aero-notes

DEAR SHAREHOLDER,

Welcome to this latest issue of aero-notes. The past months have seen some far-reaching developments for our company, as demonstrated by the A350 XWB first flight in June. The planned changes to the shareholding structure have now been fully implemented, bringing a significant increase in free float. At the same time, our Group’s performance continues to progress favourably, as our half-year results show (see p. 2-3).

The company’s strategy review has also made progress, leading to important decisions about the Group’s structure and corporate identity. In future, the company is to adopt a new cohesive structure under the well-known Airbus brand name (see p. 7).

I would like to thank you for your loyalty towards our company. It has been a pleasure for me and the entire Investor Relations team to meet you at various events in recent months (see p. 4-5). In the weeks ahead, we warmly invite you to join us again at our special events for shareholders (see calendar p. 8).

Yours,
Philippe Balducchi
EADS reported increased revenues and profitability for the first half of 2013, driven mainly by its commercial aircraft business.

Order intake more than tripled to €96.6 billion with the order book value reaching €634.8 billion at the end of June. The reported EBIT* amounted to €1.5 billion with a half-year Net Cash position of €5.9 billion.

In the first half of 2013, EADS’ revenues increased 6 percent to €26.3 billion (H1 2012: €24.9 billion), reflecting the aircraft delivery pattern at Airbus Commercial and broadly stable revenues at Eurocopter, Astrium and Cassidian combined. The Group’s defence revenues were stable at €5.0 billion.

EBIT* before one-off increased to €1.6 billion (H1 2012: €1.3 billion**) for EADS and to €1.2 billion for Airbus (H1 2012: €845 million**). This improvement reflected the good operational performance at Airbus Commercial. The Group EBIT* before one-off margin improved to 6.1 percent.

EADS’ reported EBIT* increased to €1.5 billion (H1 2012: €1.1 billion**) and included €136 million in one-off charges at Airbus. This comprised €28 million in expected charges related to the A380 wing rib feet repair based on first half-year deliveries with the remaining €108 million for the pre-delivery payment (PDP) dollar mismatch and balance sheet revaluation.

The finance result amounted to €–407 million (H1 2012: €–239 million) while net income(2) increased to €759 million (H1 2012: €579 million**), or earnings per share of €0.94 (earnings per share H1 2012: €0.71**). The H1 2013 EPS were impacted mainly by a negative foreign exchange revaluation of around €170 million.

Self-financed Research & Development (R&D) expenses were stable at €1,414 million (H1 2012: €1,425 million).

Free Cash Flow before acquisitions amounted to €–4,143 million (H1 2012: €–1,746 million), reflecting the ramp-up in working capital at Airbus and Eurocopter and the seasonality of the Group’s governmental business. Capital expenditure of €1.4 billion was mainly driven by progress on A350 XWB development aircraft and includes development costs capitalised under IAS 38 of €130 million for the A350.

EADS finished the first half of 2013 with a Net Cash position of €5.9 billion (year-end 2012: €12.3 billion) after taking into account the €1.8 billion used to fund the share buyback programme and the 2012 dividend payment of €468 million.

EADS’ order intake more than tripled to €96.6 billion (H1 2012: €28.2 billion), as the strong momentum continued into the second quarter, particularly at Airbus Commercial. The Group’s defence and space business continued to take orders although at a slower pace than in 2012. By the end of June 2013, the total order book had risen in value to €634.8 billion (year-end 2012: €566.5 billion). The defence order book amounted to €48.2 billion (year-end 2012: €49.6 billion).

As of 30 June 2013, EADS had 143,358 employees (year-end 2012: 140,405).
Based on the H1 2013 results, EADS reaffirms its full year guidance for all Key Performance Indicators (KPIs) except the order intake at Airbus Commercial which has been increased further.

As the basis for its 2013 guidance, EADS expects the world economy and air traffic to grow in line with prevailing independent forecasts and assumes no major disruptions.

In 2013, gross commercial aircraft orders should be above 1,000 aircraft. Airbus deliveries should continue to grow to between 600 and 610 commercial aircraft.

Due to lower A380 deliveries and assuming an exchange rate of €1 = $1.35, EADS revenues should see moderate growth in 2013.

By stretching the 2012 underlying margin improvement, in 2013 EADS targets an EBIT* before one-off of around €3.5 billion and an EPS* before one-off of around €2.50 (FY 2012: €2.24), prior to the on-going share buyback.

Excluding the wing rib feet A380 impact of around €85 million in 2013 based on 25 deliveries, going forward, from today's point-of-view, the “one-offs” should be limited to potential charges on the A350 XWB programme, foreign exchange effects linked to PDP mismatch and balance sheet revaluation.

The A350 XWB programme remains challenging. Any schedule change could lead to an increasingly higher impact on provisions.

An assessment of the need for potential one-off costs from the creation of Airbus Defence & Space will be conducted in the second half of 2013.

EADS aims to be Free Cash Flow breakeven after customer financing and before acquisitions in 2013.

**EADS GROUP**

<table>
<thead>
<tr>
<th>(in € million)</th>
<th>H1 2013</th>
<th>H1 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>26,332</td>
<td>24,934</td>
<td>+6%</td>
</tr>
<tr>
<td>thereof defence</td>
<td>5,001</td>
<td>4,837</td>
<td>+3%</td>
</tr>
<tr>
<td>EBIT*</td>
<td>1,483</td>
<td>1,057**</td>
<td>+40%</td>
</tr>
<tr>
<td>Self-financed Research and Development</td>
<td>1,414</td>
<td>1,425</td>
<td>-1%</td>
</tr>
<tr>
<td>Net Income**</td>
<td>759</td>
<td>579**</td>
<td>+31%</td>
</tr>
<tr>
<td>Earnings Per Share (EPS)**</td>
<td>€0.94</td>
<td>€0.71**</td>
<td>+€0.23</td>
</tr>
<tr>
<td>Free Cash Flow (FCF)</td>
<td>-4,156</td>
<td>-1,751</td>
<td>-</td>
</tr>
<tr>
<td>Free Cash Flow before Customer Financing</td>
<td>-4,103</td>
<td>-1,671</td>
<td>-</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>€0.60</td>
<td>€0.45</td>
<td>+€0.15</td>
</tr>
<tr>
<td>Order Intake**</td>
<td>96,562</td>
<td>28,248</td>
<td>+242%</td>
</tr>
<tr>
<td>Order Book**</td>
<td>634,837</td>
<td>566,493</td>
<td>+12%</td>
</tr>
</tbody>
</table>

**EADS BY DIVISION**

**REVENUES (in € billion)**

<table>
<thead>
<tr>
<th></th>
<th>H1 2013</th>
<th>H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus Military</td>
<td>18.9</td>
<td>2.6</td>
</tr>
<tr>
<td>Military</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Space</td>
<td>2.3</td>
<td>2.3</td>
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<tr>
<td>Other Businesses</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>26.3**</td>
<td>24.9**</td>
</tr>
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**ORDER BOOK**

<table>
<thead>
<tr>
<th></th>
<th>30 June 2013</th>
<th>31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus Military</td>
<td>595.8</td>
<td>525.5**</td>
</tr>
<tr>
<td>Eurocopter</td>
<td>12.8</td>
<td>12.9</td>
</tr>
<tr>
<td>Astrium</td>
<td>11.7</td>
<td>12.7</td>
</tr>
<tr>
<td>Cassidian</td>
<td>15.1</td>
<td>15.6</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>0.4</td>
<td>0.5**</td>
</tr>
<tr>
<td></td>
<td>634.8**</td>
<td>566.5**</td>
</tr>
</tbody>
</table>

* Earnings before interest and taxes, pre goodwill impairment and exceptionals.
** Certain first half 2012 and year-end 2012 figures have been restated to reflect the change to pension accounting under IAS 19 while Airbus’ figures also reflect the inclusion of ATR and Sogerma within Airbus Commercial. ATR and Sogerma were previously included in Other Businesses.
1) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.
2) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.
3) The reportable Segments Airbus Commercial and Airbus Military form the Airbus Division. Eliminations are treated at the Division level.
4) Total figure includes Headquarters Consolidation.
EADS CEO Tom Enders, Amsterdam.

EADS Annual General Meeting, 29 May 2013, Amsterdam.

COMMITTED TO SHAREHOLDERS

EADS top management has made a clear commitment to delivering improved returns for the company’s shareholders. At the Annual General Meeting held on 29 May and led by new Chairman Denis Ranque, EADS CEO Tom Enders gave an account of the progress made over the past year. At subsequent information meetings held in Paris and Munich, EADS CFO Harald Wilhelm, Chief Strategy and Marketing Officer (CSMO) Marwan Lahoud, Airbus Chief Operating Officer (COO) Günter Butschek and Eurocopter CEO Guillaume Faury discussed company performance and perspectives with private shareholders. Topics raised included EADS dividend policy, Airbus production rates and perspectives within the governmental business.

Full documentation and voting results of the Annual General Meeting are available at www.eads.com
EADS CSMO Marwan Lahoud, Paris.

Munich.

EADS Head of Investor Relations & Financial Communication Philippe Balducchi, Munich.

EADS CFO Harald Wilhelm (right), Munich.

EADS CSMO Marwan Lahoud (right), Paris.

Eurocopter CEO Guillaume Faury (right), Paris.

EADS CFO Harald Wilhelm (centre), Paris.

Munich.

Eurocopter CEO Guillaume Faury, Paris.
EVENTS

Tour of the Eurofighter final assembly and military aircraft plant, Manching, Southern Germany.

The A400M is put through its paces, Paris.

Tiger helicopters perform an aerobatic duet, Paris.

British Airways’ first A380 takes a star turn, Paris.

AIR SPECTACULAR

The Paris Air Show is widely recognised as the world’s largest aerospace industry gathering. The 2013 event, which took place between 17 and 23 June, saw a record 2,215 exhibitors and over 315,000 visitors.

Those privileged to witness the spectacular flight displays and technology exhibits during restricted trade days included some 120 private EADS shareholders who took up a company invitation to join special guided tours. Amongst other wonders of the aerospace world, shareholders were able to inspect Eurocopter helicopters at close quarters and step inside the A400M.

In all, around 150 planes, helicopters and drones were on view in the air and on the tarmac. The A380, A400M and Tiger helicopter were among the stars of the aerial display, while the A350 performed a fly over, fresh from its maiden flight.

A flurry of order announcements during the show confirmed the resilience of the commercial aircraft market. Airbus won US $ 68.7 billion worth of business for a total of 466 aircraft. The A320 Family gained 371 orders and commitments from six customers while the A350 XWB gained a further 69 orders & commitments from four customers. The flagship A380 received a commitment for 20 aircraft from the world’s third largest wide-body lessor, Doric Lease Corp.

Ahead of the show, EADS shareholders were offered a glimpse into the manufacturing process behind one of the world’s most advanced combat aircraft. Some 50 private investors signed up for a tour of the Eurofighter final assembly line in Manching, Southern Germany, which took place on 22 May 2013.
In recent months, EADS conducted a strategy review, which paved the way for two important Board decisions. Firstly, the Group plans to integrate Airbus Military, Astrium and Cassidian into one Defence and Space Division. Secondly, the Group will enhance integration and cohesion by renaming the Group and its Divisions using the globally recognised Airbus brand.

The Airbus Group will consist of three Divisions:

- **Airbus**, responsible for all commercial aircraft activities;
- **Airbus Defence & Space**, home to the Group’s defence and space activities including Military Transport Aircraft;
- **Airbus Helicopters**, comprising all commercial and military helicopter activities.

Pooling the space and defence entities Airbus Military, Astrium and Cassidian is the Group’s response to the changing market environment with flat or even shrinking defence and space budgets in the Western hemisphere. This structural change will provide optimised market access, cost and market synergies and improved competitiveness overall. It will also provide better visibility on the European leader in space and defence.

Airbus Helicopters, with its civil and military products, will remain unchanged. The rotorcraft technology is very particular and it’s necessary to maintain the strong synergies between civil and military products.

Implementation is planned to start step-by-step on 1 January 2014 and will be completed in the second half of 2014. It is designed to support the Group’s Flightpath 2015 for improved shareholder returns.

Several regulatory milestones, works council consultations and other approval procedures have to be accomplished before the changes can come into full effect.

Airbus Defence & Space will be a division with around 45,000 employees and an annual turnover of about €14 billion and will be headquartered in Munich, Germany. The Chief Executive Officer of Airbus Defence & Space will be Bernhard Gerwert (aged 60) and it will consist of four business segments – Military Aircraft, headed by Domingo Ureña-Raso (55), Space Systems, headed by François Auque (57), Communication, Intelligence & Security Systems, headed by Evert Dudok (54) and Equipment, headed by Thomas Müller (55). Julian Whitehead (50) will be the Division’s Chief Financial Officer. Further nominations will be announced in September and October.

Tom Enders commented: “What we are unveiling today is an evolution, not a revolution. It’s the next logical step in the development of our company. We affirm the predominance of commercial aeronautics in our Group and we restructure and focus our defence and space activities to take costs out, increase profitability and improve our market position. The renaming simply gathers the entire company under the best brand we have, one that stands for internationalisation, innovation and integration - and also for some two thirds of our revenues. It reinforces the message that ‘we make things fly’.”

The Group will communicate further details in the fourth quarter.
**SHAREHOLDER INFORMATION**

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**SHAREHOLDER CALENDAR**

15 October 2013: Private shareholder forum (SdK), Baden Baden, Germany
18 October 2013: Private shareholder site visit, Toulouse, France
23 October 2013: Private shareholder site visit, Nordenham, Germany
24 October 2013: Private shareholder site visit, Getafe, Spain
14 November 2013: EADS 9-month Results
22-23 November 2013: Salon Actionaria, Paris, France
26 November 2013: Private shareholder forum (DSW), Berlin, Germany
28 November 2013: Private shareholder forum (F2iC), Reims, France
5 December 2013: Private shareholder forum (DSW), Düsseldorf, Germany
9 December 2013: Private shareholder forum (F2iC), Nantes, France
16 December 2013: Private shareholder forum (F2iC), Bordeaux, France

**CAPITAL STRUCTURE  as of 30 June 2013**

- **11.96%** SOGEPA
- **10.69%** GZBV*
- **4.12%** SEPI
- **72.37%** Retail & Institutional shareholders**
- **0.86%** Treasury Shares***

*KfW & other German Public entities.
** Including warehoused shares of SOGEPA (0.07%) and SEPI (0.36%)
***Shares to be cancelled.

**SHARE PRICE EVOLUTION IN 2013 (Paris Stock Market)**
- High: € 47.25 (on 19 September)
- Low: € 30.065 (on 2 January)
- Performance year-to-date: +56.19%
- Closing price 20 September: € 46.96
- Gross dividend per share: € 0.60*

*Paid on 5 June 2013.

**YOUR EADS SHARES**

**SHARE PRICE EVOLUTION as of 20 September 2013**

<table>
<thead>
<tr>
<th>EADS share price (in €)</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base 100 as of 1 January 2010</td>
<td>30.065</td>
<td>30.065</td>
<td>30.065</td>
<td>30.065</td>
</tr>
</tbody>
</table>

**SHAREHOLDER INFORMATION**

You can order a copy of the EADS ANNUAL REPORT 2012 at www.eads.com (select the “Investors” tab). EADS regularly offers information meetings and site visits for retail investors, as advertised in the Shareholder Calendar. If you would like to take part or find out more, please phone the shareholder information number as indicated on this page, or write to ir@eads.com.