Dear Shareholders,

Confidence! A word that is out of place in the current economic climate. Nevertheless, our solid results for 2008 allow me to look to the future with serenity. The company is strong! I would remind you first of all that aeronautics is an extremely cyclical sector and we are therefore prepared to confront the ups and downs of the global economy. Even if the crisis seems to be taking on exceptional dimensions, the performance and stability of our helicopter, space and defence activities, along with our cash position and record order book, give us a real capacity to resist it.

However, I am not trying to display any kind of exaggerated optimism currently. The economic context calls for the highest level of vigilance. We embarked on 2009 with a low level of visibility and 2010 will be crucial in terms of measuring the full impact of the crisis. We are therefore paying particular attention to the development of our markets in order to be able to react quickly. We have started to adapt Airbus production rates and we are ready to go further, if necessary. In addition, we are making preparations to offering reasonable support to our customers and suppliers. Our horizon is also affected by the A400M program.

This program remains one of our main challenges – the current delay is perfect proof – but all EADS teams are determined to see it through successfully. The A400M is vital for European defence and essential for the credibility of our industry. EADS will honour its commitments but, to do so, the Group must be able to count on the support of its customers. For our part, we have already taken vigorous measures and have integrated our Military Transport Aircraft Division into Airbus. This new organisation will make management of the A400M program more efficient.

We not only reacted to the crisis but we also anticipated it. A major Group restructuring program was launched two years ago. To Power8, the cost-saving program launched in 2007, we added Power8 Plus. These initiatives improve our cost structure and make us stronger.

Finally, beyond these difficulties, the crisis reinforces the strategic directions of our “Vision 2020” plan. The objective of this program is to ensure a better balance for EADS by expanding our defence, security and space operations, increasing our services business and establishing a wider geographic base. In the short term, these initiatives are undoubtedly slowed down, as priority is given to protecting our cash position, but we continue to move forward and innovate.

The Board of Directors has decided to propose the payment of a higher dividend of € 0.20. This increase, although limited, is a proof of our confidence in the future.

LOUIS GALLOIS
Chief Executive Officer of EADS
EADS achieved satisfying results for the full year 2008 delivering an EBIT* of € 2.8 billion. The Group benefited from its strong underlying performance and foreign currency effects while dealing with challenges in critical programmes. EADS’ order book achieved a new record of more than € 400 billion. Net Cash reached an unprecedented level of € 9.2 billion thanks to better than expected Free Cash Flow generation.

EADS is in a good position to face the crisis, although the Group is facing a low level of visibility for the second half of 2009 and beyond due to the global economy and financial market weakness which is increasingly impacting air traffic.

The Group has regained stability in 2008 and is proving to be resilient in the face of the turbulent global economic environment. said EADS CEO, Louis Gallois.

EADS continues to address the industrial challenges of the A400M programme and continues to elaborate their impacts on the delivery schedule. In January 2009, EADS announced it had proposed to the launch nations a new approach for the A400M aimed at finding a way forward for this programme. With this proposed new approach, the first delivery of the A400M would occur three years after its first flight.

As the A400M will not perform its first flight before the end of March 2009, the launch customer OCCAR has the contractual right to claim termination of the entire A400M Launch Contract as of 1 April 2009. This termination may only be obtained with a unanimous mandate of all launch nations, which makes it very unlikely according to the assessment of the EADS management. Theoretically, a cancellation of the A400M contract by OCCAR would trigger reimbursement of the pre-delivery payments and other payments received from OCCAR. The total amount is approximately € 5.7 billion. Separately, each of the launch nations may claim cancellation of those individual aircraft which would be substantially delayed.

EADS has adjusted its structure: the former Military Transport Aircraft Division is being integrated into Airbus and will become – under the name of Airbus Military – the military pole of Airbus. This will strengthen programme management in particular for the A400M and improve resource allocation. This new organisation is effective as of 2009.

Revenues rose strongly by 11% to € 43.3 billion (FY 2007: € 39.1 billion) reflecting top line growth from operations across all Divisions. The increase includes € 1.1 billion resulting from the move to the early stage accounting methodology in the A400M programme applied starting in the third quarter of 2008. The Group’s revenue growth more than offset a weaker average US dollar rate. Based upon a strong delivery performance, EADS achieved 56% of its revenues outside Europe thanks to strong contributions from Asia-Pacific (25%), North America (18%) and other regions (13%).

AN INCREASED DIVIDEND:

- € 0.20* per share (gross dividend per share paid in 2008: € 0.12)
- Payment date: 8 June 2009

* Gross dividend proposal to be submitted to the Annual General Meeting 2009.

EADS’ EBIT* for the full year of 2008 improved to € 2,830 million (FY 2007: € 52 million). This EBIT* growth contains around € 900 million resulting from the revaluation of loss-making contracts at the €/US$ and £/US$ closing spot rates. The stronger EBIT* resulted from improvements across all Divisions. In 2008, EADS’ EBIT* was impacted by € –704 million related to the A400M programme. EADS will only be able to update all of the financial consequences of a revised industrial plan, once the availability of the engines and mission critical systems is firmly determined or once OCCAR’s position on the proposal made by EADS is known.

EADS improved its Net Income to € 1,572 million (FY 2007: € –446 million), or earnings per share to € 1.95 (FY 2007: € –0.56).

Self-financed R&D expenses remained stable at € 2,669 million (FY 2007: € 2,608 million). This reflects Airbus’ and Eurocopter’s continuing aircraft development programmes.
OUTLOOK

EADS has begun 2009 with a mixed level of visibility. At Airbus, visibility is satisfactory for the first half of the year, but the level of uncertainty increases beyond the first half of 2009. The Group’s bottom-up analysis is supported by the order book and the recent decision to adjust production rates of single-aisle aircraft to 34 per month from October 2009 onwards; the ramp-up for the long range Family was frozen at 8.5 aircraft per month. This analysis shows overbooking for the next years. Nevertheless, the order book is challenged by the deterioration of the macroeconomic and traffic indicators. Therefore, EADS is carefully monitoring the market, its customer base and its suppliers. As a result, the management is applying a rolling plan concept. Besides the commercial order book, the Group’s defence and institutional order book provides a certain level of protection and stability.

EADS expects Airbus to capture between 300 and 400 new gross orders in 2009, which is challenging taking into account the current market conditions. Based on a stable delivery assumption and a US dollar rate at €1 = US$ 1.39, EADS revenues should roughly be in line with the 2008 level.

Under these assumptions, EBIT* should be down in 2009 but significantly positive and supported by robust underlying performance.

Revised industrial plans to complete the A400M programme could lead to a significant charge, weighing on EBIT*, depending on the outcome of negotiations with customers and suppliers. EBIT* will be negatively impacted by increased R&D expenses, by significant hedging deterioration, price deterioration, increasing customer financing and in-service support costs compared to 2008, partly offset by further Power8 cost savings.

Free Cash Flow for 2009 will reflect some negative impacts from lower customer advance payments at Airbus and some build-up of inventory in the fourth quarter of 2009, reflecting the reduction of the single-aisle production rate. EADS expects to support customers in financing their deliveries on a discretionary basis in 2009. The cash consumption of provisions taken over recent years will also weigh on the cash flow. At this stage, with the current level of visibility, EADS is not expecting to consume more than €1.5 billion of Free Cash Flow after customer financing in 2009.

As soon as the Group has better visibility on the outcome of the A400M discussions and the development of its commercial markets, EADS will update its guidance more precisely.

Free Cash Flow before customer financing was stronger than expected and reached €2,886 million (FY 2007: €2,293 million). The change resulted mainly from the higher level of advance payments received in 2007 (incl. Paradigm refinancing step-up of €1.1 billion), partly compensated by positive contributions from tanker programmes. Due to some customer financing needs, Free Cash Flow including customer financing stood at €2,559 million (FY 2007: €3,354 million).

Despite a cash-out for contribution to plan assets and premium for options, the cost of pension schemes and premium for options, the change resulted in a remarkable order intake of €98.6 billion (FY 2007: €136.8 billion), supported by strong order flow in all Divisions – including the important UK tanker order – underlines the attractiveness of EADS’ product offering across its entire portfolio.

In 2008, EADS continued to improve its Group-wide efficiency. The Power8 restructuring programme again exceeded its targets and delivered gross cost savings of €1.3 billion; the targets for 2010 remain unchanged. Cost savings programmes of other Divisions are on track, and the Power8 Plus programme is to deliver a further annual EBIT** benefit of €1 billion from across the Group in 2011 to 2012. In addition, EADS has initiated a further integration and cost savings plan called “Future EADS” at a minimum level of €200 million in 2011-2012. It aims at further integration, improvement of decision making processes and cost savings through the Headquarters, the Divisions and the interaction between Headquarters and the Divisions.

In its divestment strategy EADS recorded major achievements. The sale of the site in Laupheim (Germany) to Diehl/Thales and the sale of the manufacturing unit of the site in Filton (UK) to GKN were completed. The sites in Augsburg, Nordenham and Varel (Germany) were merged into Premium AEROTEC and the sites in Meaulte and St. Nazaire Ville (France) into Aerolia. Both companies became fully operational as of 1 January 2009. They are well positioned to become major players on the global market.

Furthermore, EADS has sold a 70% majority stake in EADS Socata to DAHER.
As the outcome of the A400M construction contract cannot be estimated reliably, EADS can currently not comply with all requirements to account for the contract under the estimate-at-completion accounting method.

For the A380 programme, Airbus achieved its goal of delivering 12 aircraft in 2008 and envisages a continued ramp-up in 2009. Until now, more than one million passengers have flown with the A380. Over the full year of 2008, strong demand for Airbus products continued. A total of 777 net orders with improved pricing were booked in 2008. Gross orders amounted to 900 aircraft. The net order intake represents a worldwide market share of 54% of all aircraft units over 100 seats. Airbus made great steps forward towards internationalisation, inaugurating its first final assembly line outside Europe in Tianjin, China. Expanding its industrial footprint will help Airbus to gain access to strategic markets.

**AIRBUS**

2008 was a successful year for Airbus. Revenues increased by 9% to €27.4 billion driven mainly by higher volumes and a more favourable product mix in delivered aircraft.

Deliveries remained at record levels: 483 aircraft (FY 2007: 453 aircraft). Revenue growth includes an effect from the move to the early stage accounting methodology in the A400M** programme reflecting Airbus’ internal work share. The overall growth was limited by a negative US dollar average rate impact and price deterioration. EBIT* strongly improved to €1,790 million (FY 2007: €–881 million) reflecting a seamless ramp-up on the A320 and A330 programs, underlining profitability in series programs and progress achieved in the Power8 programme.

The underlying business strength is partially offset by A380 charges, reflecting an unexpected increase of cost and A400M** charges under early stage accounting method.

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**MILITARY TRANSPORT AIRCRAFT (Airbus Military)**

In the context of adjusting the divisional structure of EADS, the former Military Transport Aircraft Division is being integrated into Airbus and will become – under the name of Airbus Military – the military pole of Airbus. As this leaner organisation is effective as of 2009, EADS is disclosing its 2008 results according to the former divisional structure, thus still reporting the Military Transport Aircraft Division separately. The Division’s revenues increased, benefiting from a strong tanker business. The revenues also include the A400M** Power-On milestone revenue recognition – shifted from 2007 and worth around €1.5 billion (FY 2007: €–16 million) despite a charge for the A400M recorded in the second half of the year. The EBIT* improvement was driven by a ramp-up in tanker activity, improvement in underlying business and lower exceptional charges. In the tanker business, the Division achieved significant market success with new orders for 20 A330 MRTT tanker aircraft.
EUROCOPTER

Eurocopter, the world’s leading helicopter manufacturer increased its revenues by 8%. This follows the continued ramp-up in deliveries of serial helicopters as well as a stronger service business and increased development activities for customers. The substantial reorganisation of production lines, combined with the opening of new facilities enabled Eurocopter to increase deliveries by 20% in 2008 reaching its highest level ever at 588 helicopters. EBIT* rose by 39% to €293 million compared to €211 million in 2007. Eurocopter’s EBIT* increase reflects the positive volume effect and a better mix, partially offset by foreign exchange impact and higher R&D expenses. Research and development expenses are mainly related to the new EC175 medium-weight civil helicopter, which is being jointly developed with Chinese partners. Eurocopter achieved its second highest ever level of orders with an order book of 1,515 helicopters at year end 2008.

DEFENCE & SECURITY

The Defence & Security Division achieved profitable growth thanks to increasingly mature programmes, combined with efficiencies from site consolidation. Revenues increased by 5%. Eurofighter, radar and missiles businesses represent the majority of the revenues. Additionally, revenues growth was supported by activities in integrated systems, security networks and Unmanned Aerial Vehicles, as well as the consolidation of PlantCML who broadened the Group’s presence in the US. Furthermore, the increase includes an effect from the move to the early stage accounting methodology in the A400M programme reflecting the Division’s internal work share. The Division’s EBIT* rose further by 18% to €408 million (FY 2007: €345 million). This EBIT* growth was supported by operational improvements across all activities and maturing programmes in radars, missiles and secure networks.

In line with Group strategy, security capabilities continued to expand significantly. Furthermore, the digital radio network the Division provided to Beijing played a vital role in securing the Olympic Games.

ASTRIUM

Proven reliability, a sharp focus on efficiency and high levels of innovation drove Astrium to success in 2008. Revenues increased by 21% with contributions from all three business units – Satellites, Services and Space Transportation and the first full consolidation of Spot Image. The main drivers were a sales increase in commercial telecom satellites, a ramp-up in Ariane 5 production and Paradigm services. Astrium delivered a fifth consecutive year of profitable growth. EBIT* improved to €234 million (FY 2007: €174 million), despite the unfavourable impact of the declining British pound against the euro in the Paradigm programme. Astrium performed extremely well in 2008 with six successful Ariane 5 launches – marking 28 successful launches in a row. Astrium has delivered five satellites. The French strategic missile was also test-launched for the first time at Astrium’s underwater base in Biscarrosse. Several acquisitions boosted the Division’s growth prospects.

HEADQUARTERS AND OTHER BUSINESSES (not belonging to any Division)

Other Businesses’ (ATR, EADS EFW, EADS Socata, EADS Sogerma and EADS North America) revenues grew by 9% driven by higher deliveries at ATR, the ramp-up in the LUH programme at EADS North America and a high level of passenger seats activity at EADS Sogerma. Other Businesses’ EBIT* is stable at €80 million compared to €84 million in the previous year, impacted by a US dollar headwind.

Future business will benefit from link-ups with partners for the A320 freighter conversion and the modification of Airbus aircraft. From 1 January 2009 onwards, EADS EFW will be consolidated within Airbus.

To read the full press release and follow Group news, go to www.eads.com
THE ROLE OF CUSTOMER FINANCING

Like in most industries, EADS and Airbus in particular, proposes financing solutions to its customers. Current financial turbulence has again pushed the customer financing issue into the foreground. For EADS, this is illustrated by two approaches: support, i.e. assistance provided to customers, and possible financing of contracts that may be awarded to them.

Why does Airbus propose this service?
This type of assistance supports the volume of sales, particularly during a period of liquidity crisis where access to credit is limited. In addition, this support allows customers to find funding and thus limits defaults on delivery and cancellation of orders. However, this assistance is not automatic and the financing file has to comply with a certain number of strict criteria.

What solutions does Airbus propose?
There are several scenarios:
1/ The customer purchases outright or with independent funding; this solution is encouraged and favoured by Airbus.
2/ Airbus sets up a process that facilitates the establishment of contacts between its customer and financial establishments such as banks, export credit agencies or aircraft leasing companies.
3/ Only as a last resort will Airbus provide a financial solution through its subsidiary Airbus Financial Services (AFS), proposing different financial packages adapted to the specific requirements of its customer. Financing is not Airbus’s core business but it is used as a customer support tool.

What risks is EADS running?
In this last scenario, there are two risks. Firstly, the credit risk, i.e. the borrower fails to comply with repayment conditions. Secondly, the future-value risk because Airbus retains collateral interests in its aircraft and, in the case of default by the airline, recovers the aircraft and resells it. However, if the market value of used aircraft decreases, Airbus could withstand a loss of revenue on resale.

How does the Group limit its exposure to these risks?
The legal and financial teams monitor these files in close collaboration with the commercial departments on a daily basis. Furthermore, this implies a diversification of Airbus product and customer portfolios, customer credit analysis, and execution of provision for risks. Finally, when financial markets enter a more favorable cycle, Airbus attempts to resell the transactions realised along with the related risks to the financial establishments.

What is the impact of the financial crisis on Airbus’ customer financing?
The crisis provokes limited access to independent funding and therefore an increase in the support provided by Airbus to its customers. Thus, EADS expects to see the risk of customer financing increase, which will have a negative impact on EBIT* 2009. The latter should nevertheless remain solid.

For more information, visit www.eads.com

GLOSSARY

Collateral interest: assets pledged by a borrower to secure a loan or other credit.

Customer credit analysis: the process of analysing customer solvency in order to estimate their ability to live up to their future contractual obligations.

Gross exposure: gross risk run by Airbus in its customer financing contracts.
EADS MEETS ITS SHAREHOLDERS

Concerned by the need to establish closer links with its individual shareholders, EADS organises many meetings, as it does every year, to promote the sharing and discovery of Group issues, its ambitions and the advantages of its industrial activities. A direct access to information, which is particularly important in these difficult times.

Novelty in 2008: in parallel with the usual meetings in France – Cannes, Lille and Nancy this year – EADS has organised similar meetings in Germany for the first time. The meetings were held in Frankfurt and Munich. At the Munich meeting, shareholders were able to question Hans Peter Ring, EADS’ Chief Financial Officer.

In addition, on-site visits were organised in Germany and France. In Hamburg and Toulouse, shareholders were able to see the Airbus A320 and A380 assembly lines. Both at Donauwörth and at Marignane, they were able to explore the Eurocopter industrial sites; many opportunities to see and understand the industrial base and hi-tech nature of EADS activities.

EADS will propose new opportunities to meet with its shareholders at the International Paris Air Show – Le Bourget (15-21 June 2009). This will be the occasion to discover many of the products manufactured by the Group and to watch in-flight demonstrations.

If you wish to attend our Le Bourget events, please contact our shareholders’ information service: 0 800 01 2001 (seating is limited).
We are pleased to inform you that the Annual General Meeting of Shareholders will take place:

Wednesday 27 May 2009 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).

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