Dear Shareholders,

Welcome to our Aero-notes newsletter 2016.

I am happy to share the 2016 Aero-notes with you. This newsletter aims to keep you up-to-date with the latest interim figures and Airbus Group developments. It complements the information we already published in our 2015 Annual Report.

As you can see, despite a challenging macro-economic environment, the orders received this year confirm Airbus’ market-leading position and the strength of our industry. Our backlog has now risen to more than 6,700 aircraft, supporting our production plans. We are progressing and are concentrating our efforts on ramping up A350 and A320 deliveries as well as transitioning the A320 and A330 from current to new aircraft models. We are advancing on A400M capability development and programme governance, although the overall situation remains challenging. Our Helicopter business remains resilient in a contracting oil & gas market, supported by the transformation programme launched a few years ago. We continue to execute our strategy to reshape the Defence and Space portfolio. The Airbus Safran Launchers (ASL) Joint Venture is now fully operational and furthermore, we successfully fully our remaining Dassault Aviation stake. We also expect to close the Defence Electronics sale shortly.

We remain committed to delivering our 2016 objectives which will provide a solid basis for future earnings and free cash flow growth. In this context, we continue to maintain our financial flexibility as recognised by Standard & Poor’s which upgraded our long term debt to A+ from A at the end of September.

As Airbus continues its evolution and focus on simplification and increased efficiency, we will merge our Group and Commercial Aircraft Division structure into one entity called Airbus. Additionally, we are embracing the digital era and adopting new ways of working to sustain our long-term business growth. We have also launched various initiatives focusing on innovation such as A³, to foster disruptive innovation, and BizLab, a start-up accelerator.

As the Group embarks further on its digital journey, the Investor Relations and Financial Communication team aims to maximise the benefits of our on-line platform to communicate with you more efficiently.

I would like to thank you for your interest in our company and we look forward to continuing our dialogue in the future.

Yours Sincerely,

Julie Kitcher
Airbus Group Head of Investor Relations
and Financial Communication

The Aero-notes newsletter will now be distributed by email. In order to carry on receiving the latest information, please provide an email address either by sending us an email to ir@airbus.com or by subscribing to Aero-notes on the website –

www.airbusgroup.com/subscribe-aeronotes
During the 2016 Annual General Meeting (AGM) held in Amsterdam on 28 April, the Group’s shareholders approved all 21 proposed resolutions, including the appointment of three new independent non-Executive Directors and a dividend distribution of €1.30 per share, up from €1.20 the previous year, an increase of 8% year on year. This is in line with our dividend policy of a sustainable dividend growth within a pay-out ratio of 30% to 40%.

At a Board of Directors meeting immediately following the AGM, Denis Ranque was reappointed Chairman. Shareholders approved the renewal of Tom Enders’ mandate as Executive Member of the Board until the AGM of 2019 and at the subsequent Board of Directors meeting he was formally reappointed Chief Executive Officer (CEO).

If you were unable to attend the AGM, you can watch it on replay via:

New board members:

Catherine Guillouard
Deputy Chief Executive Officer of Rexel SA and a Member of the Board of Directors of Engie SA, replaced Anne Lauvergeon, on the Board of Directors.

Claudia Nemat
A Member of the Board of Management of Deutsche Telekom AG replaced Manfred Bischoff, on the Board of Directors.

Carlos Tavares
Chairman of the Management Board of PSA Peugeot Citroën and a Member of the Board of Directors of Faurecia, replaced Michel Pébereau, on the Board of Directors.
Farnborough Air Show 2016
Airbus wins $35 billion of aircraft orders

During the 2016 Farnborough Air Show, Airbus won $35 billion worth of business for a total of 279 aircraft, covering both single-aisle and widebody aircraft families. The deals comprised firm orders for 197 aircraft worth $26.3 billion and commitments for 82 aircraft worth $8.7 billion.

Sales and commitments at Farnborough of the A320 Family were strong, accounting for a total of 269 aircraft worth $31.3 billion. This total comprises 187 firm orders worth $22.6 billion, and commitments for 82 aircraft worth $8.7 billion. Notably, the larger A321neo model took a large share of the single-aisle announcements – with firm selections from three airlines for 140 aircraft, reflecting the trend for airlines to upsize to larger single-aisle aircraft.

In the widebody segment, Airbus received firm orders for 10 aircraft worth $3.4 billion comprising two A330-300s and eight A350-1000s. In addition to these new widebody orders, the show also saw the launch order from DHL Express for the A330-300 Passenger-To-Freighter conversion programme, in partnership with EFW and ST Aerospace.

John Leahy, Airbus’ Chief Operating Officer for Customers said: “Our orders at Farnborough confirm a buoyant industry in which we have once again surpassed our competitor. In addition, airlines upsizing to the A321neo shows that this aircraft is the undisputed ‘middle-of-the-market’ champion.”

• Reaffirming Airbus’ market-leading position and industry robustness
• Airlines’ upsizing to A321neo – the undisputed ‘middle market’ champion.
Airbus Group and Airbus Commercial Aircraft to merge…

one new strong entity

On 30 September 2016, Airbus Group announced its further integration by merging the Group structure with its largest division Airbus Commercial Aircraft into a new entity. The Board of Directors of Airbus Group approved the respective proposal by the company’s Chief Executive Officer (CEO) Tom Enders.

The other two divisions, Defence and Space led by Dirk Hoke and Helicopters led by Guillaume Faury, remain integral parts of the Group and will derive considerable benefit from the merger through more focused business support and reduced costs.

The new entity will be led by CEO Tom Enders. Fabrice Brégier will become Chief Operating Officer (COO) and President Airbus Commercial Aircraft. As COO, Brégier will have group-wide responsibilities, inter alia for reshaping digital operations – the core part of the group’s transformation programme – as well as for global supply chain and quality.

“We are bringing Team Airbus closer together, recognizing that our Commercial Aircraft Division is by far the largest contributor to our company’s revenues and financials. We are committed to delivering the next level of performance by, for example, further streamlining our corporate structures and establishing a simpler and leaner organization overall with less bureaucracy, closer collaboration and faster processes,” explained Tom Enders.

The details of the merger and its resulting impacts are now subject to discussions with the social partners on Group, national and divisional level.

The merger provides the opportunity to introduce a single Airbus brand for the Group and all its entities, effective January 2017.
An overview of Airbus Group’s third quarter results published on 26 October 2016

• Healthy orders and backlog support production ramp-up
• Aircraft delivery schedule heavily back-loaded to Q4
• 9m financials reflect ongoing ramp-up and transition from current to new aircraft models
• Revenues €43 billion; EBIT* before one-off €2.4 billion; Earnings per share €2.34
• 2016 earnings guidance maintained**
• Free cash flow guidance maintained excluding the impact from aircraft financing

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As expected the nine-month performance reflects the heavily back-loaded aircraft delivery schedule, ongoing production ramp-up and transition to new versions of our A320 and A330 aircraft. For the remaining months of the year we remain totally focused on deliveries to achieve our earnings and cash guidance. The commercial environment continues to be rather healthy, with a backlog of more than 6,700 aircraft supporting our production plans and reflecting the strength of the product portfolio. Further integration of the group, as recently decided, will simplify the company’s governance and improve competitiveness.

Tom Enders
Airbus Group Chief Executive Officer
Airbus Group Share price evolution

Closing price  
26 October: €55.40  
Performance  
year to date: -11%  
Dividend  
(paid 4 May 2016): €1.30

Share performance since January 2013

2013-2016 Year to Date

Share price in%

Airbus Group   Eurostoxx 600

Questions or Comments?
Write to ir@airbus.com

27 July 2016    Airbus Group Half Year 2016 Results published Share price: €54.00
26 October 2016   Airbus Group 9-month 2016 Results published Share price: €55.40
10 June
Airbus Group completes sale of Dassault Aviation shares and simultaneously successfully issues exchangeable bond

14 July
Airbus wins $35 billion of aircraft orders at the 2016 Farnborough Air Show – a total of 279 aircraft covering both single-aisle and wide body aircraft families

19 June
Ariane 5’s 72nd successful consecutive launch with two telecom satellites on board – breaking its own record by propelling almost 11 tonnes out of the Earth’s gravitational field

28 July
Airbus Defence and Space welcomes signing of contract for the acquisition of a pooled fleet of A330 Multi Role Tanker Transport aircraft with the Netherlands and Luxembourg

30 June
Airbus Safran Launchers Joint Venture finalized: Europe’s new space industry champion fully operational with the new generation Ariane 6 launcher set to make its first flight in 2020

9 August
Kuwait Ministry of Defence signs an agreement with Airbus Helicopters for the purchase of 30 H225M Caracal helicopters. The H225M Caracal is the latest evolution of the successful Super Puma / Cougar family of military helicopters.

14 July
Airbus launches iflyA380.com: a unique booking assistant that opens the door to the world of the iconic double decker A380. Users can browse all A380 flights and explore destination
27 September
The final assembly of the first A330neo, the newest member of the world’s most popular A330 wide-body family, begins in Toulouse with the joining of the wings to the centre fuselage at station 40.

6 September
First Spanish Air Force A400M new generation airlifter makes its maiden flight, a key milestone towards its delivery.

30 September
One of the most successful space exploration missions, Rosetta, ended in a controlled descent to the surface of comet 67P/Churyumov-Gerasimenko. The spacecraft was launched in 2004 and it reached the comet ten years later after a journey of six billion kilometres. Rosetta, built by an Airbus Defence and Space-led industrial team, made a number of significant discoveries.

30 September
Airbus Group and Airbus Commercial Aircraft announce their plan to merge to form one new strong entity.

11 October
Airbus Helicopters celebrates the 20th anniversary of the H135 family. The reference multi-mission, twin-engine helicopter continues to set standards 20 years on.

14 October
Airbus delivers its 10,000th aircraft, an A350-900, to Singapore Airlines. Airbus delivered its first aircraft, an A300B2, to Air France on 10 May 1974. It took Airbus 19 years to deliver the first 1000th aircraft and now only 19 months to deliver the last 1000 aircraft.
Airbus Group has grown truly international over the past 10-15 years with the opening in 2011 of Airbus’ Tianjin, China, plant to serve the Asian market and confirming its position in North America with Airbus’ factory in Mobile, Alabama, which comes in addition to the largest and oldest Airbus Helicopters’ US operation in Grand Prairie, Texas, that opened in 1969.

The aerospace sector has evolved at a tremendous pace: rapid technological developments are offering opportunities to a growing international cast of exciting young companies.

The challenge for such a sizeable company like Airbus Group, that employs around 130,000 employees worldwide, is to remain at the leading edge of technology and engage proactively with the start-up community in order to sustain growth in the long term. In order to identify and capitalise on tomorrow’s technologies today, Tom Enders, the Group’s CEO, has set up a dedicated strategy focused on innovation and structured around 4 areas:

**Airbus BizLab:** a global aerospace business accelerators where start-ups and Airbus intrapreneurs speed up the transformation of innovative ideas into valuable businesses;

**A³:** The advanced projects and partnerships outpost of Airbus Group in Silicon Valley;

**ProtoSpaces:** on our big engineering campuses giving engineering teams 100 days to fix problems and create prototypes;

**Airbus Ventures:** The company’s venture capital fund.
Airbus BizLab

The first Airbus BizLab opened on the 9 March 2015 in Toulouse. In September, the Hamburg centre opened followed by one in Bangalore, creating an international network.

Airbus BizLab opens its door to early-stage start-ups with the most innovative ideas which can be applicable in the aerospace sector. BizLab provides a 6-month acceleration programme to both internal and external projects, based on the lean start-up methodology. The programme is an end-to-end process from ideation to implementation, and is articulated around 3 pillars: Customer desirability, Solution feasibility and Business viability. Its aim is to speed-up market access while focusing on value creation.

Both internal and external projects work alongside to further encourage the exchange of ways of working between large groups and small teams. Airbus BizLab provides early-stage projects with wide support, giving them access to Airbus experts, a dedicated coach, free hosting as well as awareness session related to financial, legal and marketing topics.

At the end of the acceleration programme, a Demo Day is organised with Airbus decision makers, venture capitalists, Airbus customers and partners, paving the way to fruitful collaboration.

ProtoSpace

Airbus ProtoSpace

Airbus’ ProtoSpace facilities provide the environment, means and tools to develop disruptive concepts and accelerate the pace of innovation.

ProtoSpace can move from concept to demonstrator quickly. This ‘agility’ method is modelled on proven successes in the computer industry but the ProtoSpace team also works with automotive and communications blue-chips, as well as startups whose creations could have applications in aerospace.

ProtoSpace also helps Airbus manage risk associated with new developments by producing large-scale prototypes – notably for the installation of A320 Family ‘Sharklet’ wingtip fuel-saving devices.

For example, the Airbus team is looking at using off-the-shelf virtual reality devices for various applications, e.g. for crew training or for aircraft manufacturing and assembly processes, and collaborating with the Massachusetts Institute of Technology (MIT) to explore new ‘digital’ materials. A number of ProtoSpace concepts are already under consideration for use on commercial aircraft. Furthermore, as part of a new agreement signed with Google, the team will look into more modular open hardware platforms for aeronautical applications.

A³ by Airbus Group

A³ (“A-Cubed”) is the Silicon Valley outpost of Airbus Group. CEO Tom Enders created A³ in 2015 with the explicit mission of disrupting Airbus Group and the aerospace industry before someone else does.

The organisation’s mission has two main focus areas: First, a limited number of projects are housed within A³, focused on developing disruptive new technologies, business models and processes. These projects are pursued with an emphasis on speed, risk-tolerance and working openly with the broader technology and aerospace ecosystem. In each case, the goal is for the project to culminate in a productizable demonstrator. Second, A³ facilitates partnerships between Silicon Valley companies and core Airbus Group businesses.

These efforts complement the Research & Technology efforts of the Divisions or the Group CTO organization by creating an autonomous presence in the heart of one of the key sources of the disruption and innovations taking place in our industry.

Tom Enders said: “If this industry wants to avoid its own ‘Kodak Moment’, we must balance incremental progress... lower risk, solid and steady performance – which is obviously good for profits and shareholder value – we must balance that with true disruption.”

Airbus Ventures

The Group’s US$150 million early-stage investment group was launched in 2016 with a mandate to invest in promising, disruptive entrepreneurs and companies connected to the Group’s activities.

Investments are primarily seed and Series A with the team providing funding and support to companies around the world that are setting the course for ground-breaking innovation in mobility, security, and the future of flight. This includes companies such Parsable, Local Motors and QC Ware.

Airbus Ventures activities are based in the global tech hub of Silicon Valley - a logical choice given that the area attracts a major share of the global US$130 billion venture capital market. After a year in the Valley, it was felt that a global footprint was required to leverage opportunities fully. To that end, Airbus Ventures activities also now originate from a second base in France.
Airbus Group is embracing new technology to alter the way the company works: a transformation that will prepare it for the future and lay the foundations of competitiveness in a digital world.

Welcome to the future

The aim of this new digital strategy is to establish a digital culture throughout the entire Group to tackle challenges and capitalise on the many opportunities. The Digital Transformation Office (DTO), headed by Marc Fontaine, sees the challenge of digitalisation not only in generating ideas how to use digital technologies to add value to the company and industry; it is also about reuse and finding synergies across businesses and Divisions, then quickly scaling up successes.

Across Airbus Group, a digital community of more than 7000 members are following or working on no fewer than 450 projects as part of the digital programme, from design and manufacturing to support and boost new product ideas ranging from Advanced Analytics and Big Data to 3D printing and Additive Manufacturing, from Virtual and/or Augmented Reality to the Internet of Things and Ubiquitous Connectivity.

The data lake project for commercial aircraft, for example, involves building a reservoir of data for each in-service aircraft, from production to end-of-life, and making it available to relevant users across the company. This will provide customers with capabilities to enhance their operations and to increase availability of their fleet while reducing costs and minimising investments. Airbus provides a series of software services, such as Predictive Dispatch Solutions, in order to ensure cost-effective and reliable operations.

Clearly, digitalisation is a prerequisite for successful innovation in the future. I am glad to see that from where we have come only a year ago, the spirit of innovation in the company has made a huge leap forward and will keep on doing so in 2016.”

Tom Enders
Airbus Chief Executive Officer
Looking for key facts?

‘Flying ahead’

The digital Airbus Group Annual Report 2015 is a unique experience offering easy navigation, touch-friendly design while being fully responsive across devices (desktop, tablet and mobile).

Take a digital journey and find out more about our activities in 2015. Discover rich media features and new content online, including images, videos and interviews.

Fully customisable: you can select specific sections and download your personalised PDF file.

Rendez-vous at annualreport.airbusgroup.com

Airbus Group investor guide

gives an overview of the Airbus Group and summarises the key information an investor should have on the company. It is updated twice a year and can be downloaded via:

We make it fly

A company with European Roots but a truly global footprint

Solid visibility into the future with a backlog worth 10 years of production

Innovation is at the heart of the Group’s sustainable growth

Strong commitment to shareholders

Our dividend policy has multiplied by six since 2010 to €1.30 per share
Corporate social responsibility

Using creativity and innovation to address development challenges

Airbus Group aims to balance its strategy for growth with fulfilling duties to all stakeholders and addressing material sustainability issues. Underlying this is a drive to deliver the best technology to serve mobility and security. Airbus Group is also a signatory to the United Nations Global Compact (UNGC) and believes in the capacity of the private sector to make the world a better place. The Group supports the Sustainable Development Goals launched by the UN in 2015 and is directly contributing to many of them.

To know more about Airbus Group CSR and its commitments to the UN Goals please visit:

www.airbusgroup.com/CSR

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