



Facing challenges.

EADS ANNUAL REVIEW 2007

Delivering results.



The step beyond

- Record order book of €339.5 billion
- Successful ramp-up across Divisions
- Delivery of first A380
- First savings in the *Power8* restructuring programme

EADS 2007 at a Glance



EADS Group | The Divisions | Major Programmes and Products
The Year 2007 in Review | EADS Shares | EADS Global Footprint
EADS Organisational Structure

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Facing challenges. Delivering results.

EADS is a global leader in aerospace, defence and related services. The Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and Astrium, the European leader in space programmes from Ariane to Galileo.

Its Defence & Security Division is a provider of comprehensive systems solutions and makes EADS the major partner in the Eurofighter consortium as well as a stakeholder in the missile systems provider MBDA. EADS also develops the A400M through its Military Transport Aircraft Division.



The lower EBIT* reflected a charge for delays on the A400M transport aircraft, Airbus' *Power8* restructuring and A350 XWB charges. The weak U.S. dollar also had a negative impact.

EADS GROUP

		2007	2006	2005
Revenues ¹⁾	€m	39,123	39,434	34,206
EBIT* ¹⁾	€m	52	399	2,852
Net Income ²⁾	€m	-446	99	1,676
Earnings per share ²⁾	€	-0.56	0.12	2.11
Dividend per share	€	0.12 ³⁾	0.12	0.65
Net cash position ¹⁾	€m	7,024	4,229	5,489
Order intake ¹⁾⁴⁾	€m	136,799	69,018	92,551
Order book ¹⁾⁴⁾	€m	339,532	262,810	253,235
Employees		116,493	116,805	113,210

A stronger net cash position resulted from improved cash flow from operations and a reduced capital expenditure, mainly thanks to stricter criteria on investment decisions.

The order book reached an all-time high after new orders doubled, with a vast upswing at Airbus as well as remarkable growth at Eurocopter and Defence & Security.

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

¹⁾ MBDA consolidated at 37.5% in 2007, compared with 50% in 2006; figures of 2006 are not restated; to achieve a comparable basis, the following impacts of the consolidation change on 2006 figures have to be taken into account: €-418 million on Financial Year (FY) 2006 revenues, €-30 million on FY 2006 EBIT, €-249 million on FY 2006 net cash position, €-329 million on FY 2006 order intake, €-1,691 million on FY 2006 order book.

²⁾ EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity holders of the parent as defined by IFRS Rules.

³⁾ To be proposed to the EADS Annual General Meeting 2008.

⁴⁾ Contributions from commercial aircraft activities to EADS order intake and order book based on list prices.

THE DIVISIONS

AIRBUS

Airbus is a leading commercial aircraft manufacturer. Its customer focus, commercial know-how, technological leadership and manufacturing efficiency consistently win it 40–60% of all orders for aircraft of 100 seats or more.

A380



(€m)	2007	2006	Variation
Revenues	25,126	25,190	+0%
EBIT	-881	-572	-54%
Order intake	117,323	53,367	+120%
Order book	283,829	210,115	+35%
In number of aircraft			
Deliveries	453	434	+4%
Order book	3,421	2,533	+35%

MILITARY TRANSPORT AIRCRAFT

Military Transport Aircraft designs, manufactures and sells special mission aircraft for specialised military and security tasks such as in-flight refuelling capabilities or maritime surveillance. Products include heavy, medium and light transports, as well as the Airbus based tankers, which leverage all the efficiencies of Airbus commercial aircraft.

A400M



(€m)	2007	2006	Variation
Revenues	1,140	2,200	-48%
EBIT	-155	75	-307%
Order intake	784	1,594	-51%
Order book	19,932	20,337	-2%

EUROCOPTER

Eurocopter is the world's leading helicopter manufacturer. It captures more than 50% of sales for civil and parapublic helicopters and has a strongly growing military business.

TIGER



(€m)	2007	2006	Variation
Revenues	4,172	3,803	+10%
EBIT	211	257	-18%
Order intake	6,584	4,885	+35%
Order book	13,455	11,042	+22%

Please refer to www.eads.com for further information.

ASTRIUM

Astrium is Europe's preeminent space group and the third largest worldwide. It is the leading European supplier of satellites, launchers and space services. It plays a key role in Europe's institutional and military space programmes.

(€m)	2007	2006	Variation
Revenues	3,550	3,212	+11%
EBIT	174	130	+34%
Order intake	4,492	4,354	+3%
Order book	12,895	12,263	+5%

ATV
AUTOMATED TRANSFER VEHICLE



DEFENCE & SECURITY

Defence & Security is the main pole for EADS' military and global security activities. It has a wide range of platforms, including EADS' role in Eurofighter, missile systems, defence communication systems, defence electronics and services.

(€m)	2007	2006	Variation
Revenues	5,465	5,864	-7%
EBIT	340	348	-2%
Order intake	7,540	5,191	+45%
Order book	17,886	17,570	+2%

EUROFIGHTER



MBDA consolidated at 37.5% in 2007, compared with 50% in 2006; figures of 2006 are not restated; to achieve a comparable basis, the following impacts of the consolidation change on 2006 figures have to be taken into account: €-418 million on Financial Year (FY) 2006 revenues, €-30 million on FY 2006 EBIT, €-329 million on FY 2006 order intake, €-1,691 million on FY 2006 order book.

OTHER BUSINESSES (not belonging to any Division)

EADS bundles its activities in turboprop aircraft, general aviation and freighter conversion, its aerostructure and aircraft seats business. Therefore, the Business Units ATR, EADS EFW, EADS Socata and EADS Sogerma are allocated to Other Businesses, which is not a stand-alone EADS Division.

(€m)	2007	2006	Variation
Revenues	1,269	1,257	+1%
EBIT	94	-288	+133%
Order intake	1,729	1,469	+18%
Order book	2,444	2,292	+7%

ATR 72-500



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A380

Delivering the world's most efficient aircraft

The new **A380** double-decker is the most spacious and efficient aircraft flying today. It has 525 seats and allows airlines to offer customers an unrivalled level of comfort. Conceived to bring airlines specific economic and environmental benefits, it increases capacity on long haul routes where landing slots are limited and lowers costs per passenger. The A380 is the only passenger aircraft of this size.



A320 FAMILY

The world's most popular aircraft

With more than 5,800 **A320** aircraft ordered, this single-aisle plane continued to be the best selling Family of commercial jets ever. The A320 Family responds to airlines' needs for optimised cabin layouts, better baggage and cargo handling, maximum operational flexibility on short- and medium-haul routes and lower operating costs.

A350 XWB

Responding to airline demand

The **A350 XWB** (extra wide body) is Airbus' newest aircraft and its response to demand for a medium-capacity, long-range, wide-body Family. With a fuselage made largely of carbon fibre, its low weight meets the challenges of high fuel prices and environmental concerns. The wide-body gives passengers greater comfort on long journeys. Launched in 2006, the A350 XWB is still in development with the first delivery scheduled for 2013.



A330/A340

Providing versatility

The **A330/A340** Family has the versatility for either regional routes or long-range flights. One basic airframe is available in six different configurations, powered by two or four engines. The twin-engine A330 is designed to generate maximum revenue and low operating costs on regional and extended-range routes while the four-engine A340 provides flexibility on the most demanding long-range and ultra-long-range flights.





A330 MRTT

Innovative air-to-air refuelling

The **A330 MRTT** (Multi-Role Transport Tanker) is the world's leading air-to-air refuelling aircraft with a huge basic fuel capacity. It has been selected by air forces in the United States (with Northrop Grumman as prime contractor), Australia, the Middle East and the United Kingdom. Fuel is passed through an innovative fly-by-wire refuelling boom that delivers a larger refuelling envelope and better control than other systems. The aircraft is a derivative of the successful Airbus A330/A340 Family. The A330 MRTT had its first flight in June 2007.



A400M

Setting new airlift standards

The **A400M** is designed to replace ageing fleets of heavy transport aircraft in service with air forces around the world. It has more than twice the payload and volume of the aircraft it is intended to replace. The A400M's first flight is scheduled for summer 2008.



EADS CASA CN-235/C-295

World leading transporters

The **EADS CASA CN-235** and **C-295** are medium-weight, twin-engine turboprop transport aircraft capable of operating from short and unpaved runways. They are world leaders in their category, serving air forces all over the world.



ÉCUREUIL

A high-performance helicopter

The **Écureuil**, which carries up to seven passengers, is renowned for its high performance, safety and low operating costs. Extensive use of composites, significant load-carrying capacity and a roomy cabin give it the flexibility to be useful both as a utility helicopter and for ferrying passengers. It is valued for missions from fire control to medical transport and police work.



EC135 AND EC145

Matching innovation to customer needs

The **EC135** and **EC145** light twin-engine, multi-mission helicopters are made using the latest carbon fibre technologies. They have bearingless main rotors and innovative tail rotor systems designed to ensure outstanding manoeuvrability, as well as an exceptionally quiet and smooth ride. Variations have been designed specifically for VIPs, as well as rescue and police work.



NH90

State-of-the-art multi-role helicopter

The **NH90** medium-weight, multi-role military helicopter represents the state-of-the-art in rotary wing and mission systems technology. It has two basic variants, the Tactical Transport Helicopter and NATO Frigate Helicopter.



TIGER

Battlefield efficiency

The **Tiger** is an air-to-air combat and fire-support medium-weight helicopter, fitted with twin engines. It is difficult to detect on the battlefield – visually, by radar or infrared. Weapons and associated fire control systems are designed for maximum efficiency.



ASTRIUM

GALILEO

Europe's satellite navigation system

Galileo is the new European satellite navigation system comprising a satellite-based network for precise positioning and timing information. Consisting of 30 satellites and associated ground infrastructure, it will have commercial and public applications. Astrium is playing a major role in Galileo's design and development.



ARIANE 5

The next-generation satellite launcher

Ariane 5 is a powerful heavy-lift satellite launcher. Its payload capacity of up to ten tonnes meets the evolving demands of both commercial and government markets. Since becoming operational in 2005, it has proved reliable and flexible in 22 successful starts in a row.



COLUMBUS & ATV

Europe's contribution to the International Space Station

The **Columbus** space laboratory and the unmanned **Automated Transfer Vehicle (ATV)** are Europe's contribution to the International Space Station. Columbus and the ATV were successfully launched in early 2008.



PARADIGM

Telecom service provider for armed forces

Paradigm is the world's first commercial provider of military satellite communications. Through the Skynet 5 programme, Paradigm will deliver secure communications to the U.K. armed forces up to at least 2020. The Skynet 5 contract is an innovative Private Finance Initiative scheme worth £3.6 billion.



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GLOBAL SECURITY

Managing security threats worldwide

Threats to national security are an increasingly global phenomenon. Intensified trade and communication are magnifying the potential impact on nations and their governments. EADS helps to ensure the safety and security of country borders, urban areas and critical infrastructures such as data centres and power supplies. Solutions focus on developing security management capabilities through increased collaboration and the use of advanced technologies and integrated information systems.

SECURE NETWORKS

Supplying secure wireless communications

The **Professional Mobile Radio (PMR)** business supplies secure wireless communications, typically for public safety organisations and the public transport sector. These communications systems are in much demand, particularly as the need for absolutely reliable mission-critical systems grows. PMR possesses both **TETRA** and **TETRAPOL** technologies, allowing it to offer customers flexibility in their choice of radio system.



MBDA

Delivering innovation and technological excellence

MBDA, the world's largest missile company, has a record for innovation and technological excellence. The ASTER 30 SAMP/T, a next-generation medium-range surface-to-air missile used to protect against hostile aircraft and other missiles, is among the most modern missile systems currently in active service. The Meteor is a next-generation air-to-air missile with a range exceeding 100 kilometres and a speed of more than Mach 4.

EUROFIGHTER

The most modern combat aircraft

Eurofighter is the most modern multi-role combat aircraft currently in production. The plane uses integrated systems, an optimum human-machine interface and state-of-the-art carbon-fibre production technologies. Eurofighter has a strong order book in Europe, where deliveries are currently underway, and is also winning export orders.



OTHER BUSINESSES



SOCATA TBM 850 Speed and economy

The **TBM 850** turboprop combines the speed of a light jet with the economy of a single-engine turboprop. It has the power to climb to 31,000 ft in as little as 20 minutes, and the range to fly across the whole of Europe or Australia. On landing, it can slip onto strips as short as 2,100 ft or mountain runways. The cabin is spacious, comfortable, air-conditioned and quiet.

ATR 42-500 & 72-500

The answer for regional routes

The **ATR** family of turboprop aircraft has the ability to land on short runways and benefits from low fuel burn. Consequently, they reduce air traffic congestion at airports, have low operating costs and relatively low environmental impact. At the centre of the latest generation ATR aircraft family are the 50-seater ATR 42-500, which entered into service in 1995, and the stretched 70-seater ATR 72-500 version, which followed it in 1997. The two planes are highly competitive for flying regional passenger routes, with low passenger per kilometre costs and proven reliability.



EFW

Freighters with all the Airbus advantages

EFW (Elbe Flugzeugwerke GmbH) is EADS' centre of competence for converting Airbus passenger aircraft into freighters and performing the associated maintenance. EFW carries out conversions into well-known freighters such as the A300-600F and the A330-200F. The freighters have all the advantages of commonality and fly-by-wire controls associated with Airbus aircraft. Additionally, EFW is the centre of competence for manufacturing fibre-reinforced sandwich components for the interior furnishings of the entire Airbus family.



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THE YEAR 2007 IN REVIEW

14TH JUNE

Commitment to environmental targets

Airbus targets 30% reduction in company energy consumption and 50% reduction in aircraft CO₂ emissions by 2020. This follows Airbus becoming the first aerospace company to receive ISO 14001 environmental certification covering all sites and products on 15th January.



20TH MARCH
Integrated security systems wins

EADS Defence & Security wins position with its FiReControl system as preferred bidder to supply a control room system for England's fire and rescue services. A second major security lead systems integrator role follows in June when Qatar contracts EADS to build its National Security Shield System, a state-of-the-art electronic surveillance system protecting coastal and land borders.



19TH JUNE
Light Utility Helicopter enters service

The U.S. Army equips its first operational unit with EADS North America's UH-72A Lakota Light Utility Helicopter.



15TH JUNE

First flight of A330 MRTT

The first aircraft of the new generation A330 MRTT successfully performs its maiden flight. The aircraft performs a 180-minute flight running through a planned series of tests.



23RD JUNE
35 Ariane 5 launcher orders

Arianespace signs a memorandum of understanding for 35 Ariane 5 satellite launchers from Astrium, in addition to the 30 ordered in 2004. The new launchers will be supplied from 2010.



16TH JULY
Corporate governance amended

EADS core shareholders, along with management, decide to simplify the management structure and appoint a single Chief Executive Officer and Chairman. The previous dual management structure was amended in the interests of efficiency and cohesiveness, as well as governance best practice.



15TH OCTOBER
First A380 delivered

Airbus officially hands over the first A380, the world's largest and most modern passenger aircraft, to Singapore Airlines in a ceremony at the Toulouse Delivery Centre. The A380 sets new benchmarks, reducing fuel burn per passenger, increasing comfort and having the quietest cabin in the sky.



17TH OCTOBER
A400M delay announced

EADS revises its estimate for the first aircraft deliveries to European and other customer nations, expecting delays of six months with a risk of further slippage of another six months.



14TH NOVEMBER
Dubai Air Show record orders

The Dubai Air Show in November ends with 163 firm orders for Airbus, valued at more than USD 28 billion at catalogue prices. The Emirates airline gives Airbus its largest ever single order in terms of value, for 70 A350 XWB and 11 A380. In June, the Paris Air Show also brings buoyant orders, with 425 firm orders for Airbus and 114 for Eurocopter.



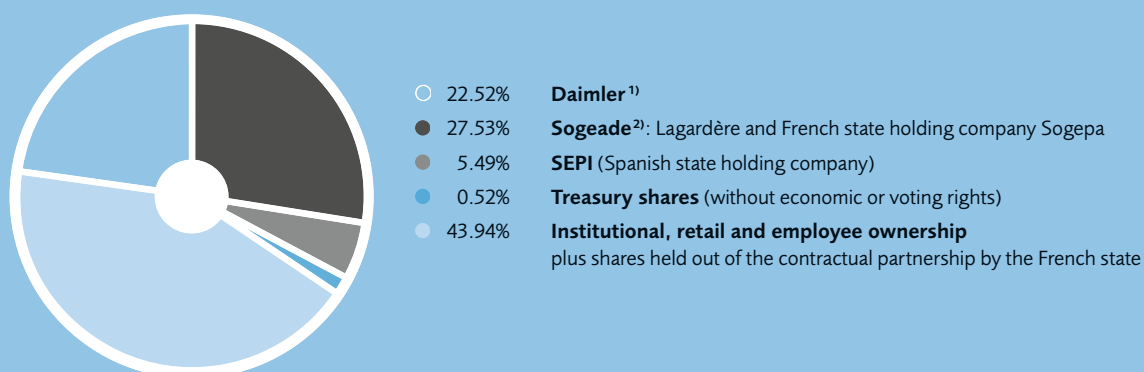
14TH DECEMBER
Airbus delivers 5,000th aircraft

Airbus delivers its 5,000th aircraft, an A330-200, just 33 years after delivering its first aircraft, an A300B2, to Air France in 1974. In 1993, Airbus delivered its 1,000th aircraft, and in 1999 reached the 2,000th. Reflecting rapid growth, the 3,000th Airbus aircraft was delivered in 2002, and only three years later, in 2005, the 4,000th.



In 2007, EADS' share price tracked the U.S. dollar, which fell 10% against the euro undermining Airbus' competitiveness and compounding doubts about the Company's ability to restore profitability. October's announcement of delays to the A400M programme also weighed on the share price. Neither the year's buoyant orders nor improvements to the management structure improved sentiment. On 31st December 2007, the share price closed at €21.83, 16% lower than year end 2006, underperforming the CAC 40 index which gained 1.3%.

SHAREHOLDER STRUCTURE AS OF 31ST DECEMBER 2007



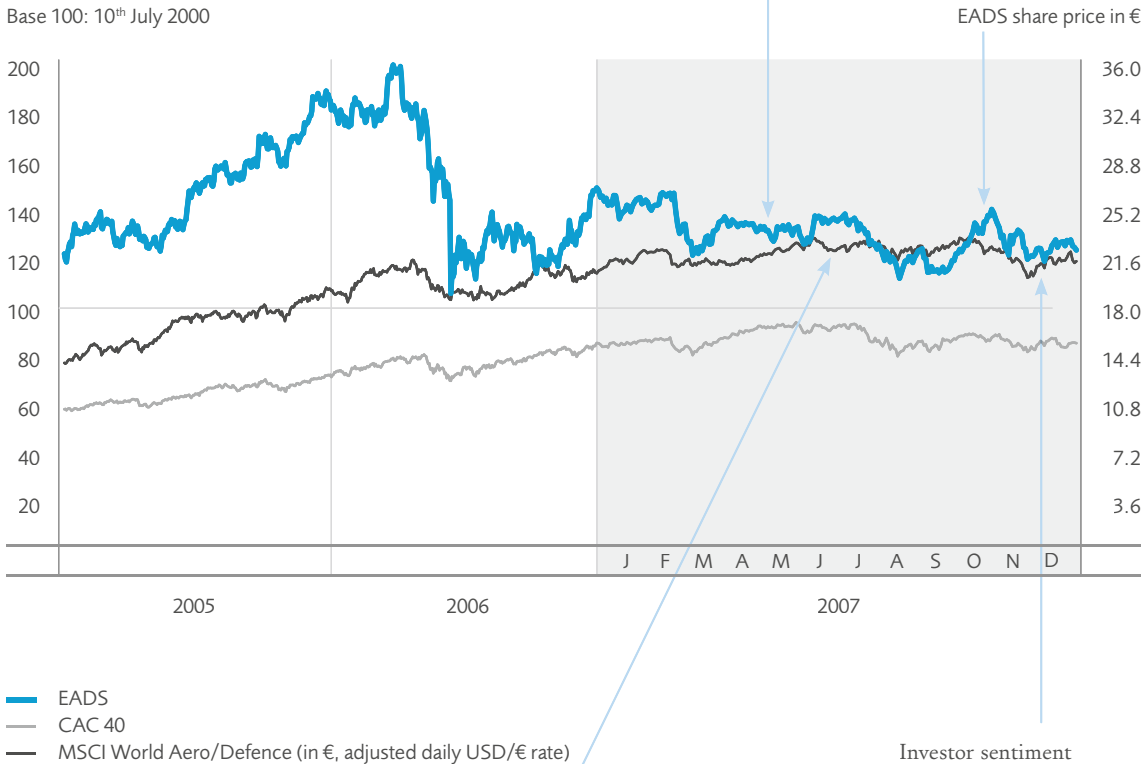
1) On 9th February 2007, Daimler reached an agreement with a consortium of private and public-sector investors by which it will reduce its shareholding in EADS by 7.5%.

2) On 4th April 2006, Lagardère issued mandatory exchangeable bonds. The EADS shares deliverable at the maturity of the bonds will represent a maximum of 7.5% of the share capital of EADS. Lagardère already delivered 2.5% out of the 7.5% in June 2007.

Weakness in the U.S. dollar leads to share price falls. Investors calculate that further dollar falls are placing pressure on Airbus margins and making it more difficult for the *Power8* restructuring programme to restore profitability.

EADS announces delays to the A400M heavy military transport programme due primarily to slow progress in engine and systems development.

SHARE PRICE EVOLUTION AS OF 31ST DECEMBER 2007 (close price)



The flood of orders announced at the Paris Air Show in June, mainly for Airbus but also Eurocopter and Astrium, spark a short share price rally. The announcement of corporate governance changes and a single management structure reinforces positive sentiment.

Investor sentiment improves a little towards the year end, following record order inflows and evidence that management is taking action to tackle its challenges.

PROFILE

ISIN Code NL0000235190
 Number of issued shares as of 31st December 2007: 814,014,473
 High in 2007 on Paris Stock Market: € 26.29 on 2nd January
 Low in 2007 on Paris Stock Market: € 19.35 on 17th August



EADS GLOBAL FOOTPRINT

● NORTH AMERICA 20% OF GROUP REVENUES

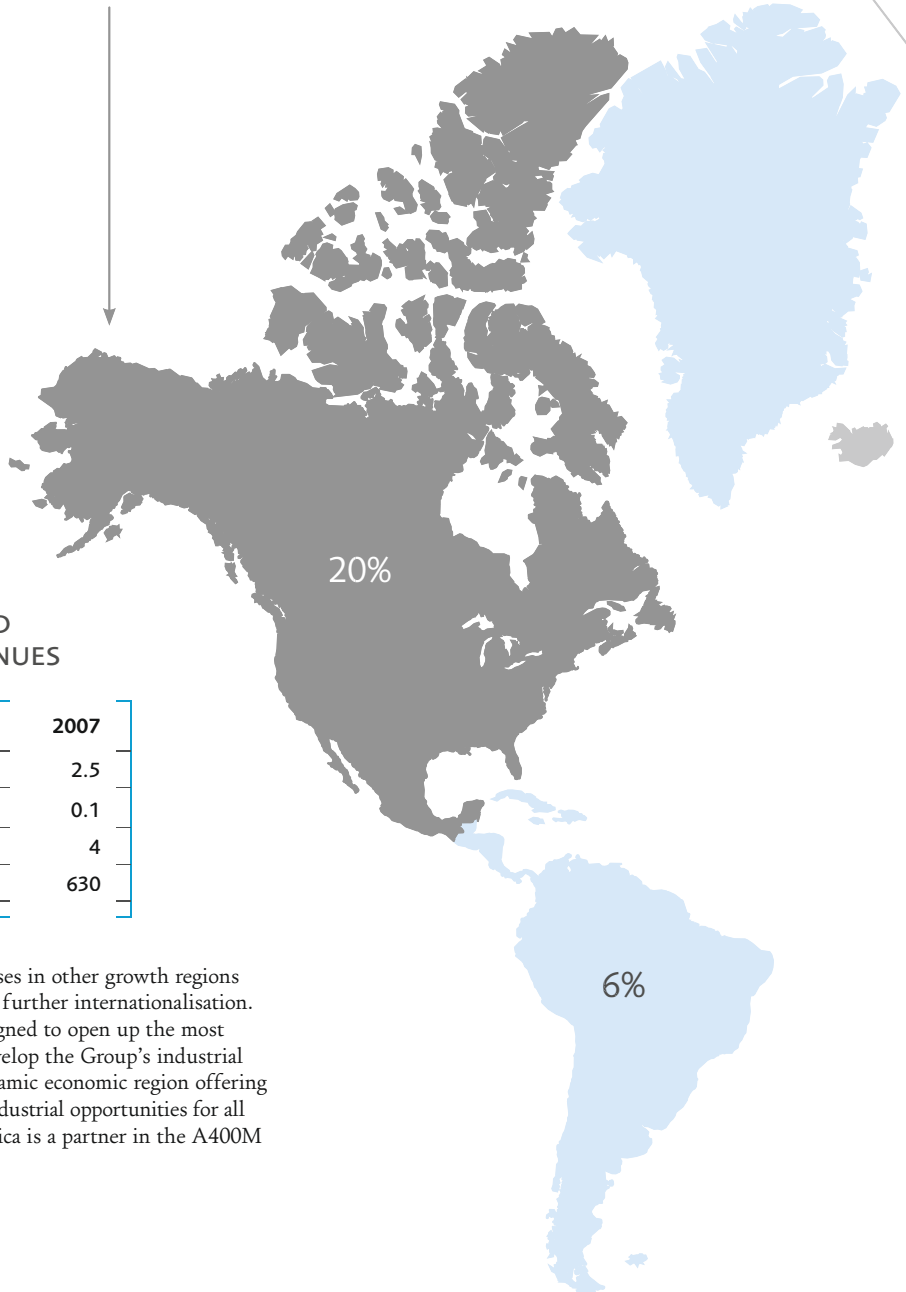
		2007
Revenues	€ bn	7.9
Sourcing	€ bn	7.3
Order intake	€ bn	15.5
Employees		2,372

EADS in North America is a supplier and industrial partner to U.S. defence and homeland security, commercial aviation, telecommunications and services. It has been selected to provide major equipment programmes for the Army, the Coast Guard and, most recently, for the Air Force's new KC-45A refuelling tanker with partner Northrop Grumman. EADS sources significant, and growing, volumes of engines, systems and equipment in North America, building on the local aerospace industry's expertise.

● EUROPE 45% OF GROUP REVENUES

		2007
Revenues	€ bn	17.4
Sourcing	€ bn	25.3
Order intake	€ bn	42.9
Employees		112,087

EADS leverages Europe's capabilities and competitiveness. Transforming Airbus will renew the spirit of European aerospace, while the ramp-up of defence programmes will support growth. EADS is, additionally, expanding cooperation with Russia. Sourcing relationships have grown over decades. Mainly in our home countries, they take advantage of the well-established European aerospace industry and cover all areas and materials.



● REST OF THE WORLD 6% OF GROUP REVENUES

		2007
Revenues	€ bn	2.5
Sourcing	€ bn	0.1
Order intake	€ bn	4
Employees		630

Widespread business successes in other growth regions provide the basis for EADS' further internationalisation. All sourcing efforts are designed to open up the most attractive markets and to develop the Group's industrial base. Latin America is a dynamic economic region offering numerous commercial and industrial opportunities for all EADS' activities. South Africa is a partner in the A400M programme.

● MIDDLE EAST
6% OF GROUP REVENUES

		2007
Revenues	€bn	2.5
Order intake	€bn	44.2
Employees		306

In 2007, the Middle East was a key market for EADS. Divisions have either consolidated their presence (MBDA, Eurocopter and Astrium) or made significant breakthroughs in new fields such as border surveillance or air-to-air refuelling aircraft. In commercial aircraft, almost all the region's major carriers have chosen to grow and modernise their fleets with Airbus. They are important customers for the A380 and the A350 XWB.

● ASIA-PACIFIC
23% OF GROUP REVENUES

		2007
Revenues	€bn	8.8
Sourcing	€bn	0.4
Order intake	€bn	30.2
Employees		1,098

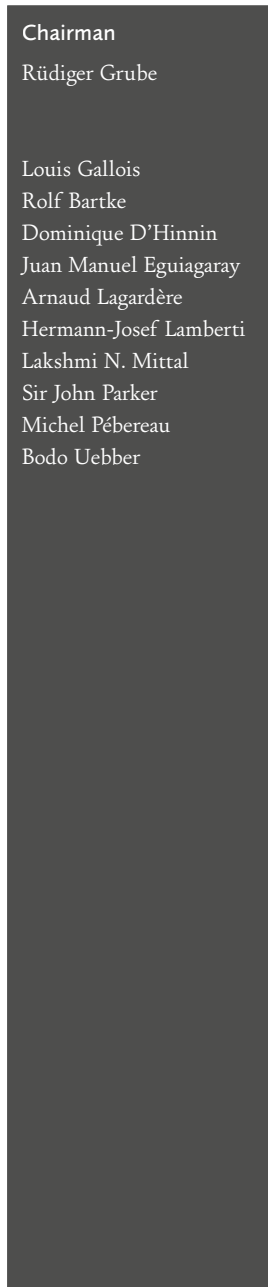
Within the high growth of Asia-Pacific, countries like China, India and South Korea are a high priority. In joint projects such as the EC 175, the KHP helicopter development or the set-up in China of an A320 Family Final Assembly Line, EADS has teamed with high-quality local partners combining industrial capabilities with market know-how. EADS must be a committed citizen in these markets to participate in their growth.



EADS ORGANISATIONAL STRUCTURE

as of 1st April 2008

BOARD OF DIRECTORS



CHIEF EXECUTIVE OFFICER



GROUP FUNCTIONS

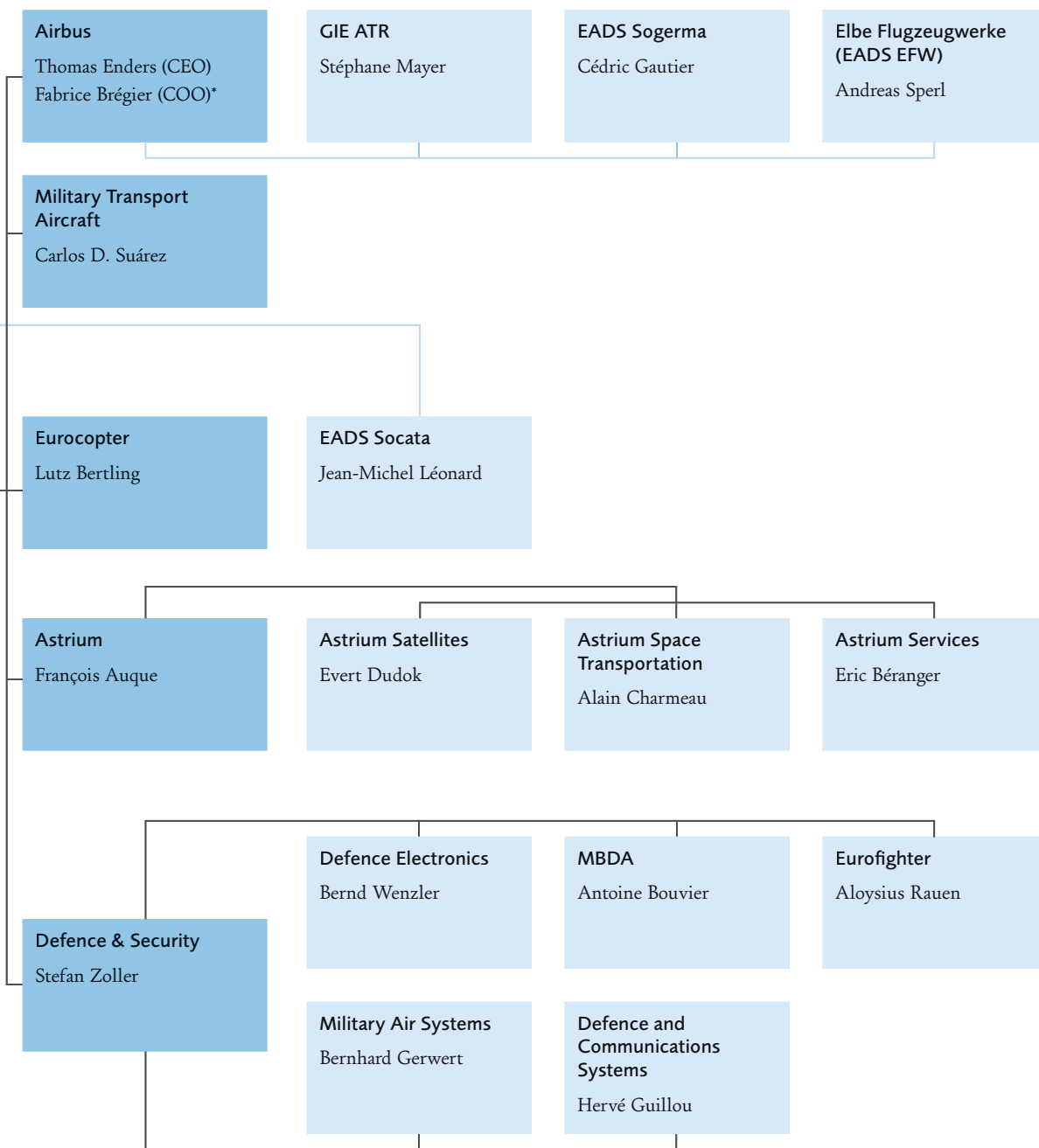


■ Executive Committee Member

The Board actively shapes the Group's mission and strategic priorities, which are implemented under the leadership of the **Chief Executive Officer** (CEO), who provides the impetus for major operational initiatives. Group Functions and the Divisions operate under the leadership of the CEO.

DIVISIONS

OPERATING COMPANIES



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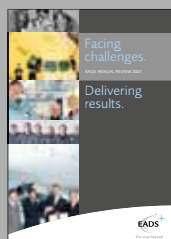
The five Divisions – Airbus, Military Transport Aircraft, Eurocopter, Astrium and Defence & Security – serve the specific needs of their respective customers, while the Group functions enhance the Company offering through information exchange, technology sharing and working practice synergies.

* Airbus' Chief Operating Officer and EADS Executive Committee member, responsible for a permanent group-wide mission to ensure EADS enhanced operational performance.

EADS 2007 AT A GLANCE

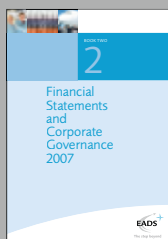
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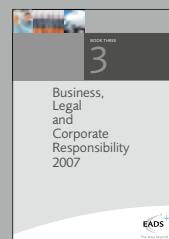
BOOK 1
**FACING CHALLENGES
DELIVERING RESULTS**
Annual Review

Management & Responsibility
Together. Facing challenges.
Delivering results.
The Business Year 2007
EADS Drivers
Useful Information



BOOK 2
**FINANCIAL STATEMENTS AND
CORPORATE GOVERNANCE 2007**
Registration Document Part 1

Risk Factors
Net Assets – Financial Position – Results
Corporate Governance



BOOK 3
**BUSINESS, LEGAL AND
CORPORATE RESPONSIBILITY 2007**
Registration Document Part 2

Information on EADS Activities
Corporate Social Responsibility
General Description of the
Company and its Share Capital

 www.reports.eads.com

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Letter from the Chairman of the Board



Rüdiger Grube

“My task and that of my Board colleagues is to make sure that the momentum the Company currently shows in facing and tackling its many challenges is sustained.”

DEAR SHAREHOLDERS,

For your Company, 2007 was a year of reorientation and a year of renewal.

In July, a new corporate governance structure took shape – a step towards good practices in a field where EADS had been a subject of controversy. The core shareholders, in order to ensure long-term competitiveness and performance of EADS, addressed important control and sovereignty challenges.

The various technical and industrial difficulties encountered in key programmes over the past two years weighed heavily on the 2007 full year results. It is evident that shortcomings in programme management not only cause delays that risk alienating customers, they also put severe strains on profitability. Nobody can be satisfied by such performance – neither the Board of Directors nor the management. Furthermore, they are not content with the insufficient future economic performance suggested by the company's mid-term plan, drawn up at a punitive euro versus U.S. dollar exchange rate at 1.45. I believe that EADS' share price performance reflects a similar judgment by the market.

We are confident, however, that the clarification of roles between Board and management and the simplification of the chain of command are key factors to foster future success for the Company – and its shareholders.

In the early years of EADS, we drew our dynamism from European cooperation; today, market presence and value creation must tap a wider, more global world. Recognising this, the core shareholders have relinquished Board seats and increased the number of independent members. The newly appointed personalities contribute not only experience and expertise, but also reinforce the entrepreneurial spirit and broaden the global outlook of the EADS Board of Directors. Clearly, this new Board proves more stimulating and more demanding for top management, as Board discussions also added emphasis on enhancing the Group's profitability and reducing risks.

In keeping with market practice, the Audit Committee and the Remuneration & Nomination Committee are now headed by independent directors. The newly created Strategic Committee, which operates under my chairmanship, has the objective to prepare Board decisions on strategic matters. Its main role is to evaluate the Company's overall strategy and portfolio composition as well as to assess major investments, product proposals and acquisition cases.

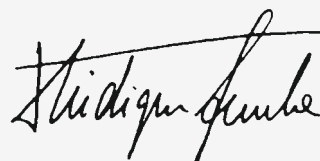
After a full year of operation under the new rules, the recomposed Board will evaluate its internal functioning in order to optimise its processes and to ensure adequate practices.

Beyond all the necessary industrial decisions in support of sustainable and profitable growth, portfolio rebalancing and cost optimisation, the Group's interests need to be secured for the long-term. The Group needs stability to best serve its role of providing governments and society with solutions that secure sovereignty and strategic autonomy.

EADS management itself has repeatedly stated that the change process which started in 2007 needs to continue. *Vision 2020*, launched by Louis Gallois in his new role, the execution of *Power8* restructuring plans at Airbus and the call for further measures in response to the continued weakening of the dollar, as well as the improvement of the programme management – all of this underscores a determination to renew EADS. My task and that of my Board colleagues is to make sure that the momentum the Company currently shows in facing and tackling its many challenges is sustained.

The Board of Directors is proposing to the Annual General Meeting of shareholders a dividend of €0.12 per share. This proposal is a gesture of appreciation for shareholders' loyalty and an expression of trust in our ability to set EADS back on track for sustained profitability despite the remaining challenges.

To succeed, we need to show confidence, congruence of words and actions, mutual respect and transparency. Both the work of the Board of Directors and its relations to the Group's top management are characterised by these values. The excellent personal and professional relationship between Louis Gallois and myself may stand as an example for bringing these values to life when building the future of EADS. Success also requires the motivation of our employees and commitment of our management. I want to thank everyone for their performance in 2007 and I look forward to their contributions in the period to come.



Rüdiger Grube
Chairman of the Board

The Board of Directors

RÜDIGER GRUBE (56)
Chairman of EADS, Chairman of the EADS Strategic Committee
Member of the Management Board of Daimler AG

“ I am fully committed to tackle the EADS challenges with all my experience from the aerospace industry and from global operations within the automotive business. I will dedicate all my energy and enthusiasm to prepare this Group for the future, considering the demands of our customers, employees and shareholders. ”

ROLF BARTKE (61)
Chairman of Kuka AG

“ My expertise is to tie together operational excellence and products that meet evolving customer needs. I am happy to bring this experience to EADS at a time of reorganisation of the value chain. ”

JUAN MANUEL EGUIAGARAY UCELAY (62)
Director of Studies at Fundación Alternativas

“ I will push EADS to leverage its defining strengths which are the diversity of its resources as well as the breadth of its technologies and markets. ”



LOUIS GALLOIS (64)
Chief Executive Officer of EADS

“ I want to give the people of this company a sense of unity and strong future. This will require substantial changes of culture and approaches to doing business. We will measure our tangible progress year by year. ”

DOMINIQUE D'HINNIN (48)
Chief Financial Officer Lagardère SCA

“ I will scrutinize the performance of EADS through the prism of value creation and promote development options that optimise the strategic value to shareholders. ”

ARNAUD LAGARDÈRE (47)
General Partner and CEO of
Lagardère Group

“ 2006 and 2007 were difficult years for EADS and there are many challenges to overcome. I will dedicate all means at my disposal as a member of the Board to help EADS to take on these industrial and business challenges, so that the Group can come back with lasting profitable performance while maintaining its European identity. ”

LAKSHMI N. MITTAL (57)
President and Chief Executive
Officer of ArcelorMittal

“ I give EADS the benefit of my expertise in building and operating a global business in a fiercely competitive industrial sector. ”

MICHEL PÉBEREAU (66)
Chairman of the Board of BNP Paribas

“ I have a particular interest in excellence of corporate governance to better serve the shareholders at large. My independent judgement is valuable for EADS' future development. ”



HERMANN-JOSEF LAMBERTI (52)
Chairman of the EADS Audit Committee,
Member of the Management Board
of Deutsche Bank

“ I will pay continuous attention to the highest standard of risk management. As Chairman of the Audit Committee I am the guardian of financial strength. ”

SIR JOHN PARKER (65)
Chairman of the EADS Remuneration
and Nomination Committee,
Chairman of National Grid

“ I contribute my intimate insight into the dynamics of the U.K. market and also bring strong knowledge of corporate governance to my work as Chairman of the Nomination and Remuneration Committee. ”

BODO UEPPER (48)
Member of the Board
of Management of Daimler AG

“ A group with the complexity of EADS can only benefit from rigor of processes and quality of its controls. I give EADS the benefit of my experience in these subjects. ”



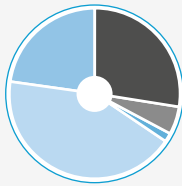
For remuneration, detailed CVs of Board Members, please refer to: www.eads.com or to

BOOK 2
FINANCIAL STATEMENTS AND
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Registration Document Part 1

Corporate Governance

The Group's governance was streamlined and strengthened with the introduction of a simplified management structure and the appointment of four independent Board Directors.

SHAREHOLDER STRUCTURE AS OF 31ST DECEMBER 2007



- 22.52% **Daimler**¹⁾
- 27.53% **Sogea**²⁾ : Lagardère and French state holding company Sogepa
- 5.49% **SEPI** (Spanish state holding company)
- 0.52% **Treasury shares** (without economic or voting rights)
- 43.94% **Institutional, retail and employee ownership** plus shares held out of the contractual partnership by the French state

EADS' core shareholders and management decided to change the company's management structure and the composition of the Board in order to simplify management and to improve corporate governance.

Shareholders approved a new management structure with a single Chairman, Rüdiger Grube, and a single Chief Executive Officer, Louis Gallois, at an Extraordinary General Meeting (EGM) on 22nd October 2007. This replaced the previous dual management structure, which had two Chairmen and two Chief Executive Officers.

The number of independent members on the Board was increased from two to four, with the Chief Executive Officer remaining the only executive Director. Furthermore, the Board's voting rules have been amended, with most issues decided by a straightforward majority vote.

The four independent Directors appointed are:

- Hermann-Josef Lamberti, a member of Deutsche Bank AG's Management Board and its Chief Operating Officer;
- Lakshmi N. Mittal, President and Chief Executive Officer of ArcelorMittal;
- Sir John Parker, Chairman of National Grid;
- Michel Pébereau, Chairman of the Board of BNP Paribas.

¹⁾ On 9th February 2007, Daimler reached an agreement with a consortium of private and public-sector investors by which it will reduce its shareholding in EADS by 7.5%.

²⁾ On 4th April 2006, Lagardère issued mandatory exchangeable bonds. The EADS shares deliverable at the maturity of the bonds will represent a maximum of 7.5% of the share capital of EADS. Lagardère already delivered 2.5% out of the 7.5% in June 2007.

Independently managed Board committees

Following the October EGM, two of the independent Directors were appointed to chair two key Board committees – the Audit Committee and the Remuneration and Nomination Committee.

Mr. Lamberti was appointed Chairman of the Audit Committee. This committee makes recommendations to the Board on the appointment of auditors and their remuneration, the approval of the annual financial statements and the interim accounts. It also discusses with the auditors their audit programme and the results of their audit of the accounts, and monitors the adequacy of the Group's internal controls, accounting policies and financial reporting.

Sir John Parker became Chairman of the Remuneration and Nomination Committee. This committee makes recommendations to the Board regarding appointments of 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, as well as appointment of the EADS Corporate Secretary. It also recommends remuneration strategies and long-term remuneration plans, and decides the service contracts and other contractual matters in relation to the Board and Executive Committee members. Once approved by the Chairman, it also reviews the proposals by the Chief Executive Officer for the appointment of members of the Executive Committee and of the Airbus Chief Executive Officer.

New Strategic Committee

As Chairman of the Board, Rüdiger Grube is also Chairman of the newly created Strategic Committee. This was formed in October 2007 as a resource for preparing Board decisions relating to strategic issues. The committee met for the first time in February 2008, to review EADS' *Vision 2020* and other matters.



For more detailed information please refer to the Corporate Governance section at: www.eads.com or to

BOOK 2
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 Registration Document Part 1

STRATEGIC COMMITTEE

RÜDIGER GRUBE
LOUIS GALLOIS
ARNAUD LAGARDÈRE
MICHEL PÉBEREAU
BODO UEBBER

AUDIT COMMITTEE

HERMANN-JOSEF LAMBERTI
DOMINIQUE D'HINNIN
SIR JOHN PARKER
BODO UEBBER

REMUNERATION AND NOMINATION COMMITTEE

SIR JOHN PARKER
ROLF BARTKE
DOMINIQUE D'HINNIN
HERMANN-JOSEF LAMBERTI

Chief Executive Officer's Statement

DEAR SHAREHOLDERS, EMPLOYEES CUSTOMERS AND SUPPLIERS,

It is a pleasure for me to address you as the CEO of EADS. I am truly honoured to stand at the helm of such a great company, at a time of crucial significance to its future.

2007 was a year of contrasts. EADS achieved tremendous commercial success: the company doubled its order intake to a record of €137 billion, pushing our order backlog to the historical level of €340 billion. The very robust market demand propelled Airbus to new heights, while Defence & Security and Eurocopter also experienced a remarkable increase in their order intake.



Louis Gallois

Astrium again proved the outstanding reliability of its technology, with 22 successful Ariane 5 launches in a row. We can be proud of last year's industrial achievements: thanks to the talent and dedication of all our employees, we were able to ramp up deliveries of our legacy programmes seamlessly to a record output. Three A380 have entered into service to date. The Company is reestablishing control over its most complex operations.

Our underlying business performed well in revenues and profits, and the free cash flow, worth €3.5 billion, was undoubtedly exceptional. Nonetheless, last year's financial results are undeniably disappointing, with a weak EBIT of €52 million and a Net Loss of €446 million. It is the costs associated with specific issues, the A380 and A350 XWB programmes, the A400M delay and the restructuring provision for the *Power8* programme, that dragged our performance down. The ever falling dollar also contributed to undermine our financial results and remains a threat for the future, calling for decisive action.

Therefore, key decisions were taken last year in order to restructure Airbus, allowing a transformation around the core differentiating capabilities of the company. The ongoing divestment of sites is intended to reduce capital intensity, and the cost saving efforts of the *Power8* programme were more successful than forecast for 2007.

In 2008, as indicated by our EBIT guidance, our results will be significantly improved. We will achieve this through programme management excellence, operational improvements and high quality R&D. We also have to protect ourselves from the dollar threat: very shortly, the *Power8* programme will be supplemented with additional cost saving measures. In the long run, we will have to keep on increasing our industrial footprint in the dollar zone, as part of our strategy to become a more global company, and seek a more ambitious economic performance in terms of return on sales and return on invested capital.

Many challenges still await us in 2008. Concerns over a potential slowdown of the American economy have clouded market anticipations, and some observers have also questioned the robustness of the aircraft market. Nevertheless, we have reasons to stay confident and optimistic: emerging markets, certain low cost carriers and leasing companies should remain persistent drivers of our civil

aircraft business. In the defence area, the U.S. Air Force chose the Northrop Grumman KC-45A refuelling tanker, based on the Airbus A330, which is a major strategic breakthrough opening up new perspectives. And the U.K. Ministry of Defence also contracted EADS to supply the A330 tanker derivative for its new fleet just 15 days later.

As you will see in the following pages, your company is increasingly well prepared for the future. In 2007, we have implemented a new corporate governance. Under the chairmanship of Rüdiger Grube, our new Board is more demanding and stimulating for the management. As for the Executive Committee, it is now working as a unified team, under the leadership of a single chief executive. This simplified structure allows greater efficiency, with clearer reporting and accountability, as well as quicker and better making decision process. One of the most important decisions was to elaborate a new roadmap for the coming years, *Vision 2020*, providing our employees a sense of destiny. This will allow us to gather all EADS entities behind an ambitious strategy immediately cascaded in the form of tangible, operational short-term targets in every Division and function.

Confidence is returning. Welcome to a re-energised EADS.



Louis Gallois
Chief Executive Officer

The Executive Committee

FRANÇOIS AUQUE

Head of Astrium

Mr. Auque was appointed in 2000. He was previously Chief Financial Officer (CFO) of Aerospatiale and Managing Director for satellites. 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.

HANS PETER RING

Chief Financial Officer (CFO)

Mr. Ring was appointed EADS CFO in 2002, and was also CFO of Airbus "in personal union" in 2007. In 1996, he was made Senior Vice President of Controlling at Dasa and, subsequently, EADS. From 1992 he was CFO and Board member of Dornier Luftfahrt. He holds a degree in Business Administration from the University of Erlangen-Nuremberg.

MARWAN LAHOUD

Chief Strategy and Marketing Officer

Mr. Lahoud was appointed in June 2007. Previously, he was CEO of MBDA. He worked for Aerospatiale on its merger with Matra and on the foundation of EADS. Within EADS, he served as Senior Vice President Mergers & Acquisitions. Mr. Lahoud is an alumnus of École Polytechnique and graduated from the École Nationale Supérieure de l'Aéronautique et de l'Espace.



LOUIS GALLOIS

Chief Executive Officer (CEO)

Mr. Gallois was appointed in August 2007, having been Co-CEO of EADS and Head of Airbus since 2006. He spent almost 20 years working for various French Ministries, and was then Chairman and CEO of SNECMA, Chairman and CEO of Aerospatiale and Chairman of SNCF. He graduated from École des Hautes Études Commerciales and is an alumnus of École Nationale d'Administration.

LUTZ BERTLING

Head of Eurocopter

Mr. Bertling was appointed in 2006, following a year as CEO of Eurocopter Deutschland. He joined Eurocopter in 2003 from the Defence & Security Division. Previously, he held various positions at DaimlerChrysler Rail Systems and Braunschweig University. He earned a PhD in Engineering at Braunschweig University.

FABRICE BRÉGIER

Head of EADS Operational Performance Chief Operating Officer (COO) of Airbus

Mr. Brégier was appointed Airbus COO in 2006 with additional responsibility for EADS operational performance. He became President and CEO of Eurocopter in 2003. Previously, he was CEO of MBDA. He joined Matra Défense in 1993 as Chairman of the Apache MAW and Eurodrone GIEs. He is an alumnus of École Polytechnique and École des Mines.

TOM ENDERS
Head of Airbus

Mr. Enders was appointed in August 2007. Previously, since 2005, he was Co-CEO of EADS. He began his career with EADS in 2000 as CEO of the Defence and Security Systems Division. Formerly he had been Director Corporate Development and Technology at Dasa. Mr. Enders holds a Doctorate degree from the University of Bonn.

JEAN BOTTI
Chief Technical Officer (CTO)

Mr. Botti was appointed 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.

STEFAN ZOLLER
Head of Defence & Security

Mr. Zoller was appointed in 2005, having held top management positions within the Division since 2000. Previously, he held various management positions within Dasa, DaimlerChrysler, Dornier and Senstar/Canada. Mr. Zoller graduated from the University of Tübingen and holds a PhD.



CARLOS D. SUÁREZ
Head of Military Transport Aircraft

Mr. Suárez was appointed in July 2007. Formerly, he was Head of Military Derivatives Programmes of Airbus platforms. He has also worked for Accenture and Aernnova. Mr. Suárez holds a degree in Aeronautical Engineering from the Universidad Politécnica de Madrid and an MBA from the IESE business school.

RALPH D. CROSBY JR.
Head of EADS North America

Mr. Crosby has been Chairman and Head of EADS North America since 2002. Previously, he was President of the Integrated Systems Sector at Northrop Grumman Corporation. Mr. Crosby holds degrees from the U.S. Military Academy, the Graduate Institute of International Studies in Geneva and Harvard University.

JUSSI ITÄVUORI
Head of Human Resources

Mr. Itävuori was appointed in 2001 and became a member of the Executive Committee in 2003. Previously, he had worked for KONE Corporation where he was from 1982, being appointed Head of Human Resources and a member of the Executive Committee. Mr. Itävuori graduated from the Vaasa School of Economics, Finland and served as an air force pilot.

Strategy

With *Vision 2020*, EADS now has a clear roadmap for the future. The Company's immediate operational targets directly follow from this new long-term strategy.

Developing a blueprint for action

Following the initiative of CEO Louis Gallois, EADS has formulated a strategic vision, which has been presented to the Board of Directors. Called *Vision 2020*, this blueprint for EADS' future articulates how it should grow, become more profitable and change in shape over the coming years. Not all elements of *Vision 2020* are new, but it creates a framework for decision-making for the years until 2020 and sets out a series of medium-term goals that will drive concrete action from now on.

When formulating the vision, the views of management across EADS were taken into account. Consequently, it not only reflects the views of the Executive Committee but also those of the top executive team and senior management within the Divisions.

To transform this Vision into reality, Louis Gallois, Chief Executive Officer, tasked the EADS Top 200 (top executive team) with making concrete implementation roadmaps. These will support the establishment of building blocks for a group-wide action plan, which will be closely monitored by our Marketing and Strategy Organisation.

2020 strategic goals

The core of *Vision 2020* is a **better balanced EADS**. Therefore, we aim to achieve:

- **A better balance between Airbus and our other activities.**
We at EADS are extremely proud of Airbus and its position as a world leader in its market. But commercial aircraft being a cyclical and extremely capital intensive business, we have to increase the share of EADS' other Divisions in our revenues, in order to gain more stability and become less dependent on the evolution of the U.S. dollar. Commercial aircraft now represents 65% of the Group's activities. Our goal is to reach a 50/50 balance, through organic growth, partnerships and acquisitions.
- **A better balance between platforms and services.**
Delivering advanced platforms and systems has long been EADS' main focus. Yet, there is also a huge growth potential in related services. Relying on our strong customer base, we are in a position to develop high-value services, which are a counter-cyclical and highly profitable activity. Our target is to achieve a 25% service share – against 10% – of business by 2020 (hence revenues at €20 billion).

- **A better balance between our European roots and our global footprint.** EADS is mainly based in Europe, but our playing field is the world. To gain access to new markets, technology resources and low-cost, dollar-based sourcing, we need to expand our footprint and our partnerships throughout the world, especially in the United States and Asia. We aim to become a truly global industrial company, with 20% of our employees and 40% of our sourcing outside Europe.

Furthermore, EADS is facing two major challenges:

- **Regaining profitability.** This remains the Group's highest priority: our goal is to recover a substantial margin by achieving best-in-class operational and financial efficiency. EADS will also put the emphasis on capital efficiency and focus on core businesses to lighten its balance sheet.
- **Moving towards an eco-efficient enterprise.** Environmental issues are to become a transversal driver towards sustainable development. We at EADS are determined to demonstrate our responsible attitude and to make eco-efficiency a competitive advantage.

Aligning resources with priorities

In addition to financial means, reaching the targets in *Vision 2020* will require significant technological and organisational resources.

EADS will continue to deliver the best of European technology to serve its customers' needs for mobility and security. EADS is already strengthening **Group technology synergies**. The Group will maintain, and where necessary increase, research efforts in areas such as eco-efficiency, while securing higher private and public research support.

People and competency management will be tailored to EADS' new priorities. Management development will concentrate on getting the right person for the right position, while encouraging greater mobility, international diversity and integration. Maintaining and developing strategic competencies will be a priority.

Finally, EADS will become leaner, more integrated, fully transparent and more efficient.

Top priorities for 2008

The drive to implement *Vision 2020* starts in 2008 and will affect the entire Group.

Working towards better efficiency, we will reinforce **programme management** in order to achieve our operational goals: stabilise the A400M and Naval NH90 programmes within defined time schedules and financial frames, ramp up A380 deliveries and meet the A350 XWB development programme targets.

The **expansion of services** will be progressed, with ambitious road-maps in all Divisions. This will focus initially on high-value services related to platforms and systems. A mission has been established at corporate level to help the Divisions to grow in the services areas.

In order to increase our **global footprint** and to help **balance revenues**, acquisition projects in the fields of defence, security or services should be proposed to the Board, especially in North America.

Airbus will continue the implementation of *Power8*, and accelerate it if possible. In order to adapt to the weak dollar, Airbus will also take additional measures to ensure competitiveness in the mid-term with a euro versus U.S. dollar exchange rate at 1.45/1.50.

Military Transport Aircraft will concentrate on the A400M programme management and the Refuelling Tanker programmes.

Eurocopter will overcome the technical difficulties of the naval version of the NH90, together with Agusta and its other partners.

Astrium will have to foster European ambition for space at the occasion of the European Space Agency ministerial conference and to ensure prime role for the Galileo space segment. Achieving the industrial ramp-up of Ariane 5 will also be an important challenge.

Defence & Security priorities will be to secure Eurofighter *Tranche 3* and advanced UAV, and to deliver lead system integration contracts.

Together.

Facing challenges...

2007 was a year of challenges, changes and first achievements. Not every decision we made in the past year was an easy one; nonetheless, our goal was to keep moving and make the best decisions possible. In an increasingly demanding environment we will not only adapt and improve, but expand towards our one clear vision: to be a leading player in our market with responsible and sustainable performance. Our technological leadership and the excellence and dedication of our employees around the world are the two strong pillars on which we will build the future for EADS. To regain and honour the trust of our customers and shareholders will be our reward.

AIRBUS

Delivery of the first A380 to Singapore Airlines in October confirmed the new double-decker aircraft's industrial recovery plan was achieving results. At year end, 25 air frames had been assembled and 10 aircraft had flown.





MILITARY TRANSPORT AIRCRAFT

After announcing in October definite delays of six months to the A400M heavy transport programme, and possible delays of a further six months, management took action to tackle the root causes.





EUROCOPTER

Management is reorganising the successful NH90 medium-weight, multi-role military helicopter programme, due to the industrial complexity caused by a large number of variations on the basic model. Eleven aircraft had been delivered at year end.





ASTRIUM

The launch of the Columbus space laboratory, Europe's contribution to the International Space Station, shortly after the year end, was a significant technological achievement. Astrium is acting as prime contractor for the €2.6 billion programme, on behalf of the European Space Agency.





DEFENCE & SECURITY

Eurofighter is the most technologically advanced fighter aircraft in production. Its capabilities are recognised, as shown by export order wins from Austria and Saudi Arabia.





EADS GROUP

People are EADS' greatest asset. Group-wide programmes like the Corporate Business Academy for developing talents are strengthening integration and developing future leaders.





...Delivering results.

EADS delivered on many key targets in 2007.

At Airbus, a record number of aircraft, 453, were delivered. This included the first A380 super-jumbo, meeting its revised delivery plan.

At Astrium, the Paradigm secure satellite communications project hit key scheduled milestones, with the launch of two Skynet 5 satellites, thus removing considerable risk from the overall programme.

At Eurocopter, after a difficult start in 2006, the NH90 multi-role military helicopter was a particular focus. Six Type Certifications have been achieved so far.

Major commercial goals were reached across the Group. The re-launched A350, with its extra wide body, gained the airlines' approval, winning significant orders. Meanwhile, Airbus' *Power8* reorganisation exceeded its targets, and the reshaping of defence sites was completed in France and started in Germany.

Record order book: €339.5 billion

Free cash flow* increases to €3.4 billion: +294%

Airbus A350 XWB orders grow rapidly: 290

Airbus A380 orders reach new high: 188

U.S. Light Utility Helicopters already delivered: 18

Saudi Arabia orders A330 Multi-Role Tanker transports: 3

Medium-light military transport aircraft win orders: 19

Saudi Arabia orders Eurofighter aircraft: 72

Professional Mobile Radio wins orders: 40

Satellites gain market share of 21 worldwide orders: 30%

Ariane 5 annual production grows: 6

* before customer financing

The Business Year 2007

The Group won record new orders, with the momentum towards both civil and defence activities improving. Management took action to reorganise Airbus and to tackle the root causes of several programme delays.

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42 Eurocopter | **44** Astrium | **46** Defence & Security



MARKETS AND PERSPECTIVES

The shifting economic order, growing importance of security and need to protect the environment are driving change. For commercial aviation, long-term growth is being tempered by short-term economic uncertainty.

Over the 2007-2026 period, world passenger traffic is forecast to increase by 4.9% per annum and the number of frequencies offered on passenger routes will more than double. With a high yearly traffic growth of 11.5%, China is expected to lead in world traffic by 2026.

At a time when developing countries are driving strong growth in aircraft orders, the global credit crunch has dented confidence in the short term. There are fears that the United States and Europe will both experience mild recessions, which might impact demand for aerospace and defence products.

For aerospace and defence companies, U.S. economic frailty has further weakened the dollar, undermining the competitiveness of European companies where falling currency hedging is increasing exposure.

Soaring prices for oil and other raw materials have created a further headwind to growth and stoked inflationary forces. Fierce competition for raw materials makes it harder to secure supplies. World titanium use in aircraft production alone is forecast to grow to 53,000 tonnes in 2008, up from 32,000 tonnes in 2004, according to the International Titanium Association.

COMMERCIAL AVIATION

In an unexpectedly strong year, airlines ordered a record 2,754 jets (with 100 or more seats) in 2007, up from the previous high of 2,057 in 2005. In total, Airbus and Boeing now have an order backlog for 6,821 planes – equivalent to approximately six years' production.

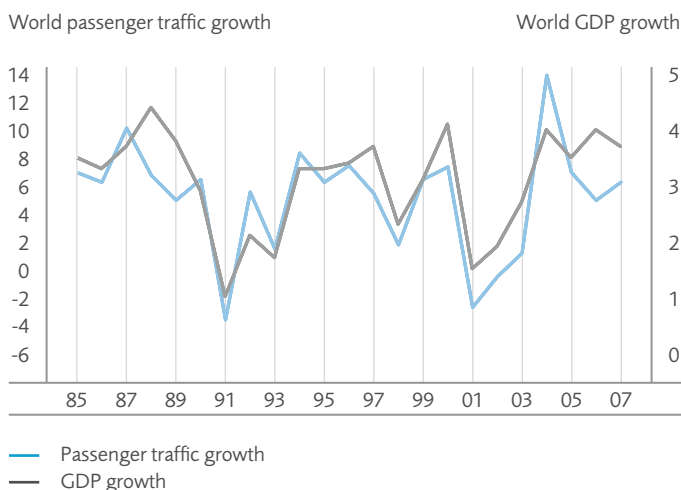
Airbus forecasts that passenger and freight traffic will grow at an average annual rate of 4.9% and 5.8% respectively over the next 20 years. The highest yearly traffic growth is expected to come from developing countries, with 11.5% forecast for China, 8.4% for India and 6.8% for the Middle East. In the short term, however, there is some uncertainty caused by economic weakness and speculation that the long-expected consolidation among U.S. legacy airlines may shortly materialise.



Changing operating environment

The operating environment is expected to change considerably. While liberalisation (such as the Open Skies initiative) will reduce regulatory constraints, factors such as security, the environment, network evolution, oil prices and congestion will create new limitations.

ECONOMIC GROWTH PRIME DRIVER OF PASSENGER DEMAND (in %)



Source: ICAO, Global Insight, Airbus

Eco-efficient technology is becoming key, with aircraft manufacturers building lighter planes and experimenting with alternative fuels. The development of greener aircraft will accelerate the replacement of aging fleets.

High fuel prices are a threat to airline profitability. In the past two years, kerosene has roughly doubled in price. According to the Association of European Airlines, fuel has risen from around 12% of airline operating costs in 2003 to 23% today.

Increasing congestion is causing both Europe and the United States to develop new air traffic management systems. According to the International Air Transport Association, 93 airports, dealing with 63% of world traffic, are already slot-constrained.

Low-cost carriers are entering the next stage in their evolution. The sector is likely to polarise between operators focused on short-haul flights and service carriers gaining income yield from long hauls.

DEFENCE

Spending in the United States and some developing countries grew significantly in 2007. The U.S. defence budget expanded by 6.9% to USD 439.3 billion, with procurement expanding by more than 10%. Additionally, there were pockets of growth in areas such as India and the Middle East.

Europe, however, showed little growth, with only France and the United Kingdom having budgets exceeding 2% of gross domestic product. The European market has a growing need for integrated defence and security systems as well as for efficient and complete service solutions. This trend is likely to stimulate mergers and acquisitions as companies adapt their portfolios and capabilities. Further rationalisation and consolidation is also expected in order to overcome fragmentation and duplication of industrial capabilities and to reduce the technological gap with U.S. peers. Above all, Europe's defence companies want to ensure long-term competitiveness on the world markets.

In developing nations, India has one of the largest and fastest growing budgets (8–10% a year). Contracts are generally tied to industrial cooperation agreements, and European companies are looking for opportunities to acquire companies and set up partnerships/joint ventures.



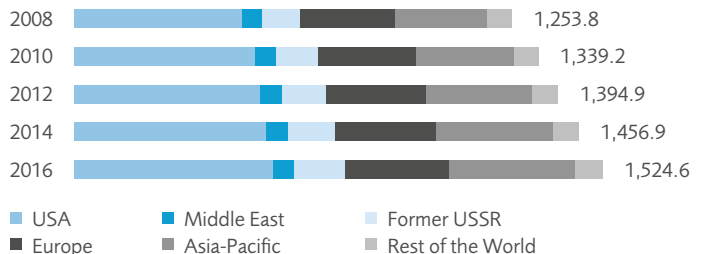
Protections from threats such as terrorism, crime and natural disasters are in significant demand.

New military mission types

Military mission types and required capabilities are evolving. There is more emphasis on asymmetric warfare and “non-combat” missions. This includes counter insurgency, peace keeping and humanitarian missions. Military aircraft is attracting the greatest expenditure, with helicopter spending expected to be especially strong over the next decade.

Seeking better value for money, governments are increasingly asking the private sector to finance, build and operate services. Within Europe, funds are being aggregated to compensate for flat budgets. The European Defence Agency is playing a growing role in procurement.

ESTIMATED EVOLUTION OF DEFENCE BUDGETS IN MAIN REGIONS (in USD billion)



Source: TEAL group

SECURITY

With terrorism emerging as the greatest external threat to public safety in many parts of the world, the global security industry is growing fast. Technologies such as automatic identification, detection and physical security are in significant demand. Geographically, the security industry is expanding across North America, Western Europe and Asia.

The United States is expected to have the highest growth rates in the coming years. The 9/11 attacks led to increased security requirements at airports, ports and railways. The Department of Homeland Security's budget was USD 35.6 billion in 2007, up by 7%, with the private sector expected to spend four times this amount.

In Western Europe, the security industry has grown steadily over the past decade. In the United Kingdom and Germany, high crime rates have led to demand for security equipment such as access control devices and monitoring equipment. At the European level, the need for a comprehensive security strategy is now being addressed through the European Security Research Programme. Funding to develop further technologies protecting citizens from threats such as terrorism, crime and natural disasters has been agreed upon with a budget of €1.4 billion (2007–2013).

China and India will most likely be the growth drivers for the security industry in Asia.

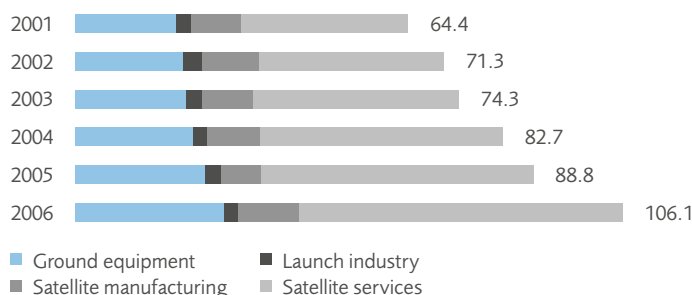
SPACE

Worldwide, the underlying trend in the space economy is one of growth. Institutional budgets (USD 47 billion in 2005 for OECD countries) and new commercial revenues from space-derived products and services indicate this to be the case (source: OECD, 2007).

Europe's institutional space business is expected to grow at an annual rate of 2.5% until 2010. However, the European space industry is currently waiting for decisions to be taken at the European Space Agency's ministerial conference in November 2008 to create the needed momentum for the European space policy.



WORLD REVENUES BY SPACE SECTOR
(in USD billion)



Source: Satellite Industry Association (June 2007)



AIRBUS

Airbus achieved record orders and deliveries, while beginning to implement its *Power8* restructuring to restore competitiveness.

Airbus is carefully managing its industrial ramp-up, as it increases the rate of production for both its new models like the A380 and existing aircraft like the A320 (pictures).

(€m)	2007	2006	Variation
Revenues	25,216	25,190	+0%
EBIT	-881	-572	-54%
Order intake	117,323	53,367	+120%
Order book	283,829	210,115	+35%
In number of aircraft			
Deliveries	453	434	+4%
Order book	3,421	2,533	+35%

2007 surpassed Airbus' previous records in terms of both orders and deliveries, while also presenting major industrial challenges.

By year end, the order backlog at more than 3,400 aircraft was the highest ever, representing full production for the next six years at increasing rates. Deliveries, which included the first A380 double-decker plane, passed a major milestone with the 5,000th delivery.

At the same time, management embarked on a major restructuring to secure the Company's competitiveness, which has been undermined by sharp falls in the U.S. dollar. The four-year *Power8* turnaround programme, launched in February 2007, overachieved its goals for the year. By 2010 management aims to reduce annual costs by €2.1 billion and make cumulative cash savings of €5 billion.

Airbus deliveries increased to 453 aircraft (434 deliveries in 2006), representing 51% of the market, and *Power8* achieved initial cost reductions. Revenues remained stable at €25.2 billion, in spite of a decrease in revenue recognition for the A400M military transport currently being developed and an unfavourable U.S. dollar impact of €1,080 million. The Division's EBIT loss grew to €881 million (€-572 million in 2006), reflecting charges related to the A400M programme delay, *Power8* and the launch of the refined A350 XWB medium-capacity long-range aircraft.

Winning record orders

Reinforcing the order backlog, Airbus won 1,458 new firm gross orders, valued at USD 181.1 billion at catalogue prices. This exceeds Airbus' previous record of 1,111 orders in 2005, and represents a 51% share of the market for aircraft with more than 100 seats, both in terms of units and value. Net orders, after accounting for cancellations, stood at 1,341, totalling USD 157.1 billion at catalogue prices. This represents 49% of the market by units and 48% by value.

In Asia-Pacific and the Middle East, fast-growing airlines were the chief drivers of new orders. Demand also remained strong from low cost and legacy carriers in Europe and the United States, which are modernising and expanding fleets.

The A380 won 33 new firm gross orders, as existing customers reaffirmed their confidence with additional orders and new customers confirmed the aircraft's strong appeal.

The A350 XWB received 290 firm orders from 12 customers, showing the market's positive response to the design refinements, and that it fully meets long-range requirements. At year end, total firm orders for the A350 XWB stood at 292.

The A330/A340 Family had its highest ever annual gross order intake, winning 221 gross orders (187 net) from 29 customers and increasing its backlog to nearly 400 aircraft.

Airbus' popular A320 Family of single-aisle planes won 914 gross orders (913 net), closely following 2005's record of 918. With more than 5,800 aircraft ordered, the A320 continues to be the world's best selling commercial jet.

Strong sales took the Airbus Corporate Jetliner Family past the milestone of 100 sales, just ten years after it was launched.

Implementing *Power8*

Power8 aims to build a “new Airbus”, a fully integrated company that will be leaner, more efficient and more productive. The result should be faster aircraft development and a clearer focus on Airbus’ core business – as aircraft architect and integrator, in addition to supporting the operations of its aircraft.

The programme achieved its goals for the year, notably reducing annual costs more than the year’s €300 million target. Additionally, integration took a step forward with the eight mostly national Centres of Excellence consolidated to four fully transnational organisations, covering fuselage and cabin, wing and pylon, aft fuselage and empennage, and aerostructures.

EADS and Airbus intend to transform Airbus supply chain by selling aerostructures manufacturing sites to buyers that will form long-term partnerships with Airbus, becoming strong tier-one suppliers.

Managing production increases

Airbus is carefully managing its industrial ramp-up, as it increases the rate of production for both its new models and existing aircraft.

The industrial recovery plan for the A380 is being implemented. A total of 25 airframes had been assembled by year end, and ten A380 have flown, comprising five test aircraft and five customer aircraft. A further development milestone was the freezing of the new Digital Mock-Up design that will be used for aircraft not yet assembled, with the first *Power-On* expected in early 2008. A380 ramp-up will continue in 2008 onwards, with the full production rate of four per month to be attained in 2010.

A320 production is also being ramped up, with production planned to reach 36 per month by the end of 2008 and 40 per month in 2010 – the highest rate ever for a commercial airliner. Additionally, A330/340 production is scheduled to be eight a month in 2008, reaching ten per month in 2010.

Simultaneously, Airbus continued to develop its newest aircraft, the A350 XWB, which passed the overall design freeze milestone in July. By year end, the majority of system suppliers were onboard, with work allocation almost complete.

The newest member of the A330/A340 Family, the A330-200 Freighter, was launched in January 2007, with first delivery scheduled for late 2009.

Increasing international cooperation

Airbus focused on building strategic relationships with international partners in Russia and China.

Airbus signed three new agreements with the Russian United Aircraft Corporation, giving it a 5% stake in the A350 XWB airframe, establishing a joint venture for A320 civil freighter conversion and making it a shareholder in the Engineering Centre Airbus Russia.

In China, the joint venture contract for the A320 Final Assembly Line in Tianjin was signed, and assembly is now scheduled to start in 2009. Airbus will hold 51% of the joint venture, and the Chinese consortium will hold 49%.

Industrial cooperation with China was reinforced by the signing of a memorandum of understanding with the National Development and Reform Commission allocating 5% of the A350 XWB airframe to the Chinese aviation industry. The associated joint venture manufacturing centre, based in Harbin (China), for composite material parts and components is expected to open in 2009.

Expanding customer services

In 2007, Airbus continued to develop and expand its comprehensive portfolio of support and services, named Air+, from which operators can pick and choose according to their individual needs. New innovative services were developed, such as the Airbus Flight Hour Services, which helps minimise aircraft on-ground time during repairs.

Becoming eco-efficient

Airbus is determined to play a leading role in making aviation more eco-efficient through technology. It became the first aerospace company to receive the ISO 14001 Environmental Management System Corporate Certification for all sites and products. Additionally, it announced a commitment to help the aviation industry grow while reducing its impact on the environment.

Consequently, Airbus signed an agreement to research the benefits of synthetic jet fuels with several partners including Qatar Airways, Rolls Royce and Shell International Petroleum.



India is one of the most dynamic aerospace markets.

OUTLOOK

At the end of 2007, Airbus order book further increased to a record total of 3,421 aircraft. In 2008, orders (around 700 aircraft) are expected to exceed deliveries once more, although the level of airline demand might be impacted by the current economy and credit crunch environment. Airbus will deliver more aircraft than it did in 2007, in line with the planned ramp-up.

Airbus will focus on A350 XWB development work with the goal of reaching the detailed definition freeze by year end.

Airbus will continue to increase the A380 production rate in 2008, in accordance with the delivery plan.

Airbus will continue and expand its *Power8* restructuring in order to remain competitive in the face of a weak dollar and to ensure the long-term future of the company.

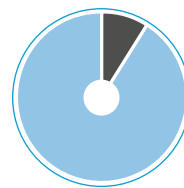


MILITARY TRANSPORT AIRCRAFT

The Division is well positioned to win orders for refuelling tankers and medium and light aircraft. Measures are being taken to minimise the A400M delay and to foster growth.

The A400M final assembly is progressing. The first airframe has been completed, and components for the second aircraft have arrived at the Final Assembly Line (pictures).

(€m)	2007	2006	Variation
Revenues	1,140	2,200	-48%
EBIT	-155	75	-307%
Order intake	784	1,594	-51%
Order book	19,932	20,337	-2%



REVENUES BY MARKETS
(in % of external revenues)

- 9% Civil
- 91% Defence

Following the appointment of Carlos Suárez as the new Division's Chief Executive Officer in July, Military Transport Aircraft (MTA) launched a major business transformation with a view to driving cultural change and strengthening project management. At the same time, the Division initiated a comprehensive risk review, the results of which directly impacted the 2007 accounts. In parallel, management took action to tackle the root causes of the A400M delay.

For 2007, the Division's revenues declined to €1.1 billion (€2.2 billion in 2006) largely due to the postponement of the A400M *Power-On* milestone (€470 million) to 2008. The EBIT dropped to a loss of €155 million (compared with a gain of €75 million in 2006), mainly reflecting adjustment of the A400M programme margin, as well as inventory impairments and programme charges.

The order book remained substantial at €19.9 billion, slightly below 2006's €20.3 billion. This is marginally behind expectations because the expected tanker orders from Saudi Arabia and the U.K. have slipped to 2008. In the medium-light turboprop range, a total of 19 aircraft orders were placed from customers around the world, including the U.S. Coast Guard with five additional CN-235 for its *Deepwater* programme.

Tankers lift off

Selection in early 2008 of the A330 MRTT (Multi-Role Tanker Transport) as the new tanker aircraft for the U.S. Air Force was a major breakthrough in the global tanker market and the U.S. defence market, creating a solid basis for future growth. EADS will provide 179 tanker aircraft over the coming years. The A330 MRTT has won several orders against tough competition. In 2007, the United Arab Emirates and Saudi Arabia decided to purchase it as their new air-to-air refuelling aircraft. Following the earlier order by Australia and the closing of the FSTA (Future Strategic Tanker Aircraft) deal in the U.K. in March 2008, the A330 MRTT is confirmed as the most advanced and capable tanker aircraft in the market.

Flight tests of the aircraft are continuing, with all aerodynamic tests successfully completed. The new ARBS (Air-to-air Refuelling Boom System) performed its first in-flight contact with a fighter plane, and fuel was passed.

Rescheduling A400M

The A400M final assembly is progressing. The first airframe has been completed, and components for the second aircraft have arrived at the final assembly line. "Power-On" milestone was passed in March 2008. The engine has been mounted on a C-130 test bed for the upcoming flight tests. However, as already disclosed in October 2007, there will be programme delays of six to 12 months.

There are currently orders for 192 A400M, 180 from the launch countries, eight from South Africa and four from Malaysia.

OUTLOOK

For the A400M, management is working closely with all internal and external partners to ensure the first flight in summer 2008. Apart from industrialising the programme, the Division is developing a comprehensive end-to-end services offering to be available just in time for the entry into service of the fleet with the nations. The service strategy is aimed at creating value for customers and will be a key contributor to widening the programme's business case. In direct competition with EADS, several large European and international aerospace groups are vying for this business.

The Division started a business transformation programme, designated *Horizon 2011*. Over the next three years, management will elaborate and implement plans for reducing costs, growing new products and services, fostering cultural change and improving internal processes and controls.

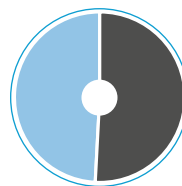


EUROCOPTER

2007 was another record year for both deliveries and orders. International expansion continued and management acted to improve production.

Eurocopter sees the military market as an area of growth and intends to build on the success of the NH90, LUH and Tiger attack helicopter (picture).

(€m)	2007	2006	Variation
Revenues	4,172	3,803	+ 10%
EBIT	211	257	- 18%
Order intake	6,584	4,885	+ 35%
Order book	13,455	11,042	+ 22%



REVENUES BY MARKETS
(in % of external revenues)

- 51% Civil
- 49% Defence

In a buoyant worldwide helicopter market, Eurocopter deliveries and new orders reached record levels. Reflecting their advanced capabilities and low lifecycle costs, Eurocopter helicopters captured more than 50% of the civil and parapublic market in terms of deliveries, and continued to grow military orders.

Following a 75% rise from 279 to 488 helicopter deliveries over the past three years, management started to reorganise the industrial base to prepare for future volume increases. The NH90 medium-weight, multi-role military helicopter was a particular focus.

Revenues rose substantially to €4.2 billion (€3.8 billion in 2006), as 488 new military and civil helicopters were delivered (381 in 2006). EBIT fell to €211 million (€257 million in 2006), reflecting margin correction and provision for delays on the NH90.

Eurocopter received orders for 802 new helicopters worth €6.6 billion, an increase of more than 30% (615 worth €4.9 billion in 2006). At the end of December 2007, the order backlog exceeded €13 billion (€11 billion in 2006).

The order intake was well balanced in all respects. Serial helicopters generated 74% of orders, customer services 22% and development and other activities 4%. By product sector, the military accounted for 56% and civil and parapublic 44%. The export rate was a high 51%.

Reorganising the industrial base

In order to manage output growth of up to 50% by 2010, the industrial base is being restructured. Internally, it is being streamlined to reduce complexity and increase productivity. Externally, a "first-tier" layer of suppliers is being selected, with the aim of reducing direct suppliers from 2,600 to 300 over a decade and proportionately increasing dollar-based costs. Furthermore, Eurocopter will invest increasingly in its core activities of developing and marketing helicopters and associated services, reducing its asset base.

NH90 production was stepped up, but the large number of model variants has caused great complexity. The programme is being reorganised, with internal industrial measures and greater customer flexibility under discussion.

Growing the global footprint

Eurocopter continued to expand internationally, further developing its position in target markets. In Europe, the Spanish Albacete plant was opened and Eurocopter U.K. was founded following acquisition of the 90% of McAlpine Helicopters not already owned. In Asia-Pacific, the creation of a joint venture to market the medium-weight military Korean Utility Helicopter internationally was decided, joint development of the medium-weight civil EC175 started in China and an NH90 Final Assembly Line opened in Australia. And in the United States, the Columbus, Mississippi production line for the U.S. Army's Light Utility Helicopter (LUH) was significantly expanded. Eurocopter has delivered 18 UH-72A Lakota helicopters to the U.S. Army as of year end 2007.

A network of 17 subsidiaries globally allows Eurocopter to provide services for owners of its more than 10,000 helicopters, the second largest manufacturer fleet, with services representing a growing revenue source.

OUTLOOK

At the end of 2007, Eurocopter has a strong order book securing three years' activity, and its modern product range is highly competitive. Management sees the military market as an area of growth and intends to build on the success of the NH90, LUH and Tiger attack helicopter.

Strategically, it will continue to expand internationally, on occasion through acquisition, and will develop its industrial presence in key growth markets. Eurocopter will invest to maintain product leadership through technology programmes and innovation in order to enhance safety, operational scope, mission effectiveness and economic performance.

Measures to further optimise industrial processes over the mid-term will be implemented. In particular, management is focusing on the challenging NH90 delivery.

While cautioning that the economic environment remains volatile, we expect the positive trend in revenues to continue in 2008, being reflected as well in EBIT evolution.

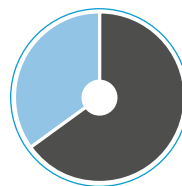


ASTRIUM

Following several years of innovation and efficiency improvement, Astrium's strong competitive position is shown by its full order book and rising EBIT.

During 2007, Astrium manufactured six of the powerful Ariane 5 ten-tonnes satellite launchers and won more than 50% of the launcher market.

(€m)	2007	2006	Variation
Revenues	3,550	3,212	+11%
EBIT	174	130	+34%
Order intake	4,492	4,354	+3%
Order book	12,895	12,263	+5%



REVENUES BY MARKETS
(in % of external revenues)

- 65% Civil
- 35% Defence

Astrium achieved a stronger financial performance for the third successive year, with contributions from all three Business Units. Services passed key milestones in its military secure satellite communication projects and expanded its activities. In Space Transportation, the Ariespace satellite launcher business captured the highest number of orders in the market. Satellites also won a significant share of its market, becoming number one worldwide for Telecom.

EBIT rose to €174 million (€130 million in 2006) and revenues grew a double digit to €3.6 billion (€3.2 billion in 2006). Significantly, the EBIT margin continued the progressive expansion of the past three years, attaining a level of approximately 5% compared with just 4% in 2005. An order book of €12.9 billion at year end secures approximately three years' activity.

2007's level of profitability follows several years of investments in innovation and efficiency improvement. Additionally, fast growth in the Services Business Unit has boosted profitability.

Expanding the secure communications footprint

Within Services, the Paradigm business' landmark Skynet 5 project made important progress, with the launch of two out of the three contracted secure telecommunications satellites. This will allow EADS to provide communication services for the U.K. Ministry of Defence from 2008 with the new Skynet 5 network. The Business Unit's activities expanded with the acquisition of GPT, a Saudi Arabian company providing secure communications to the Kingdom's National Guard.

The Space Transportation Business Unit had a strong year. Ariespace, the satellite launching company of which EADS owns 30.5%, gained from its reliability and flexibility and won more than 50% of new orders. The Business Unit manufactured six of the powerful Ariane 5 ten-tonnes satellite launchers during the year, and Ariespace signed a preliminary order for Astrium to deliver 35 Ariane 5 from 2010. Additionally, France's new M51 nuclear missile had a successful second test flight.

Space Transportation's contribution to the International Space Station made significant progress. Columbus, the European space laboratory and the unmanned Automated Transfer Vehicle (ATV) were successfully launched in 2008. Astrium was prime contractor on both of these projects.

Winning commercial satellite market share

The Satellite Business Unit grew its market share, winning six commercial telecommunications satellites out of the 21 awarded globally. Additionally, the Satellite Communications Company "Mubadala" from Abu Dhabi contracted Astrium and Thales Alenia Space jointly to build two communications satellites, with a firm order expected in 2008. This made Astrium the world leader for Telecom in 2007.

Galileo, the planned European satellite navigation system, was reorganised and is now back on track.

OUTLOOK

At the end of 2007, all three Astrium Business Units have a strong outlook. The order book secures more than three years' activity, with the businesses all having good competitive positions in their markets.

After a period of investment, as well as both technical and commercial innovation, Astrium is now collecting its reward. Both the Ariane 5 launcher and Eurostar 3000 modular satellite are technically mature. Furthermore, the Services business model has now proved itself and is contributing to the improving financial performance.

Internally, the Division will undertake a number of specific initiatives in 2008 to improve economic efficiency, technical capabilities and product innovation.

As yet there are no signs of economic weakness impacting Astrium's markets, revenues and EBIT should continue their expansion during 2008. The EBIT margin should also continue to climb.

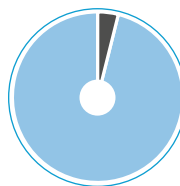


DEFENCE & SECURITY

The Division's strong order book contributed to achieving EADS' goal of a better balance between commercial aerospace and defence revenues.

The first tranche of the Eurofighter, the high-performance multi-role combat aircraft, is almost completed (141 out of 148 aircraft were already delivered). Final assembly of the first *Tranche 2* aircraft has begun, with 18 in advanced final assembly at the end of 2007.

(€m)	2007	2006	Variation
Revenues	5,465	5,864	-7%
EBIT	340	348	-2%
Order intake	7,540	5,191	+45%
Order book	17,886	17,570	+2%



REVENUES BY MARKETS
(in % of external revenues)

- 4% Civil
- 96% Defence

MBDA consolidated at 37.5% in 2007, compared with 50% in 2006; figures of 2006 are not restated; to achieve a comparable basis, the following impacts of the consolidation change on 2006 figures have to be taken into account: €-418 million on Financial Year (FY) 2006 revenues, €-30 million on FY 2006 EBIT, €-329 million on FY 2006 Order intake, €-1,691 million on FY 2006 Order book.

Defence & Security (DS) made solid progress, contributing to EADS' goals by growing its order book and furthering its strategic aims. Strong orders came from both defence and security activities, including Eurofighter, EuroHawk, avionics, communications and global security. Progress was made in potential high growth areas, such as Lead Systems Integration and Unmanned Aerial Vehicles (UAVs). Management initiatives reduced structural costs and increased efficiency.

For 2007, the Division's EBIT of €340 million is above last year's level (€318 million in 2006, restated to reflect MBDA consolidation at 37.5% rather than 50%). Revenues remained stable at €5.5 billion (€5.4 billion in 2006, restated).

The order book expanded to €17.9 billion (€15.9 billion in 2006, restated). Notable contributors were Saudi Arabia's order for 72 Eurofighter planes, signed with BAE Systems, and more than 40 new Professional Mobile Radio (PMR) contract wins.

Eurofighter's *Tranche 2* version passed important milestones. The Eurofighter consortium had delivered 141 *Tranche 1* aircraft out of 148 at the end of 2007, with the rest in final assembly. Saudi Arabia's is the second export order, following Austria's.

MBDA confirmed its position as a world-leading missile systems company with sales of more than €3 billion. Export orders for ground-based defence and anti-tank missiles came from the Middle East and elsewhere. Production of Storm Shadow, MICA, Brimstone, Aster, Rapier and Taurus contributed substantial revenues.

Progressing in high growth sectors

Secure Networks' orders exceeded those for 2006, which was already a strong year. Notable contracts were received from France's fire and emergency services, as well as from China. Secure Networks delivered on-time and on-quality to Hungary and Germany, among others.

The Division won significant contracts as a security Lead Systems Integrator. Qatar contracted EADS to build its National Security Shield System. In the U.K., DS was awarded the building of a network of fire and rescue control systems. In Tangiers (Morocco), it will provide an integrated maritime security system.

UAVs also made progress. Germany awarded a contract to EuroHawk GmbH, a joint venture with Northrop Grumman, for the development, testing and support of the EuroHawk system. And the German Defence Ministry contracted DS to analyse and refine enabling technologies and operating concepts for the Agile UAV. Germany, France and Spain tasked EADS to evaluate risk reduction for a modular reconnaissance and surveillance UAV.

Improving operational performance

Better business processes enhanced operational performance. Initiatives such as shared services, centralisation of certain functions and head office improvements reduced costs. The new Elancourt site in Paris brought together all eight previous French sites, and the Military Air Systems centre in Manching (Germany) began to be consolidated. MBDA centralised activities in Paris to Plessis Robinson and made Schrobenhausen its German centre of competence.

OUTLOOK

The Division has a positive outlook due to its substantial forward order book, strong position in platforms, capabilities in high growth areas and ongoing efficiency initiatives.

There are a number of Eurofighter export campaigns currently underway across Europe, the Middle East and Asia. Business areas such as secure networks, global security and UAVs are gathering momentum. Operational improvements are reducing risks while opportunities for further cost reductions are being sought.

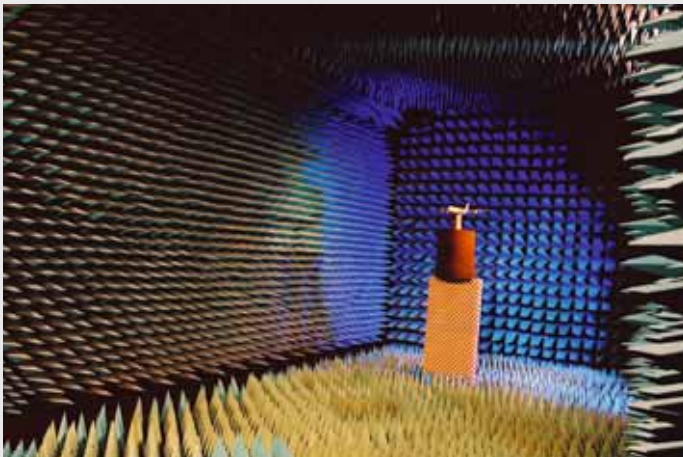
Over time, all of these factors should continue the trend of rising revenues, margins and EBIT. The Division is central to EADS' goal of achieving a better balance between commercial aerospace and defence and security revenues.

EADS Drivers

Our shared functions are becoming key value drivers. They are beginning to play an essential role in achieving the Group's long-term strategy, attaining synergies across the Divisions and in creating long-term sustainable growth.

48 EADS DRIVERS

50 Innovation | **52** Sourcing | **54** Human Resources | **56** Corporate Social Responsibility



INNOVATION

Specific actions prioritised innovations linked to the Divisions' business goals and addressed weaknesses in programmes and processes.

The increase in the number of patents filed during the year gives a good indication of EADS' R&T momentum. Some 961 inventions were patented in 2007, compared with 792 in 2006.

2007 was a watershed year for the EADS Corporate Technical Office, as it implemented a number of significant initiatives to bolster its contribution to EADS' growth.

Research & Technology

Priority was placed on ensuring that the EADS-wide Research & Technology (R&T) strategy is closely linked to the business objectives. This strategy is now being implemented in the Divisions.

Signifying a shift in direction towards working more closely with the Divisions and the sharing of new technologies, the former Corporate Research Centre was unified and rebranded as EADS Innovation Works. In the United Kingdom, it launched a new branch of its global network of sites, and it expanded its centre in Singapore.

To widen its access to new technologies, EADS entered into a series of new partnerships and projects with leading research institutes and universities in Canada, China, India, Ireland, Russia and the United States.

A business nursery was launched to develop key technologies that reach beyond the basic EADS business. Examples of this are several security-related technologies for the detection of explosives.

The increase in the number of patents filed during the year gives a good indication of the greater momentum in R&T since new management was appointed in 2006. Some 961 inventions were patented in 2007, compared with 792 in 2006. EADS climbed in the Wall Street Journal's ranking of top patent filers at the U.S. Patent and Trademark Office from 9th to 6th place.

The PLM Harmonisation for ENhanced Integration and eXcellence (PHENIX) programme was launched to set up harmonised forward-looking Product Lifecycle Management at all levels of EADS.

Chief Quality Officer (CQO)

Reporting to the Chief Technical Officer, the CQO leads the EADS-wide Improvement Programme, which aims to increase customer and shareholder confidence in operations and programmes.

A unified Customer Review process was implemented and is now running in all Divisions.

Black Belt improvement experts have been selected and qualified within all Divisions. Their mission is to continuously improve performance at all operational levels.

A collaborative Lean Operations approach was launched to identify and transfer EADS internal and external "lean" best practices.

In close collaboration with programme managers and sponsored by the Airbus Chief Operating Officer, a Programme & Risk Management initiative was launched to improve programme performance by ensuring a transfer of learning and best practices between EADS programmes.

Chief Information Officer (CIO)

The Executive Committee approved plans for shared Information Technology (IT) services across EADS, with potential savings of up to 30%. As part of the project, IT governance and IT principles were defined and several transformation opportunities have been identified.

LOOKING TO 2008

There are plans to further improve the transition of developed technologies from R&T to industrial programmes. Additionally, measures will be taken to enhance public funding coordination and to expand career opportunities for the technical community within EADS.

Specifically, the function will focus on developing technologies for the security business and will contribute to the environmental and services strategies.

Finally, the function will target savings from improvement programmes associated with the shared IT services platform as well as the *Black Belt* and PHENIX programmes.



SOURCING

Sourcing is playing an important role in change at EADS, especially through increased global procurement and closer ties with suppliers.

With EADS' external spending equivalent to 75% of its revenues, the Group aims to procure more from outside Europe, seeking to gain competitive advantage and market access while reducing its vulnerability to U.S. dollar volatility. Specifically, *Vision 2020* targets sourcing 40% of volumes from outside Europe by 2010, compared with 23% today.

Change in EADS' sourcing activities is an essential part of its evolution. At the end of 2007, the Sourcing Strategy was further developed to reflect the new *Vision 2020*, while management also successfully pursued its existing strategic goals.

As EADS seeks to concentrate on its core activities, it intends to consolidate its supply base. The Group also aims to procure more from outside Europe, seeking to gain competitive advantage and market access while reducing its vulnerability to U.S. dollar volatility. Specifically, *Vision 2020* targets sourcing 40% of volumes from outside Europe, compared with 23% today.

With EADS' external spending equivalent to 75% of its revenues, however, greater sourcing efficiencies have long been a priority. 2007's new goals added clarity and momentum to many existing initiatives.

Internationalisation

Asia is the greatest priority for geographic diversification of suppliers. In 2007, sourcing offices were opened in the Indian cities of Delhi and Bangalore. EADS anticipates procuring, for example, aerostructures such as Airbus doors and engineering services.

Locations such as China were identified for office openings in 2008. It is anticipated that China will be an important source of aerostructures and raw materials.

Closer relationships

Airbus is transforming its supply chain by selling aerostructures manufacturing sites to buyers that will form long-term partnerships with Airbus, becoming strong tier-one suppliers.

EADS made progress in working more closely with suppliers. The EADS Procurement Network and the Airbus Supplier Councils, both of which were started in 2006 to enhance cooperation and networking with suppliers, became established forums and met on a regular basis. And EADS became a founding member of SPACE, an association of European aerospace companies formed to cooperate when auditing, certifying, monitoring and developing small to medium-sized suppliers.

Sourcing integration

By identifying further joint procurement opportunities, EADS continued to reduce the costs and risks in its supply chain. All 2007 targets were met and the initiative is now being expanded. Through internal joint procurement, EADS also aims to secure sourcing of potentially scarce raw materials, such as composites or titanium.

Measures were introduced to improve coordination of "offset" obligations across EADS and its suppliers. Contracts with government customers often imply the requirement to source a quantity of goods or services from the customer's country.

Across the three axes of internationalisation, closer relationships and integration, Sourcing addresses performance improvements in the supply chain, and cost reductions through common improvements of business processes with our suppliers. Sourcing is a major element of the improvement programmes in the EADS Divisions, the largest being the *Power8* programme run by Airbus, and thus a major contributor to EADS performance and profitability targets.

LOOKING TO 2008

Sourcing is on a clear course, with a particular emphasis on managing relations to key suppliers and on enhancing Global Sourcing.

In 2008, major supplier relationships will become closer, coordination of sourcing will continue to improve and more overseas offices will open. Additionally, initiatives will be introduced to manage the supply chain's sustainability from both environmental and ethical perspectives.

Further cost reductions and performance improvements in the supply chain will contribute to EADS' objectives.



HUMAN RESOURCES

Human Resources made a strong contribution to group-wide integration, internationalisation and improved skills management.

With more than 5,000 internships offered each year in Europe, EADS provides students with valuable technical and personal experience and with the unique opportunity to take a closer look at the industrial world.

Through Human Resources (HR) initiatives, management took steps to make the group more integrated, lean and international. Measures that helped to achieve this included: Shared Services, Shared College training programmes; integrating the HR organisation between Corporate, Divisions and Business Units; leaner HR processes (e.g. annual interview); and support for international growth (e.g. China and India).

Social dialogue

Integrating Airbus to form a trans-national organisation was discussed with the European Works Council and social partners at Airbus and EADS levels, clearing the way for the reorganisation and implementation of *Power8*. Additionally, EADS managed similar discussions with social partners concerning implementation of Shared Services and ongoing initiatives to improve productivity and competitiveness across all EADS Divisions.

Planning strategic competencies

To ensure that EADS has sufficient people with the right skills to fulfil its commercial and industrial objectives, HR has developed a common approach to strategic competency management. The Shared College became increasingly active, covering activities ranging from sales and marketing to systems engineering. Training programmes were shared between Divisions.

Leadership development and integration

Group-wide tools to improve employee development and motivation have been introduced. The EADS Leadership Model for developing future leaders was introduced across EADS, as were common leadership development tools (e.g. 360° assessment tools). The performance and development process was redesigned and reactivated. Existing activities have been extended, such as the Corporate Business Academy and new activities have been launched (e.g. mentoring schemes).

Regarding innovation and research, the Hall of Fame held its first awards ceremony at the Cité des Sciences in Paris in November, sponsored by EADS Chief Technical Officer and EADS Head of Human Resources. Prizes were awarded for *The Great Inventors*, *The Great Innovators*, *The Great Craftsmen* and *The Best Lean Manufacturing Team*.

Effectiveness and HR Shared Services

Efficient management of pay and time through common Shared Services and a common e-HR platform was extended to all EADS home countries by the Corporate Shared Service Operations (CSO).

EADS has launched an EADS Learning Services (ELS) in the four home countries to improve the quality of learning and manage the learning process more effectively. ELS will manage the administration of learning operations.

The roll-out of common HR tools was also extended to recruitment. A common e-recruiting platform was implemented and became fully operational.

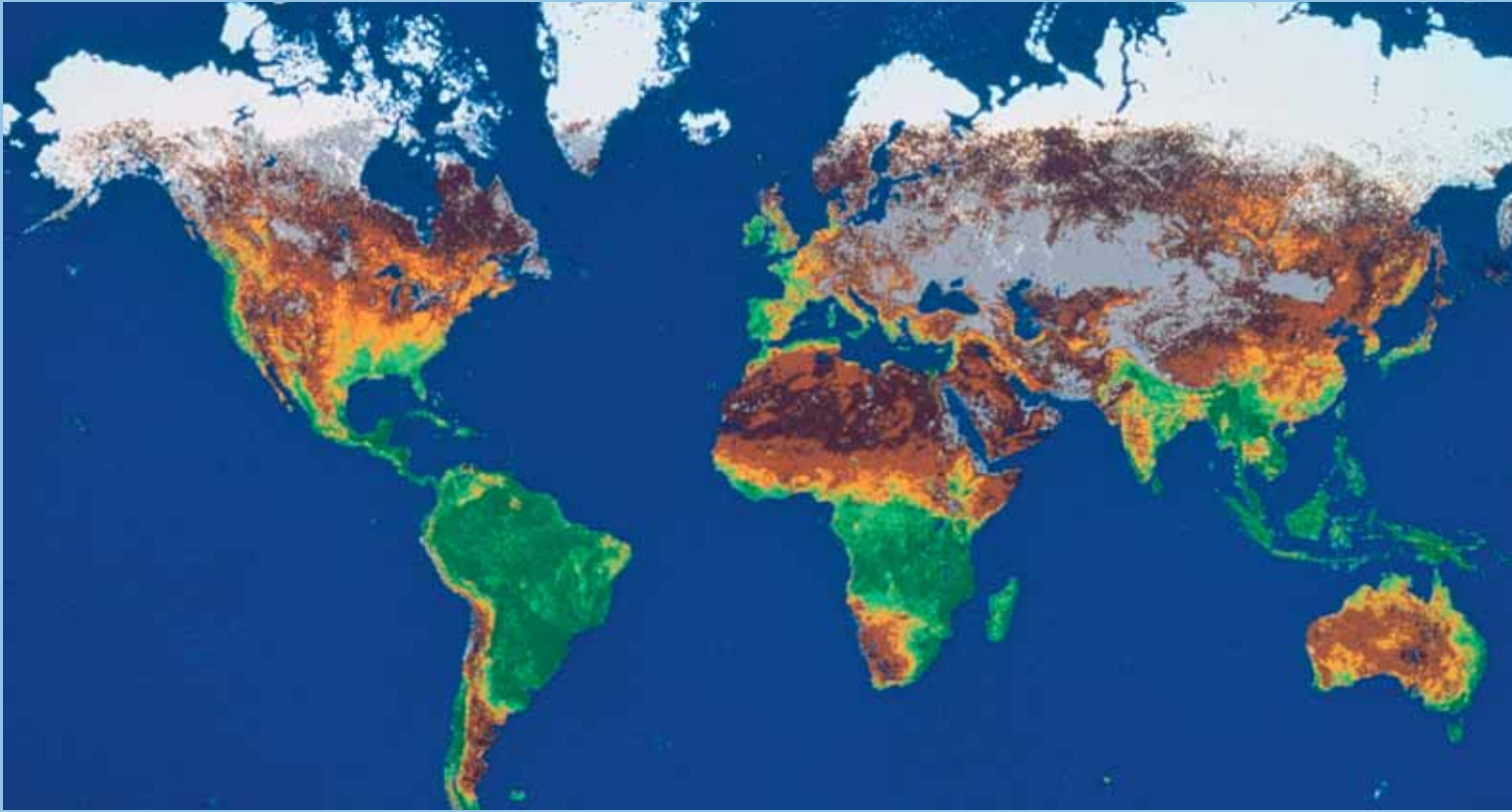
LOOKING TO 2008

HR will focus clearly on supporting *Vision 2020's* objectives.

Five items will be prioritised:

- Leadership Development – developing leadership and people management skills;
- Talent Management – implementing/cascading the *People Review* process and improving mobility;
- Competency Management – better anticipation of technical skills and promotion of experts;
- Globalisation – preparing for global growth in Asia and in the United States;
- Diversity – by nationality, gender, age, as well as social and ethnic background.

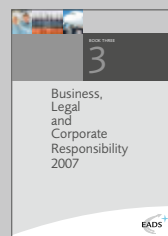
Across EADS, initiatives will also be taken to enhance employee motivation and programme management.



CORPORATE SOCIAL RESPONSIBILITY

EADS regards sustainable development as a strong opportunity for long-term value. In particular, 2007 saw eco-efficiency become central to Group strategy.

Satellites have radically changed people's view of the planet, raising awareness of the harm that human activity is inflicting. Today, space technology undoubtedly has an important role to play in helping to combat the effects of global warming. Here, the environmental monitoring satellite Envisat, designed and built by Astrium.



For more detailed information on EADS CSR policies and related practices, please refer to:

BOOK 3
BUSINESS, LEGAL AND CORPORATE RESPONSIBILITY 2007
 Registration Document Part 2

Dear stakeholders,

Corporate responsibility is often considered a box ticking exercise; let me convince you otherwise. For EADS it is clearly not an inconvenient after thought. I am convinced that balancing economic performance with respect for the environment and stakeholders' interest at large, now and for the generations to come, will allow us to build a competitive advantage. Sustainable development is essential for delivering long-term value.

Corporate responsibility is, therefore, fundamental and we are committed to the following broad principles:



- Moving towards eco-efficiency and fostering development of the most advanced green technologies in our fields.
- Developing fruitful relationships with stakeholders, in particular customers, employees and suppliers, as reliable partners.
- Sustaining economic performance while promoting benchmark ethical standards.

The following pages highlight how we are increasingly focusing on eco-efficiency.

A stylized, handwritten signature in black ink, which appears to read 'L. Gallois'.

Louis Gallois
 Chief Executive Officer

MAKING ECO-EFFICIENCY AN ADVANTAGE

EADS placed eco-efficiency at the centre of corporate strategy in 2007. The Group now aims to develop the greenest products and processes in the aerospace and defence sector, recognising that this will both improve environmental performance and provide a strong business advantage.

Consequently, Louis Gallois, Chief Executive Officer, made eco-efficiency one of the key tenets of *Vision 2020*, the EADS strategy blueprint for the coming 12 years. This is already driving specific changes across the Group.

The air transport industry's major challenge: climate change

Currently, the environmental cost of air transport is relatively low but reductions in emissions are necessary to enable the sector's future growth. New technologies, therefore, are essential to ensure that the industry can continue to expand and benefit the world economy.

The economic benefits of aviation are considerable and growing. It currently supports 8%¹⁾ of global gross domestic product, while generating just 2%²⁾ of man-made CO₂ emissions (which could, without action, grow to 3% by 2050).

New technologies provide answers

The industry has reduced environmental impact for years and continues to do so. In less than 40 years, noise reduction has fallen by 75% and fuel efficiency has increased by 70%. Even today's technology will enable far lower fuel consumption. For example, the A380 burns less than 3 l/100 km of fuel per passenger, compared with an average for the world's aircraft fleet of slightly above 5 l/100 km.

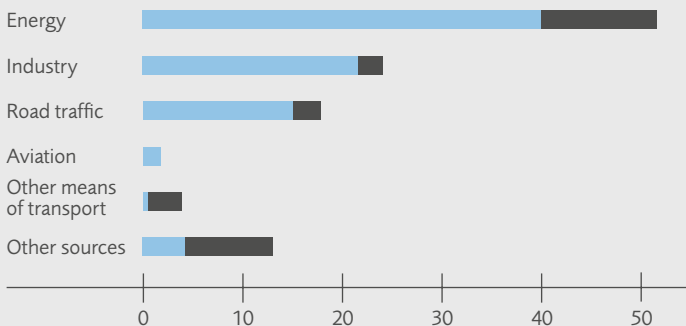
EADS invests heavily in technology. In 2006, around €2.5 billion was spent on Research and Development, equivalent to 6% of revenues. EADS will intensify these efforts in order to become a leader in the greenest technologies.

Airbus dedicates the largest share of the Research and Technology budget to reducing fuel burn and environmental impact. It committed to increase its environmental R&T budget by 25% from 2008, publicly stating emissions targets in line with those of the Advisory Council for Aeronautics Research in Europe (ACARE). Use of composite materials and enhancement of aerodynamics will reduce fuel consumption. Additionally, Airbus is experimenting with synthetic fuels (see alternative fuels box).

¹⁾ Air Transport Action Group

²⁾ Intergovernmental Panel on Climate Change

MAN-MADE CARBON DIOXIDE EMISSIONS (in %)
according to different key studies: IPCC¹⁾, UNFCCC²⁾, IEA³⁾ and DLR⁴⁾



¹⁾ Intergovernmental Panel on Climate Change

²⁾ United Nations Framework Convention on Climate Change

³⁾ International Energy Agency

⁴⁾ Deutsche Forschungsanstalt für Luft- und Raumfahrt

Variation
between studies

According to the IPCC report, carbon dioxide (CO₂) emissions from aviation account for two percent of total man-made emissions (1992 data). The most recent research establishes that aviation's CO₂ contribution remained stable between 1992-2000, at 2.2% (DLR 2000 data), despite a steady growth in air traffic.

Source: Airbus Environmental, Social and Economic Report 2006

EUROPE COMMITS TO "CLEAN SKY"

What is Clean Sky?

→ Clean Sky is Europe's technology research programme designed to fulfil its commitment to make air travel more sustainable. By pioneering technological breakthroughs, it aims to reach the Advisory Council for Aeronautics Research in Europe's environmental goals for air transport.*

It is backed by the European Union, as well as Europe's leading aerospace manufacturers. Smaller enterprises, universities and research centres are also participating. With a budget of €1.6 billion – equally funded by the European Commission and the Industry – to spend in the seven years until 2014, Clean Sky is one of Europe's largest research programmes.

While the initiative started in 2006, the research project was officially launched in February 2008.

* 50% reduction of CO₂; 80% reduction of NO_x; 50% reduction of external noise, and a green design, manufacturing, maintenance and disposal product life cycle by 2020.

Every EADS Division is playing a part. For example, Astrium defines space technologies (see Astrium box) that not only contribute to diagnosing environmental phenomena but also are part of the mitigation effort.

EADS is, additionally, playing a major role in research initiatives such as the EU Joint Technology Initiative “Clean Sky”, which was officially launched in early 2008 (see Clean Sky box).

Smart management of air traffic can also help. EADS is participating in the European SESAR programme, which aims to optimise air traffic through the implementation of one single European airspace leading to estimated efficiency gains of approximately 10%.

Manufacturing and product lifecycle

Care for the environment also involves managing the entire product lifecycle – from design to dismantling. EADS is leading development of cleaner processes and more eco-efficient approaches.

Most EADS sites now have ISO 14001 environmental certification, and Airbus has become the first aerospace company to receive certification covering not only its European sites but also product-related processes.



More than 6,000 aircraft are due to reach end of life over the next 20 years. Airbus tackles this major environmental issue with an innovative project.

The PAMELA (Process for Advanced Management of End of Life of Aircraft) project for dismantling and recovering the value of end-of-life aircraft is part of this effort. In mid-2007, the project entered its industrial phase within the TARMAC AEROSAVE company.

EADS is also organising itself to address issues concerning hazardous substances. This is important for managing risks related to the EU’s new Registration, Evaluation, Authorisation of Chemicals (REACH) regulation.

How is EADS involved?

→ EADS will play a leading role in many areas of the programme. Airbus, Eurocopter and EADS CASA in particular will drive three of the six technology domains: Airbus for Smart Fixed-Wing Aircraft; EADS CASA for Green Regional Aircraft; Eurocopter for Green Rotorcraft.

EADS Innovation Works and ATR are also on board.

What are the other areas identified for study?

→ Three other areas have been identified for study: Eco-Design for Aircraft and Systems; Sustainable and Green Engines; Systems for Green Operations.

To measure progress, there is also a group for evaluating the environmental impact of the technologies developed.

How effective will this be?

→ Clean Sky represents a substantial commitment by Europe and its aerospace industry, recognising that a path might be possible towards decoupling the current upwards trend in aircraft environmental impacts from the growth of the sector. There is no single solution to the problem, but by improving technology and operations meaningful improvements in aircraft efficiency can be made.

Clean Sky is essential for developing sustainable, affordable and clean aeronautics and air transport.

PREPARING FOR ALTERNATIVE FUELS

Airbus began a long-term research programme into the viability of alternative fuels in 2006, seeking to understand the potential benefits and challenges of these fuels. The company's ultimate goal is to create a carbon neutral aviation industry.

Research is focusing on ways to reduce CO₂ and other emissions. Specific studies will also look at operational benefits for airlines, such as enhanced payload range, reduced fuel burn and increased engine durability.

In the first instance, Airbus is concentrating on alternative fuels that are, or will be, available in the short term in sufficient quantities as to make a practical improvement in the mid-term future. But Airbus expects that other alternatives will be identified by the beginning of the next decade. These should include second generation bio-fuel and bio-fuel blends, created from a biomass which does not compete with food crops for land or water, nor with natural carbon sinks such as rain forest.

For now, gas-to-liquid (GTL) fuel, a technology that converts natural gas to liquid kerosene, is one of the most practical alternatives. Its properties are similar to conventional jet fuel, making it a "drop-in" replacement for today's kerosene, capable of being used in today's aero engines. It has attractive characteristics for local air quality, as well as potential benefits in terms of fuel burn, and could be made available at convenient locations.



WHAT ROLE CAN SPACE PLAY IN CURBING GLOBAL WARMING?

An Interview with Pierre Parrot, Astrium

Why was global warming selected as a topic?

→ **The issue of global warming has reached an important juncture.** We are currently moving from an 'awareness' phase to acknowledging human activity's impact on the climate. In future we will see widespread application of remedial measures. This will put pressure on industry but it will also generate opportunities. At Astrium we want to ensure the opportunities outweigh the constraints. And that's the real goal of the call for ideas: together, we must be sufficiently creative and determined to find new ideas, so that space technology provides environmental solutions and also brings us business growth.

Were you expecting such a good response?

→ **I have to admit that we were not.** As for the quality of the ideas, here again we were surprised. We had prepared the call by studying initiatives involving space and environmental protection. Not only did the suggestions we received cover all the areas identified, but many of them even went beyond that scope. Here lies the genuine value of the exercise: Astrium's staff is truly creative.

Practical steps

Airbus agreed at the 2007 Dubai Air Show to study the feasibility of using GTL. The other signatories were Qatar Airways, Qatar Petroleum, Qatar Fuels, Qatar Science and Technology Park, Rolls-Royce and Shell International Petroleum Company.

Shortly afterwards, early in 2008, an Airbus A380 flew from Filton in the United Kingdom to Toulouse in France, burning GTL fuel in one of its four engines. This was the first of many flights that will test the environmental impact of alternative fuels.

Eventually, second-generation biofuels could be used, but they are not presently available in commercial quantities, particularly due to the need to find large quantities of suitable biomass that do not compete with land and water use for food crops.

On 1st February 2008 Airbus operates the first ever test flight with alternative fuel.

Test aircraft A380 MSN004 has flown between Filton and Toulouse with one engine powered by gas to liquid (GTL).



How did you select the most promising ideas?

→ **First, we identified ideas about how to improve our own practices**, relating for example to energy saving, reducing waste, etc. These ideas were sent to the site managers and to the Environment Committee, and were used to strengthen existing initiatives. Secondly, to select the more market-driven ideas, we turned to our recently created CTO Board and set up a selection committee. The committee selected a 'Top 10', which was narrowed down to six business projects including services and platform.

What lessons have you drawn from this exercise?

→ **We have learned just how concerned our staff are about environmental issues and global warming in particular.** Their ideas confirmed the need to improve our approach around three inseparable and complementary points. Firstly, we must position ourselves by thinking about how space, be it through products or services, can benefit the environment. Secondly, we must refine our products and manufacturing processes to reduce any negative environmental impact as far as possible. And, thirdly, we must all, individually, make every endeavour to protect our ecosystem.

So, what happens now?

→ **We have initiated a series of consultations to decide how we can turn the selected ideas into concrete, profitable projects.** For reasons of confidentiality, we cannot currently disclose these ideas. At the beginning of 2008, we will propose the projects that we believe should be pursued, with allocation of budgets, internal teams, lobbying activities, etc. Some of them are included in the 2008 research budgets and internal work on them has begun.



In June 2007, Astrium asked staff for ideas. Pierre Parrot is the man who managed the initiative.

Useful Information

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Glossary

ARBS

Air-to-air Refuelling Boom System – a boom is a retractable metal tube for transferring fuel from a tanker to another aircraft in flight. EADS has designed an advanced air refuelling boom main structure, with a fly-by-wire control, a large refuelling envelope and an automatic load alleviation system.

Asymmetric warfare

Conflict between combatants with different characteristics, for example conventional forces and terrorists

ATV

Automated Transfer Vehicle – a space cargo vehicle which will supply the International Space Station with scientific equipment, spares and fuel, together with supplies of food, air and water. As prime contractor to the European Space Agency (ESA), Astrium is leading the ATV programme, a key element of the European contribution to the ISS.

Black Belt

EADS skills improvement programme

Clean Sky

Europe's technology research programme designed to make air travel more sustainable

Corporate Business Academy

EADS' proprietary business training college

Corporate Governance

The control and monitoring of a company to ensure that management acts in the interests of stakeholders, no undue risks are taken and relevant legislation is complied with

CSR

Corporate Social Responsibility – the responsibility of a company towards its employees, the environment, its customers and the wider community

Deepwater

A comprehensive U.S. Coast Guard modernisation programme for acquiring new aircraft and surveillance systems

EADS Innovation Works

The Group-wide research centre

EBIT

Earnings Before Interest and Taxes – EADS uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance

Eco-efficiency

The term that describes balancing care for the environment with economic success

Eurohawk

High Altitude Long Endurance (HALE) Unmanned Air Vehicle (UAV) for Germany. Based on Northrop Grumman's Global Hawk, it has been modified and specially equipped to national requirements through EuroHawk GmbH, an EADS Northrop Grumman joint venture.

EASA

European Aviation Safety Agency – responsible for the advancement, safety and regulation of civil aviation

ESA

European Space Agency

Fly-by-wire

An aircraft control system relying on electronics rather than mechanical linkages

GDP

Gross Domestic Product – a measure of an economy's output

Hedge

A way of insuring against adverse foreign exchange rate fluctuations

KHP

Korean Helicopter Programme – an eight metric tonnes class military transport helicopter, developed in cooperation by Eurocopter and Korea Aerospace Industries for the Korean government

LCC

Low Cost Carrier

Lean production

The practice of production with minimum waste

Long-range aircraft

An aircraft capable of exceeding 3,000 nautical miles with a full payload at normal cruising conditions. Airbus' long-range aircraft are the A330, the A340, the A380 and the A350.

LUH

U.S. Army programme for Light Utility Helicopters

MRTT

Multi-Role Tanker Transport aircraft

NASA

National Aeronautics and Space Administration – the U.S. space agency

NATO

North Atlantic Treaty Organisation

OECD

Organisation for Economic Co-operation and Development

PHENIX

Programme for harmonising EADS programme management

Power8

Turnaround programme to restore Airbus' competitiveness

PPP

Public Private Partnership

R&D

Research and Development – all activities related to the evolution of new products and services

R&T

Research & Technology – all activities in the field of research and generic technologies not directly attributable to products, and designed to maintain or expand knowledge or the technological base

Ramp-up

The process of increasing a production programme's level of activity

Security

State security designed for border security, crisis management and large event protection

Shared Services

Central functions such as Human Resources that are shared across EADS

Single-aisle aircraft

An aircraft with one aisle. At Airbus, single-aisle is used for the A320 Family

Skynet 5

The programme to provide the U.K. Ministry of Defence with three secure communications satellites

UAV

Unmanned Aerial Vehicle

Vision 2020

EADS' strategic vision for the next 12 years

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Financial Calendar

Full Year 2007 results release:

11th March 2008

First Quarter 2008 results release:

14th May 2008

Annual General Meeting:

26th May 2008, Amsterdam, The Netherlands

Shareholders' Information Meeting:

17th June 2008, Paris, France

First Half 2008 results release:

30th July 2008

Nine-Month 2008 results release:

14th November 2008

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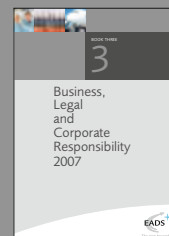
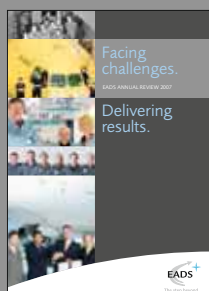
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The complete EADS Annual Report Suite 2007 consists of:



BOOK 1

FACING CHALLENGES DELIVERING RESULTS Annual Review

Management & Responsibility
Together. Facing challenges.
Delivering results.
The Business Year 2007
EADS Drivers
Useful Information

BOOK 2

FINANCIAL STATEMENTS AND CORPORATE GOVERNANCE 2007 Registration Document Part 1

Risk Factors
Net Assets – Financial Position – Results
Corporate Governance

BOOK 3

BUSINESS, LEGAL AND CORPORATE RESPONSIBILITY 2007 Registration Document Part 2

Information on EADS Activities
Corporate Social Responsibility
General Description of the
Company and its Share Capital

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