cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 573 M € (597 M € as of December 31, 2006), 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 Recognised Income and Expenses for the first three months 2007 and 2006

in M €	January 1 - March 31, 2007	January 1 - March 31, 2006
Foreign currency translation differences for foreign operations	-29	-69
Changes in fair value of cash flow hedges	-431	396
Net change in fair value of available-for-sale financial assets	-45	36
Others*)	-46	-11
Tax on income and expense recognised directly in equity	172	-144
Income and expenses recognised directly in equity	-379	208
(Loss) profit for the period	-7	497
Total recognised income and expense of the period	**-386**	**705**
Attributable to:		
Equity holders of the parent	-388	730
Minority interests	2	-25
Total recognised income and expense of the period	**-386**	**705**

*) For retrospective adjustments concerning the first quarter 2006 due to the revised IAS 19 “Emloyee benefits” please refer to Note 2 “Accounting policies”.

Unaudited Condensed IFRS Consolidated Reconciliation of Movement in Equity attributable to equity holders of the parent and Minority interests

in M €	Equity attributable to equity holders of the parent	Minority interests	total
Balance at January 1, 2006	**13,726**	**176**	**13,902**
Retrospective adjustments *)	-672	-23	-695
Balance at January 1, 2006, adjusted	**13,054**	**153**	**13,207**
Total recognised income and expenses*)	730	-25	705
Capital Increase	76		76
Disposals of treasury shares	-34		-34
Others	10	7	17
Balance at March 31, 2006	**13,836**	**135**	**13,971**
Balance at January 1, 2007	**13,015**	**137**	**13,152**
Total recognised income and expenses	-388	2	-386
Capital Increase	5		5
Purchases of treasury shares	8		8
Others	17		17
Balance at March 31, 2007	**12,657**	**139**	**12,796**

*) For retrospective adjustments as of January 1, 2006 and concerning the first quarter 2006 please refer to Note 2 "Accounting policies".

Condensed Notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at March 31, 2007

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 (Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk, 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.

2. Accounting policies

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 European Union (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").

As of January 1, 2007, the following amendment to existing Standards, new Standard and new Interpretations became mandatory to EADS. The corresponding announcements have been released by the IASB throughout 2005 and 2006:

EADS applies new IFRS 7 “Financial Instruments: Disclosures” and the complementary amendment to IAS 1 “Presentation of Financial Statements” regarding “Capital Disclosures” (August 2005). Furthermore, EADS applies new Interpretations IFRIC 7 “Applying the Restatement Approach under IAS 29”, IFRIC 8 ”Scope of IFRS 2” and IFRIC 9 “Reassessment of Embedded Derivatives”.

IFRS 7 Financial Instruments: Disclosures

The application of IFRS 7 will lead to disclosures in the annual financial statements regarding the significance of EADS’ different financial instruments. Many of these requirements have previously been covered by IAS 32. In addition, the Standard requires the disclosure of qualitative and quantitative information about an entity’s risk exposure arising from these financial instruments, including sensitivity analyses of market risks.

Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosure

The IAS 1 amendment introduces new qualitative and quantitative annual disclosure requirements regarding managing capital in order to provide useful information for assessing an entity’s risk profile as well as its ability to withstand unexpected adverse events. The requirements include information about an entity’s objectives, policies and processes for managing capital as well as quantitative data about what it regards as capital.

The application of the IAS 1 amendment and new IFRS 7 will lead to additional disclosures in EADS annual Consolidated Financial Statements for year end 2007. However, neither the new Standard, nor the amendment, nor the new Interpretations mentioned above have a major impact on these Condensed Interim Consolidated Financial Statements.

With the application of amended IAS 19 “Employee Benefits” in 2006 EADS changed its accounting policy regarding the recognition of actuarial gains and losses which led to retrospective adjustments in the Consolidated Financial Statements for the prior period presented:

Amendment to IAS 19 Employee Benefits

The amendment to IAS 19 introduced the recognition of actuarial gains and losses outside the income statement within retained earnings as a third option (“Equity Option”). As of January 1, 2006, EADS applied the newly introduced alternative and changed its accounting policy regarding the recognition of actuarial gains and losses arising from defined benefit plans for its 2006 Consolidated Financial Statements from formerly applied corridor approach. Actuarial gains and losses are now directly recognised in equity in the period in which they occur. Prior period figures presented have been adjusted accordingly as required under IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (please refer to Note 7 “Significant balance sheet items”).

Compared to the corridor approach, the inclusion of actuarial gains and losses on January 1, 2006 led to an increase in pension provision of 1,118 M €, in deferred tax assets of 423 M € and to a decrease in equity of 672 M € and minority interests of 23 M €.

The 2006 change in the accounting policy for the recognition of actuarial gains and losses from the corridor to the equity approach implied the reversal of expensed actuarial gains and losses under the corridor approach. In the first three months of 2006, the continuation of the corridor approach would have led to negative impacts of 11 M € to EBIT and 6 M € to Net Income.

Since 2006 year-end closing, EADS accounts for its participation in BAE Systems’ UK pension plans by applying defined benefit accounting based on information provided by BAE Systems in

December 2006. Before that date, the information provided by BAE Systems was judged not to be sufficient to identify EADS' share in the UK pension schemes for accounting purposes. Consequently in previous years, EADS had expensed the contributions made to the pension schemes as if the plans were defined contribution plans.

The new information basis resulted in a change in accounting estimates as at 2006 year-end closing and was accounted for accordingly under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

The inclusion of EADS' share in BAE Systems' pension schemes as of December 31, 2006, with the application of the newly introduced equity approach contributed 897 M € to the total increase in pension provisions, 44 M € to the increase of deferred tax assets, 827 M € to the decrease in equity and 26 M€ to the decrease in minority interests.

Cash and cash equivalents

For 2006 year-end Consolidated Financial Statements EADS restricted its interpretation of the cash equivalents' definition as provided in IAS 7 "Cash Flow Statements" to better reflect its short term investment strategy. IAS 7 states that "cash equivalents are held for short-term cash commitments […], must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short-term maturity of, say, three months or less from the date of acquisition." EADS now strictly limits its cash equivalents to such investments having a maturity of three months or less from acquisition date. Prior periods have been adjusted accordingly as required under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Besides consequential changes as mentioned above the accounting policies used in the preparation of the Condensed Interim Consolidated Financial Statements are consistent with those used for the annual Consolidated Financial Statements for the year ended December 31, 2006, which are disclosed as an integral part of the Group's Annual Report 2006. The annual Consolidated Financial Statements were authorised for issue by EADS' Board of Directors on March 8, 2007.

3. Changes in the consolidation perimeter of EADS

In January 2007, EADS transferred its naval business to the Atlas Elektronik group. In connection with this contribution, EADS increased its percentage of ownership from 40% to 49%. Atlas Elektronik group is proportionately consolidated.

Following an agreement dated January 10, 2007, EADS sold the remaining 60% shares of Sogerma Services as well as the shares of its subsidiaries Barfield and Sogerma Tunisia.

Apart from these transactions, other acquisitions or disposals by the Group that occurred in the first quarter of 2007 are not material.

4. Segment information

The Group operates in five divisions (segments) which reflect the internal organizational and management structure according to the nature of the products and services provided.

- *Airbus* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats and the development and manufacturing of aircraft for military use.
- *Military Transport Aircraft* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft.

- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters and maintenance services.
- *Defence & Security* — Development, manufacturing, marketing and sale of missiles systems; military combat and training aircraft; provision of defence electronics, defence-related telecommunications solutions; and logistics, training, testing, engineering and other related services.
- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; and provision of space services.

The following table presents information with respect to the Group's business segments. Consolidation effects, the holding function of EADS headquarters and other activities not allocable to the divisions are disclosed in the column "HQ/ Conso.". "Other Businesses" comprises the development, manufacturing, marketing and sale of regional turboprop aircraft and light commercial aircraft, aircraft components as well as civil and military aircraft conversion and maintenance services.

in M €	Airbus	Military Transport Aircraft	Eurocopter	Defence & Security	Astrium	Other Businesses	HQ/ Conso.	**Consoli-dated**
Three months ended March 31, 2007								
Revenues	6,606	133	671	970	629	282	-307	**8,984**
Research and development expenses	-467	-4	-19	-39	-12	-2	-7	**-550**
EBIT pre-goodwill imp. and exceptionals (see definition below)	-69	-13	33	-6	10	20	114	**89**
Three months ended March 31, 2006								
Revenues	6,362	822	656	1,000	493	330	-580	**9,083**
Research and development expenses	-449	-3	-17	-44	-12	-2	-9	**-536**
EBIT pre-goodwill imp. and exceptionals (see definition below) *)	684	9	28	39	1	-4	34	**791**

*) For retrospective adjustments concerning the first quarter 2006 please refer to Note 2 "Accounting policies".

5. 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. 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 costs and income taxes to EBIT pre goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1- Mar. 31, 2007	January 1- Mar. 31, 2006
Profit before finance costs and income taxes *)	**77**	**774**
Fair value adjustments	12	17
EBIT pre-goodwill impairment and exceptionals*)	**89**	**791**

*) For retrospective adjustments concerning the first quarter 2006 please refer to Note 2 “Accounting policies”.

6. Significant income statement items

Revenues of 8,984 M € (first quarter 2006: 9,083 M €) decrease by 1% mostly due to MTA (no milestone recognition in relation to the A400M program in the first quarter of 2007). This was partly compensated by positive developments at Airbus, Astrium and Eurocopter.

The **Gross Margin** decreases by -586 M € to 1,118 M € compared to 1,704 M € in the first quarter 2006. This decrease mainly results from Airbus (in particular due to the negative impact resulting from accrued “Power 8” restructuring charges) whereas Astrium, Defence & Security and Eurocopter record increased gross margins.

Research and development expenses of 550 M € (first quarter 2006: 536 M €) mainly increase because of aircraft programs and more research & technology efforts. With A380 development moving from basic to continuing development, EADS capitalized no further development costs for A380 in the first quarter of 2007 (in the first quarter 2006: 49 M €) in accordance with IAS 38.

Other income decreases by -112 M € to 44 M €, mainly due to the gain of 106 M € resulting from the sale of LFK GmbH and TDW GmbH to MBDA Group in the first quarter 2006.

Share of profit from associates under the equity method and other income from investments of 91 M € (first quarter 2006: 25 M €) is influenced by the result of Dassault Aviation of 48 M € (first quarter 2006: 24 M €). The result in the first quarter 2007 of Dassault Aviation includes positive 2006 IFRS catch up adjustments amounting to +19 M €. Additionally, the sale of EADS’ interest in Embraer resulted in a gain of 46 M €.

Finance costs deteriorate to -100 M € (first quarter 2006: -62 M €) mainly due to Airbus division.

Income taxes of +16 M € (first quarter 2006: -215 M €) are impacted - among others - by DASSAULT’s equity result.

7. Significant balance sheet items

Non-current assets

Intangible assets of 10,859 M € (prior year: 10,855 M €) include 9,572 M € (prior year: 9,565 M €) of Goodwill. It mainly stems from Airbus (6,374 M €), Defence & Security (2,483 M €), Astrium (575 M €) and Eurocopter (111 M €). The annual impairment tests, which were performed at the end of the year, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of -53 M €, **property, plant and equipment** is nearly stable at 14,259 M € (prior year: 14,315 M €), including leased assets of 1,874 M € (prior year:

1,992 M €). Property, plant and equipment comprises "Investment property" amounting to 135 M € (prior year: 137 M €).

Investments in associates under the equity method of 2,124 M € (prior year: 2,095 M €) increase due to the change in the equity investment in Dassault Aviation, amounting to 2,014 M € (prior year: 1,985 M €).

Other investments and long-term financial assets of 1,600 M € (prior year: 1,666 M €) are allocated to Airbus in the amount of 1,048 M € (prior year: 1,012 M €), mainly concerning the non-current portion of aircraft financing activities with a foreign exchange-rate effect of -8 M €. The increase at Airbus is more than compensated by the sale of Embraer shares (-123 M €).

Non-current other assets mainly comprise "Non-current derivative financial instruments" and "Non-current prepaid expenses". The decrease by -384 M € to 3,847 M € (prior year: 4,231 M €) is mainly caused by the variation of the non-current portion of fair values of financial instruments (-454 M €).

Deferred tax assets of 2,757 M € (prior year: 2,624 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in non-current other assets with an amount of 2,781 M € (prior year: 3,235 M €), in current other assets (2,029 M €, prior year: 2,007 M €), in non-current provisions (198 M €, prior year: 152 M €) and in current provisions (73 M €, prior year: 79 M €) which corresponds to a total net fair value of 4,539 M € (prior year: 5,011 M €). The volume of hedged US dollar-contracts decreased from 45.1 bn US dollar to 44.3 bn US dollar. The US dollar exchange rate became less favourable (USD / € spot rate of 1.33 at March 31, 2007 vs. 1.32 at December 31, 2006). The average US dollar hedge rate for the hedge portfolio of the Group as at March 31, 2007 changed from 1.16 as at December 31, 2006 to 1.17 as at March 31, 2007 (US dollar / € rate respectively).

Current assets

Inventories of 18,734 M € (prior year: 16,892 M €) increase by 1,842 M € in all divisions. This is mainly driven by a higher level of unfinished goods and services (mostly for A400M (+191 M€) and for A380 (+144 M €)) and advance payments made (+232 M €) at Airbus, the progress of several serial production programs in Eurocopter (+454 M €), higher activities at Defence and Security (+385 M €) and a higher work in progress at Astrium (+192 M €) boosted by Astrium's satellite business.

Other current assets include "Current portion of long-term financial assets", "Current other assets", "Current tax assets" and "Current prepaid expenses". The increase of +252 M € to 4,797 M € (prior year: 4,545 M €) comprises a +203 M € rise in value added tax claims.

Cash and cash equivalents decrease from 8,143 M € to 6,946 M €.

Total equity

Equity attributable to equity holders of the parent (including treasury shares) amounts to 12,657 M € (prior year: 13,015 M €). The decrease comes from income and expenses recognised in equity of -388 M €, primarily resulting from consumption as well as changes in fair values of derivative financial instruments. The March 31, 2006 figure was adjusted retrospectively by -672 M € because of the application of the Equity option of IAS 19 as amended in 2006 (please refer to Note 2 "Accounting policies").

Minority interests slightly increase to 139 M € (prior year: 137 M €) due to the allocation of recognised income and expenses.

Non-current liabilities

Non-current provisions of 9,726 M € (prior year: 9,063 M €) comprise the non-current portion of pension provisions with an increase of +83 M € to 5,685 M € (prior year: 5,602 M €).

Moreover, other provisions are included in non-current provisions, which increase by +580 M € to 4,041 M €. Other provisions include among others aircraft financing activities with a decrease of -57 M € to 964 M € (thereof foreign exchange rate effects of -11 M €) and obligations for settlement charges for the A380 and A350 programs. The largest part of the increase is dedicated to the non-current portion of the restructuring provisions for the “Power 8” program. Provisions for derivative financial instruments according to IAS 39 increased by +46 M € to 198 M €.

Long-term financial liabilities of 3,459 M € (prior year: 3,561 M €), excluding foreign exchange-rate effects of -14 M €, decrease by -88 M € in particular due to lower Airbus loans.

Other non-current liabilities comprise “Non-current other liabilities” and “Non-current deferred income” and decrease in total by -364 M € to 12,316 M € (prior year: 12,680 M €). They mainly include non-current customer advance payments received of 6,088 M € (prior year: 6,308 M €) and the non-current portion of European Government refundable advances amounting to 5,018 M € (prior year: 5,029 M €). The main part of non-current deferred income of 989 M € (prior year: 1,110 M €) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. The remaining portfolio, which is included in non-current deferred income, is depreciated over the guaranteed period.

Current liabilities

Current provisions increase by +87 M € to 3,718 M € (prior year: 3,631 M €) and comprise the current portions of pensions (281 M €) and other provisions (3,437 M €). The increase mainly reflects the current portion of restructuring provisions for the “Power 8” program.

Short-term financial liabilities of 1,761 M € (prior year: 2,196 M €), excluding foreign exchange-rate effects of -7 M €, decrease by -428 M €, mainly due to net repayments of commercial papers with an amount of 290 M €.

Trade liabilities decrease by -151 M € to 7,310 M € (prior year: 7,461 M €), mainly coming from Airbus (-160 M €) and Military Transport Aircraft (-105 M €), partly offset by Eurocopter (+256 M €).

Other current liabilities include “Current other liabilities” and “Current deferred income”. They increase by +841 M € to 18,487 M € (prior year: 17,646 M €). Other current liabilities mainly comprise current customer advance payments of 15,039 M € (prior year: 14,172 M €).

8. Significant cash flow items

Cash used for operating activities decreases by -688 M € to -456 M € (first three months 2006: 232 M €). Gross cash flow from operations (excluding working capital change) with 1,147 M € exceeds prior year’s level (first three months 2006: 835 M €), while changes in other operating assets and liabilities (working capital change) amount to -1,603 M € (first three months 2006: -603 M €).

Cash used for investing activities decreases by -1,736 M € to -289 M € (first three months 2006: 1,447 M €). This is caused by negative effects from customer financing activities of Airbus and by a decrease in changes of securities of -1,246 M €.

Cash used for financing activities decreases by -225 M € to -448 M € (first three months 2006: -223 M €). The outflow mainly contains the net repayment of financial liabilities.

Since EADS restricted its interpretation of the cash equivalents definition (please refer to Note 2 “Accounting policies”), cash and cash equivalents at January 1, 2006 were decreased from 9,546 M € to 5,386 M € and at March 31, 2006 from 9,451 M € to 6,834 M €. The amounts concerned are reclassified to securities. Consequently the line “change in securities” for the first three months 2006 records an amount of +1,316 M €, compared to -227 M € under the previous interpretation. Cash provided by investing activities is shown with an amount of +1,447 M €, compared to -96 M € before. Instead of a decrease of -95 M €, cash and cash equivalents increase by +1,448 M € for the first three months 2006.

9. Number of shares

The total number of shares outstanding is 801,577,420 and 799,933,291 as of March 31, 2007 and 2006, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first three months 2007, the number of treasury shares held by EADS increased from 13,800,531 as of December 31, 2006 to 14,638,314 as of March 31, 2007.

284,210 new shares (in the first three months 2006: 3,812,891 shares) were issued as a result of the exercise of stock options in compliance with the implemented stock option plans.

10. Earnings per share

Basic earnings per share are calculated by dividing loss (profit) for the period attributable to equity holders of the parent (Net loss / 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 March 31, 2007	January 1 to March 31, 2006
Net loss/income attributable to equity holders of the parent	-10 M €	522 M €
Weighted average number of ordinary shares outstanding	801,580,807	795,283,531
Basic earnings per share	-0.01 €	0.66 €

The effect from applying in the first months of 2006 the IAS 19 equity approach instead of the corridor approach contributes 0.01 € to basic earnings per share. For further details please refer to Note 2 “Accounting policies”.

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 only category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares during the first three months of 2007 exceeded the exercise price of the stock options under the 1st, 2nd, 4th and 5th stock option plans (in the first three months of 2006: the 1st, 2nd, 3rd, 4th, 5th and 6th stock option plan) initiated by the Group, the inclusion of the related potential ordinary shares increases the weighted average number of shares. 2,924,113 shares (first three months 2006: 7,953,755 shares) are considered dilutive according to IAS 33.

	January 1 to March 31, 2007	January 1 to March 31, 2006
Net loss/income attributable to equity holders of the parent	-10 M €	522 M €
Weighted average number of ordinary shares outstanding (diluted)	804,504,920	803,237,286
Diluted earnings per share	-0.01 €	0.65 €

The effect from applying in the first three months 2006 the IAS 19 equity approach instead of the corridor approach contributes 0.01 € to diluted earnings per share. For further details please refer to Note 2 “Accounting policies”.

11. Related party transactions

The Group has entered into various transactions with related companies in the first quarter 2007 and 2006 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, DaimlerChrysler, Lagardère, and SEPI (Spanish State). Except for the transactions with the French State, such transactions are not considered material to the Group either individually or in the aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security and Astrium divisions.

12. Number of employees

The number of employees at March 31, 2007 is 116,966 as compared to 116,805 at December 31, 2006.

13. Subsequent events

The Annual Shareholders General Meeting held on May 4, 2007 in Amsterdam approved the 2006 annual accounts and a resolution for the payment of a cash distribution of 0.12 € per share.