



Letter to our Shareholders

Dear Shareholders,



EADS' 2007 results show two sides of one coin: the 2007 results are unsatisfactory, yet, our underlying business is performing well in terms of revenues and profits, and certainly free cash flow is exceptional.

I am not content with our numbers. EADS can, and must, deliver better. However, I think the Group has achieved some

notable successes during the past year, establishing a firmer footing on higher ground.

In 2007, we addressed change head-on. The new governance allows management to "focus on execution" and thereby on improved results. Decision making is simpler, quicker, more transparent, and risks are being tamed. But there are more steps to take to attain true normalcy.

We also launched Power8 and dared to rethink the established Airbus industrial layout, bringing to the fore what lies at the core of our identity and competitiveness. We were pressed by the unrelenting pressure of the declining dollar, a growing threat which demands bold responses.

EADS has to prove quickly that steps are being taken to concretely meet the ambitious goals of Vision 2020 and manage the operational emergencies the Group is facing.

Since the start of 2008, a string of positive news announcements has shed rays of fresh hope: Columbus and the ATV were successfully launched into orbit, and the third A380 entered into service. A320 production is at record levels, while Airbus orders as well as Eurocopter and Defence & Security business are growing impressively.

Last but not least, we are collectively very proud the Airbus A330 played a large role in the selection of the Northrop Grumman-led solution by the US Air Force for their KC-45A tanker acquisition. On four counts out of five, it was deemed to offer a superior service in support of the American warfighter.

This event, of course, does not impact our report for 2007. Yet it certainly demonstrates that EADS continues to be a strong innovator and a vigorous global competitor. We have many exciting possibilities before us!

To reflect the Group's sales successes, its financial strengths and its encouraging operational performance in legacy programmes, the Board of Directors is proposing a dividend of € 0.12 per share*. This proposal is a gesture of appreciation for your loyalty as shareholder and an expression of confidence in the outlook for the years ahead, despite remaining challenges.

* To be proposed to the EADS Annual General Meeting.

SUMMARY	2007 RESULTS: STRONG BUSINESS PERFORMANCE	2
	SOLID UNDERLYING BUSINESS AND MAJOR MARKET SUCCESSES	4
	ESTABLISHING THE STATE-OF-ART AIR REFUELLING SYSTEM	6

LOUIS GALLOIS
Chief Executive Officer of EADS

2007 results: Strong business performance



➔ EADS delivered a strong business performance in 2007 while experiencing significant challenges. The Group's order intake, at record heights, doubled compared to the previous year and the EBIT* reached break-even, as was indicated in EADS' revised guidance. For 2008, the Group targets an EBIT* of € 1.8 billion. 2007 was a tough year with many high profile challenges to be overcome. The whole of EADS has shown strength and dedication in tackling these challenges. EADS has implemented a simplified governance structure and maintained high levels of investment in research and technology.

“The focus on efficiency and changes from Power8 are a precondition for continued investment in EADS' future,” said EADS CEO Louis Gallois.

While the Power8 restructuring programme registered initial savings, Airbus mastered a further ramp-up in aircraft deliveries, especially for the A320 Family. Eurocopter continued its increase in serial helicopter production and service business. Astrium raised Ariane 5 production rate, benefited from growth in Paradigm services and achieved a technological success seeing the Columbus space laboratory integrated in the International Space Station ISS. Operational improvements in the Defence & Security Division came from

both Military Air Systems and Defence and Communication Systems.

Revenues stood at € 39.1 billion (FY 2006: 39.4 billion), supported by higher commercial aircraft deliveries at Airbus (453 units versus 434 compared to the previous year), as well as increased volumes at Eurocopter and Astrium. Despite an unfavourable US Dollar impact and a decrease in A400M revenue recognition, Group revenues remained roughly stable in comparison with the previous year. EADS achieved 55% of its revenues outside Europe due to strong contributions from Asia-Pacific (23%), North America (20%) and other regions (12%).

EADS' **EBIT*** (pre goodwill and exceptionals) for 2007 stood at € 52 million compared to € 399 million in 2006. The EBIT* was strongly burdened by a Group-wide A400M charge (reflecting programme delays of 6 to 12 months) and by Power8 restructuring and A350 XWB charges. EBIT* suffered from a negative impact of the weak US Dollar. Nevertheless, the underlying business performance of EADS' legacy programmes continued to improve. Positive contributions came from the ramp-up in Airbus deliveries and the strong helicopter, defence and space businesses.

EADS recorded a **Net Loss** of € 446 million (Net Income FY 2006: € 99 million), or a loss per share of € 0.56 (earnings per share FY 2006: € 0.12). In the year under review, **self-financed R&D**

expenses increased to € 2,608 million (FY 2006: € 2,458 million). This reflects Airbus' continuing aircraft development programmes, especially for the A350 XWB.

Free Cash Flow before customer financing increased to € 3,426 million (FY 2006: € 869 million) due to an improved cash flow from operations.

In the course of 2007, the **Net Cash Position** grew to € 7 billion (year-end 2006: € 4.2 billion).

The Group's sales successes, its financial strengths and its encouraging operational performance in legacy programmes, is reflected in the dividend.

AN EXPRESSION OF CONFIDENCE

Dividend: € 0.12⁽⁵⁾

“The Board of Directors is proposing to the Annual General Meeting of shareholders, which will take place on May 26th, 2008, a dividend of € 0.12 per share (dividend per share 2006: € 0.12).”

ORDER BOOK⁽⁶⁾ (by segment)



*€ -10.8 bn headquarters/consolidation
**€ -10.9 bn headquarters/consolidation

OUTLOOK

The EADS guidance and outlook are based on an exchange rate of € 1 = US\$ 1.45.

Based on continued economic growth and comforted by a solid order book, despite the volatility of markets, the Group believes in the continuation of a resilient commercial aircraft market and Airbus deliveries peaking in 2011-2012.

EADS expects Airbus to capture about 700 aircraft orders in 2008.

EADS revenues are expected to exceed € 40 billion in 2008, with about 470 aircraft deliveries for the full year.

EADS expects its 2008 EBIT* at € 1.8 billion, reflecting higher comfort in its improving ability to drive profitability,

yet recognising evolving economic and cost challenges. This figure contains allowances for planning contingencies. However, it does not take into account the possible influence of short-term currency movements on revaluations of existing provisions, nor does it take into account an impact from the potential sale of industrial sites.

While they are not without risk, EADS does not currently expect a further material deterioration of its critical development programmes.

Before the impact of customer financing, EADS presently expects 2008 Free Cash Flow at € 0.5 billion (keeping in mind it is the most unpredictable).

EADS doubled its **order intake** in 2007 despite the weaker US Dollar and achieved a record of € 136.8 billion (FY 2006: € 69 billion). The main drivers were the vast upswing at Airbus (up 120%) and the remarkable growth at Defence & Security (up 45%) and Eurocopter (up 35%). In a favourable market environment the Group benefited from both robust demand and an attractive product offering across its entire portfolio.

Improvements across the board and the EADS recent success on the US defence market point to a promising start into 2008. The EADS short-term focus is now to further improve programme management and to secure the ramp-ups ahead. Apart from business parameters and efforts to balance the Group's portfolio, EADS stance on the environment is at the centre of its long-term strategy.

“ Seizing the environmental challenge is not only a matter of responsibility, it is a sound business opportunity. ” said EADS CEO Louis Gallois.

Several EADS sites - among them all Airbus plants - meet the ISO 14001 environmental management standards. Recently, Airbus completed the first test flights of a commercial

aircraft with alternative fuel as well as with a fuel cell. Both Airbus and Eurocopter are major partners in the Clean Sky Initiative, a pan-European research programme aimed at making air travel more sustainable through greener products.

To read the full press release and follow Group news go to www.eads.com

EADS GROUP (in €m)	FY 2007	FY 2006	Change
Revenues ⁽¹⁾	39,123	39,434	-1%
thereof defence	8,933	10,039	-11%
EBITDA ⁽²⁾	1,751	2,033	-14%
EBIT ⁽¹⁾⁽³⁾	52	399	-87%
Research and Development expenses	2,608	2,458	+6%
Net Income ⁽⁴⁾	-446	99	-
Earnings Per Share (EPS) ⁽⁴⁾	€ -0,56	€ 0.12	-
Free Cash Flow (FCF)	3,487	2,029	+72%
Free Cash Flow before Customer Financing	3,426	869	+294%
Dividend per share	€ 0.12 ⁽⁵⁾	€ 0.12	+/-0%
Order Intake ⁽¹⁾⁽⁶⁾	136,799	69,018	+98%

1) MBDA consolidated at 37.5% in 2007, compared to 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 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, € -168 million on Q4 2006 revenues, € -19 million on Q4 2006 EBIT*.

2) Earnings before interest, taxes, depreciation, amortization and exceptionals.

3) Earnings before interest and taxes, pre goodwill impairment and exceptionals.

4) 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.

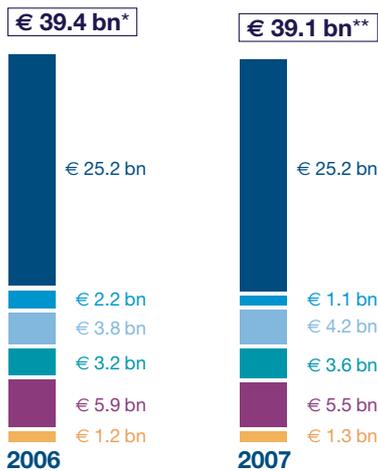
5) To be proposed to the EADS Annual General Meeting.

6) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.

7) ATR, EADS EFW, EADS Socata and EADS Sogerma are allocated to Other Businesses which is not a stand-alone EADS Division.

SOLID UNDERLYING BUSINESS and major market successes

→ REVENUES (by segment)



- AIRBUS
- MILITARY TRANSPORT AIRCRAFT
- EUROCOPTER
- ASTRIUM
- DEFENCE & SECURITY⁽¹⁾
- OTHER ACTIVITIES⁽⁷⁾

*€ -2.1 bn headquarters/consolidation
**€ -1.7 bn headquarters/consolidation



Airbus

The revenues remained stable driven by a positive volume effect coming mainly from the ramped up single-aisle production. The growth was mitigated by a negative US Dollar impact of € -1,080 million and a lower A400M programme revenue recognition (€ -323 million reflecting **Airbus'** internal work share). In the year under review, **Airbus** delivered 453 aircraft (FY 2006: 434 aircraft). EBIT* was dragged down to € -881 million (FY 2006: € -572 million), largely impacted over the year by provisions in the context of the revised A400M delivery schedule and Power8

restructuring as well as A350 XWB charges. A price deterioration in aircraft delivered, compared to the previous year, was more than offset by strong operating leverage and first Power8 savings.

First achievements in the Power8 restructuring programme demonstrate EADS' ongoing focus on competitive challenges to ensure long-term profitability. Implementation is on track at all levels concerned and milestones such as a new integrated and trans-national organisation or agreements with social partners regarding overhead reductions were met. Negotiations are ongoing for potential site divestments with preferred bidders and no binding contract has been reached yet.

The A380 proved exceptionally reliable in daily operations with Singapore Airlines since its entry into service in October. 2007 was a remarkable year for **Airbus** and commercial aviation as a whole. Global market demand - mainly driven by fast growing airlines in Asia and in the Middle East - reached an outstanding peak and led to record orders for **Airbus**. **Airbus** received 1,341 net orders (1,458 gross orders), mainly best-selling its A320 Family (913 aircraft), especially the A330 which remains the most successful airliner in this size and range category. Regarding the A350 XWB, 12 customers placed firm orders for 290 aircraft over the course of 2007. As for the A380, customers reaffirmed their confidence in the A380 with 33 new gross orders.



Military Transport Aircraft

The revenues declined to € 1,140 million, largely due to the postponement of the A400M Power-On milestone to 2008. The Division's EBIT* dropped to a loss of € -155 million (FY 2006: € 75 million), mainly reflecting the adjustments of the A400M programme margin.

With the recent selection of the KC-45A, derived from an A330 MRTT, as the new tanker aircraft for the U.S. Air Force, EADS achieved a major success both in the global tanker market and into the US defence market, providing a solid basis for future growth. EADS will provide the US forces with 179 tanker aircraft over the coming years. The outstanding capabilities of this tanker aircraft have already been proven before: in tough competitions, the United Arab Emirates and Saudi-Arabia decided to purchase the A330 MRTT as their new air-to-air refuelling aircraft. Following the order by Australia and the selection by the UK, the A330 MRTT is confirmed as the most advanced and capable tanker aircraft in the market.



Eurocopter

The rise of 10% of revenues reflects the ongoing delivery ramp-up in serial helicopters and increased customer service activities. 488 helicopters were handed over to customers in the reporting period – 28% above the level of the previous year. The Division's EBIT* amounted to € 211 million (FY 2006: € 257 million) as it was weighed down by a margin correction and provision in the NH90 programme. However, **Eurocopter** significantly improved profitability, thanks to higher volume and a favourable product mix. The NH90 delivery ramp-up is progressing and new assembly lines came into action. In 2007, a total of eight NH90 helicopters were handed over to customers, among them the first two NH90s for the Australian forces.

Eurocopter further grew its international industrial presence and increased again its export share. This goes along with a clear focus on growing and emerging markets and strong efforts to constantly optimise the global service network.

Defense & Security

The revenues increased by 45% in 2007. On a like for like basis taking into account the changed MBDA consolidation from 50% in 2006 to 37.5% in 2007, revenues remained stable. The growth in Eurofighter and security revenues was compensated by lower revenues in the missiles business. Like for like, the Division's EBIT* of € 340 million exceeds last year's level (FY 2006: € 348 million; comparable FY 2006 EBIT*: € 318 million) after adjustments for one-time effects, thanks to improved operational performance and lower structural costs.

The Division's order intake benefited in 2007 from both defence and security activities, including EADS' part in the Eurofighter Typhoon Saudi-Arabia contract and Eurofighter enhancement contracts, EuroHawk, avionics and security activities. The Division achieved new contracts for secure networks and successes in the global security business. Additionally, EADS **Defence & Security** moved ahead in the Unmanned Aerial Vehicle (UAV) business as it was selected for a risk reduction study driven jointly by the governments of France, Germany and Spain.



Astrium

The revenues in 11% progress were mainly driven by the ramp-up of Paradigm services, an increased Ariane 5 production rate and ballistic missile sales growth. EBIT* grew by 34% to € 174 million (FY 2006: € 130 million) due to a higher contribution from space transportation and service business.

During 2007, **Astrium** raised the production rate for the Ariane 5 ECA to six launches per year. Confirming the proven reliability of this launcher, **Astrium** received a preliminary order for 35 Ariane 5, to be delivered

from 2010 onwards. Already in 2008, two major European space programmes linked with the International Space Station (ISS) crossed major milestones: the Columbus laboratory was put in service and the unmanned supply vehicle ATV took off into space.



HEADQUARTERS AND OTHER BUSINESSES (NOT BELONGING TO ANY DIVISION)

Other Businesses revenues (ATR, EADS EFW, EADS Socata and EADS Sogerma) remained stable in 2007 (+1%). This reflects mainly the strong revenues at ATR, EADS EFW and EADS Socata which more than compensated the disposal of EADS Sogerma's MRO business to TAT Group in 2006. EADS Sogerma's turn-around drove Other Businesses' EBIT* to € 94 million in 2007 (FY 2006: € -288 million). All four entities achieved a positive EBIT*. Headquarters/Consolidation EBIT* includes adjustments at Group level for the A400M situation (FY 2007: € -169 million; FY 2006: € 286 million).

* EADS uses EBIT **pre goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus Combination and the formation of MBDA, as well as impairment charges thereon.

A major success



Establishing the state-of



A PROVEN INTERNATIONAL STAR

Beside the US competition, the A330-200 based tanker solution has now won the last four consecutive military tanker competitions internationally. This demonstrates the A330's superior capability, flexibility and economics.

A330 MRTT (Royal Australian Air Force). The contract signed in 2004 with the Royal Australian Air Force for the delivery of five A330 MRTTs equipped with underwing pods and ARBS to replace its existing Boeing 707 fleet remains on schedule. The first A330 is scheduled for entry into service in 2009.

A330 Future Strategic Tanker Aircraft (FSTA) (United Kingdom Royal Air Force). AirTanker, the EADS-led consortium, has recently signed a 27 year contract with the UK Ministry of Defence for the provision of air transport and air refuelling capability to the Royal Air Force. Through the world's largest ever Defence Private Financing Initiative (PFI), the Future Strategic Tanker Aircraft (FSTA) programme would replace ageing VC10 and Tristar tankers, currently operated by the Royal Air Force. The Future Strategic Tanker Aircraft (FSTA) programme includes the provision of a fleet of 14 new tanker aircraft, based on the latest Airbus A330-200 generation to enter service from 2011.

A330 MRTT (Royal Saudi Air Force). In December 2007, the MTA Division signed a contract for 3 A330 MRTTs as the new air-to-air refuelling aircraft for the Royal Saudi Air Force. This contract will be booked in 2008.

A330 MRTT (United Arab Emirates Air Force & Air Defense). United Arab Emirates has announced in February 2008 the purchase of the A330 MRTT as its new air-to-air refuelling aircraft.

4,550 LITRES PER MINUTE

EADS added value is not limited to the aircraft itself. EADS innovated in order to offer the best possible refuelling solution. The Group has invested more than € 100 million of company funding in developing technology and supply systems, with particular emphasis on the "boom". With the current system, the receiving aircraft plugs a probe into the coupling to tank up, requiring some precise flying skills on the part of the pilot. The idea behind all of the work of the EADS Casa research and design centre, which runs the project for the Group, was to design a "boom" that would reach out to the "thirsty" aircraft. This way, the pilot avoids a stressful manoeuvres and can focus on his mission only. For this purpose, EADS employed several cutting-edge electronic systems: fly-by-wire controls, a 2 and 3-dimensional viewing system, video systems, etc. This advanced refuelling "boom" system (ARBS) ensure a refuelling performance of almost four tons (4,550 litres) of fuel per minute, a considerable advantage since an aircraft is very vulnerable during the refuelling procedure.



The almost 18 metre-long flying "boom" refuelling system is a long duct deployed from the rear of the tanker.

-art air refuelling system

U.S. AIR FORCE SELECT THE NORTHROP GRUMMAN/EADS TEAM TO MODERNISE ITS AERIAL REFUELLING FLEET

➔ On February, 29, the U.S. Air Force announced the selection of Northrop Grumman to provide the KC-45A aerial refueling tanker for the KC-135 tanker replacement program by culminating a multi-year evaluation. The programme award calls for 179 aircraft with an estimated contract value of US\$ 40 billion. The initial KC-45A contract for Northrop Grumman covers four System Design and Development aircraft and is valued at US\$ 1.5 billion. EADS North America is the partner to Northrop Grumman on the new tanker, with responsibility for assembling airframes and providing completed flight-qualified aircraft and refuelling sub-systems. This success lends credibility to EADS's ability to penetrate US market and underscores the excellence of the solution put forward by EADS.

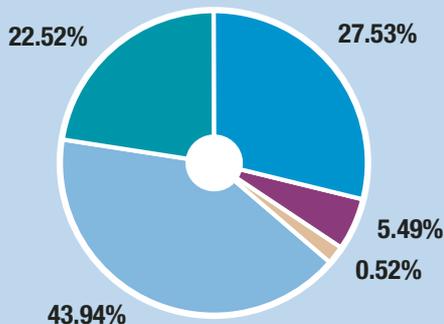
This excellence is built on the EADS A330 MRTT (Multi Role Tanker Transport, a low-risk and cost-effective platform that also offers a greater supply capacity than any competing solution. Its airframe is derived from the popular A330 jetliner produced by EADS' Airbus Division, of which more than 880 have been ordered worldwide in passenger and freighter configurations. The huge basic fuel capacity of the standard A330-200 (140,000 litres) means that no additional tanks are needed to give air-to-air refuelling performance that far exceeds its nearest competitors. As it does not need auxiliary fuel tanks, the entire cargo bay is available for use, with the possibility of incorporating LD3 or LD6 containers, military pallets or any other type of load adapted to the plane.

The A330 MRTT can be provided with a combination of wing pod and/or fuselage hose and drogue units and/or the EADS CASA advanced refuelling boom system (ARBS). A boom operator and mission planning station can be located in the cockpit and includes remote controls with an enhanced 2D/3D vision system. This win further demonstrates the A330 as the platform of choice for the world's refuelling fleets and comes on the back of our recent success. The A330 MRTT is being assessed for mission requirements throughout the world. In particular, the A330 MRTT has been selected as the Future Strategic Tanker Aircraft for the UK Royal Air Force, and has also been chosen for the Royal Australian Air Force.

Shareholders

CAPITAL STRUCTURE

CAPITAL STRUCTURE as of 12/31/2007 (as %)



- **SOGEADE***
Lagardère and SOGEPA
(French state holding Company)
- **Daimler****
- **SEPI**
(Spanish state holding Company)
- **Institutional, retail and employee ownership**
+ Shares held out of the contractual partnership
French state
- **Treasury Shares**
(Shares without economic or voting rights)

* On April 4th, 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.

** On February 9th, 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%.

PROFILE

ISIN Code	NL0000235190
Number of issued shares as of December 31 st , 2007	814 014 473
Offer price on July 10 th , 2000	€ 19 for institutional investors € 18 for retail investors
High in 2008 on Paris Stock Market	€ 22.2 on January 2 nd
Low in 2008 on Paris Stock Market	€ 12.83 on March 20 th
Earnings per share (EPS) 2007	€ -0.56
Dividend per share 2007 to be proposed at the AGM on May 26 th , 2008	€ 0.12

YOUR EADS SHARES

STOCK PRICE EVOLUTION ON MARCH 27th, 2008

Base 100 dated July 10th, 2000

EADS stock price (in €)



ANNUAL GENERAL MEETING

In accordance with Article 23.3 of the Articles of Association of the Company, we are pleased to inform you that the Annual General Meeting of Shareholders will take place:

Monday, 26th May 2008 at 2:00 pm
at Hotel Okura Amsterdam, Ferdinand Bolstraat 333,
1072 LH Amsterdam,
The Netherlands

Detailed information on participating in the Annual General Meeting will be announced in due course through press publications and will be available on our website www.eads.com (Investor Relations).

SHAREHOLDER DIARY

- **March 11th, 2008 :**
2007 Annual results release
- **May 14th, 2008 :**
Q1 2008 results release
- **May 26th, 2008 :**
Annual General Meeting
- **June 17th, 2008 :**
Shareholders Information Meeting in Paris
- **July 30th, 2008 :**
Half Year 2008 results release
- **November 14th, 2008 :**
9-month 2008 results release

SHAREHOLDER INFORMATION

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Following notification by AMF (French market regulator) of charges against EADS and some of its executives, the Group has issued the following press release on April 1st, 2008.



Press Release

Notifications by AMF of charges against EADS and some of its executives

Amsterdam, April 1st 2008 - EADS, as well as the concerned EADS and Airbus executives, take notice of the decision of the AMF College to initiate proceedings, respectively for breach of market information duties and for breach of insider trading rules.

In the first step of what is likely to be a long process, the AMF College has considered that the elements gathered during the investigative phase of the enquiry, as interpreted by AMF's investigators, do not justify a dismissal of the case. AMF will notify the company and the executives concerned of the nature of the charges against them.

Louis Gallois, CEO of EADS, said: "At last, EADS and its managers concerned will be in a position to defend themselves. EADS will support its managers in their defense; it intends to demonstrate that it has applied standards of excellence when communicating to the market, and has acted with full transparency".

For the first time, EADS and the persons involved will be able to confront AMF's interpretation with their explanation of the facts of the case. They intend to vigorously exercise their defense rights with the support of EADS, in front of the Sanction Commission of the AMF which will decide whether to impose fines after due hearing of the parties.

Considering the fact that there is no decision on the substance so far, EADS insists that the principle of presumption of innocence be upheld.

EADS considers that the financial risk associated with this procedure and its possible consequences is not material. However, it recognizes that these proceedings may have significant consequences on its image and reputation.