

aero-notes



Letter to Shareholders

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Dear Shareholder,

For around two years now, the global economic crisis has been the overriding industry theme. During this time, EADS has been constantly monitoring the commercial environment, sounding out customers and suppliers, especially in the aircraft business, looking out for potential difficulties and preparing proactive responses. At the same time, the Group has been ever watchful for new opportunities and signs of recovery.

A recovery now seems to be underway. The significant number of orders announced at this year's Farnborough and Berlin air shows suggest that confidence is returning to the marketplace. According to industry statistics, passenger and freight demand increased strongly in June and airline load factors are in line with historical highs. These are encouraging developments and, while orders for civil helicopters remain sluggish at present, the overall signs bode well for the commercial aircraft business. Due to strengthening customer demand, EADS has decided to increase single-aisle production from 36 to 40 per month by early 2012.

In our defence and institutional businesses we have more grounds for caution, however. Government budgets, particularly in our home countries, are under review. Defence and security spending will almost certainly be affected over the coming years. Together with our government customers, we will look for solutions that best meet evolving needs in terms of budget, mission requirements and industrial resources. And in line with our Vision 2020 strategy, we will continue to explore opportunities in emerging markets.

We feel confident in our ability to cope with changed circumstances. Despite the unprecedented severity of the economic crisis, we have actually increased our order book and net cash since the end of 2007. EADS is a robust group. We have a clear view of our goals and priorities. In the immediate, we are fully focused on delivering our key programmes, in particular the A380, the A350 XWB and the A400M. For the moment the historical weakness of the dollar continues to be a burden, as witnessed by our half-year results. Improved programme performance along with our ongoing cost-saving initiatives and a more favourable dollar rate, if sustained, will help our profitability mid-term. For the longer term we continue to pursue the path described in our strategic road-map Vision 2020, aiming to make EADS a more balanced group, in terms of geographic reach and business portfolio.

This year, EADS celebrates its 10th anniversary. In the past decade, the company has, like many others, had to face numerous external crises, starting with 9/11 and the SARS epidemic, right through to the recent global recession. Despite these challenges and a 30 percent drop in dollar value against the euro from 2000 to the end of 2009, EADS has grown and demonstrated resilience (see pages 6-7). During a difficult decade, the EADS share price fared better than many, outperforming the CAC 40 average.

As a company at the forefront of some of the world's most exciting technology advances, we like to focus on the future. Our 10 year celebrations were aimed at youth. 10,000 schoolchildren, aged between 12 and 14 were invited to EADS sites to join the festivities. Those youngsters will soon be making career choices. Perhaps a few will be inspired by our industry – as you and I have been – and will be willing to play some small role in the story of aerospace.

NATHALIE ERRARD

Head of Investor Relations and Financial Communication





The Ariane 5 completed its 37th consecutive successful launch in June 2010.

EADS' macro-economic and commercial environment continues to improve while challenges remain, particularly in the institutional sector.

"Berlin and Farnborough Air Show orders reflect an improvement in the commercial aviation market. However, the institutional outlook is more challenging as public budgets in our domestic markets are under tight review", said Louis Gallois, CEO of EADS. "Our key priorities remain clear: improving efficiency on the A380 production, developing the A350 and finalising the A400M contract amendment with the Customer Nations. I want to add that we have submitted our bid for the U.S. Air Force tanker programme and that we will fight hard to win the competition again."

In the first six months, EADS' revenues remained stable at € 20.3 billion (H1 2009: € 20.2 billion). Deliveries at Airbus Commercial (250 units) and Eurocopter (249 helicopters) remained roughly stable at a high level.

The percentage of completion methodology was resumed on the A400M programme. In the second quarter, based on the allocation of internal milestones, around € 300 million in revenues were booked on the programme. Customer Nations and EADS continue working towards a contract amendment. In the meantime, the A400M flight test programme is progressing better than expected; however, the development of the Flight Management

System is on the critical path, with more challenges than expected. Risk mitigation actions are being undertaken. Management assumptions of March 2010 underpinning the A400M provision calculation remain valid. As previously indicated, reassessment of these assumptions could have a significant impact on future results.

EBIT before one-off stood at € 0.6 billion, weighed down by the deterioration of hedge rates and higher investment in R&D. As expected, the A380 continues to weigh significantly on the underlying performance. EADS' reported EBIT* of € 406 million (H1 2009: € 888 million) was further weighed down mainly by exceptional negative foreign exchange impacts. Exchange rate impacts weighed on the H1 2010 reported EBIT* by around € 550 million compared to H1 2009.

Net Income amounted to € 185 million (H1 2009: € 378 million), or earnings per share of € 0.23 (earnings per share H1 2009: € 0.47).

Self-financed Research & Development (R&D) expenses grew to € 1,301 million (H1 2009: € 1,172 million), driven by increases in Airbus due to a ramp up in A350 XWB activity as well as a rise in product investment at Defence & Security and Eurocopter.

Free Cash Flow before customer financing of € -470 million (H1 2009 : € -948 million)

reflects a lower deterioration in working capital but the decrease in EBIT* before one-off. Change in working capital amounted to € -815 million (H1 2009: € -1,898 million). The inflow of advances linked to Airbus commercial activity is higher than one year ago, representing an increase in commercial aircraft orders. Some payment delays in the defence and institutional business were compensated by government receipts for development programmes. Customer financing needs for the first half reached around € 270 million. Free Cash Flow after customer financing amounted to € -737 million (H1 2009: € -1,169 million).

EADS' Net Cash position of € 8.9 billion (year-end 2009: € 9.8 billion) continues to provide a solid foundation for the Group's operational needs as well as future growth. It reflects the Free Cash Flow consumption of the first half year as well as a € 300 million contribution to the pension fund assets.

The **order intake** of EADS significantly increased to € 30.8 billion compared to one year ago (H1 2009: € 17.2 billion) due to higher commercial aircraft orders. This does not include orders booked at Farnborough Air Show. By the end of June 2010, EADS' **order book** stood at € 454.5 billion (year-end 2009: € 389.1 billion), reflecting increases at Airbus and Astrium. The Airbus Commercial order book benefited from a positive revaluation

OUTLOOK

EADS' guidance is based on an assumption of € 1 = \$ 1.35 for the H2 average and December closing spot rates.

The Group is increasing its guidance for orders, revenues, underlying profitability and free cash-flow.

Given the recent commercial success at Farnborough and the number of on-going campaigns, Airbus has increased its full year target for gross orders to above 400. Single aisle production rates will go up to 36 a month at the end of this year, to 38 in Q3 2011 and to 40 a month in Q1 2012.

On the other hand, the civil helicopter market and its related order stream are expected to be sluggish in H2 2010. At this stage, no significant impact is expected in 2010 from the pressure on institutional and defence budgets.

Airbus deliveries should be around 500 aircraft for the full year 2010. Eurocopter deliveries will be slightly below the last year.

Using these exchange rates and delivery assumptions, EADS revenues should increase to more than € 44 billion.

Thanks to a higher number of expected deliveries and an upside to the group's underlying profitability, EADS EBIT*

before one-off should reach around € 1.2 billion in 2010.

At Airbus, H2 EBIT* before one-off will be lower than in H1. Compared to H1, the positive impact of higher volumes and better pricing will be more than offset by higher R&D and the deterioration of hedge rates compared to the first half of the year.

Going forward, the EBIT* performance of EADS will be dependent on the Group's ability to execute on the A400M, A380 and A350 XWB programmes, in line with the commitments made to its customers. At € 1 = \$ 1.35, EADS maintains its EBIT* guidance of around € 1 billion despite the negative exceptional impacts from foreign exchange accrued in H1.

EADS is also improving its free cash flow guidance. Provided a sustainable year-end cash inflow of institutional and government business and subject to pre-delivery payment advances for the A400M programme, the Free Cash Flow before customer financing should be break even. Free cash-flow after customer financing should be negative due to customer financing cash-outflows of around € 600 million.

impact of around € 56 billion due to the closing spot rate of the U.S. dollar that has significantly strengthened since year-end. The defence order book amounted to € 56.6 billion (year-end 2009: € 57.3 billion).

The strengthening of the dollar, if sustained, will improve profitability beyond 2012. In the short term, EADS' net exposure is almost fully hedged.

The full EADS press release is available at www.eads.com

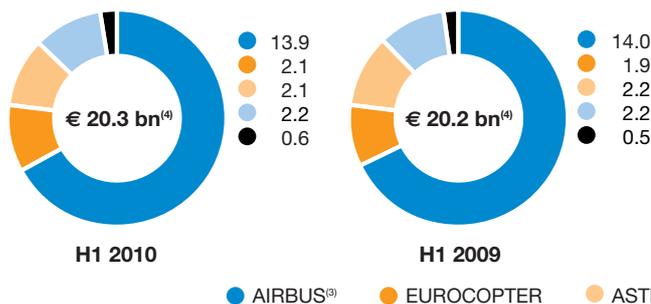
EADS GROUP (in € millions)	H1 2010	H1 2009	Change
Revenues	20,308	20,195	+1%
thereof defence	5,120	4,555	+12%
EBIT*	406	888	-54%
Self-financed Research and Development	1,301	1,172	+11%
Net Income ⁽¹⁾	185	378	-51%
Earnings Per Share (EPS) ⁽¹⁾	€ 0.23	€ 0.47	€ -0.24
Free Cash Flow (FCF)	-737	-1,169	-
Net cash position	8,864	9,797	-10%
Order Intake ⁽²⁾	30,768	17,159	+79%
Order Book ⁽²⁾	454,498	389,067	+17%

* EADS uses EBIT pre goodwill impairment and exceptionals as a key indicator of its economic performance.

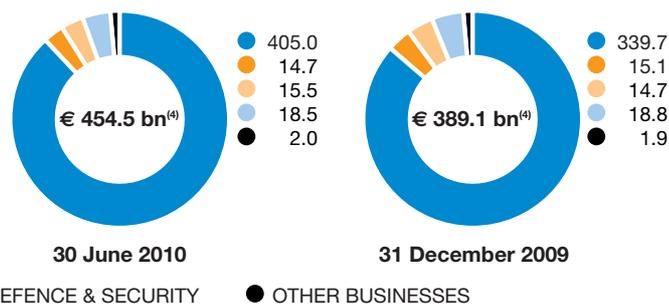
1) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.
2) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.

EADS BY DIVISION

REVENUES (by Division in € bn)



ORDER BOOK⁽²⁾ (by Division in € bn)



3) Following integration of Airbus Military into Airbus, Airbus is now reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and the completed aerostructures reorganisation but now excludes the A400M. Airbus Military includes the former Military Transport Aircraft Division as well as A400M Airbus operations. Eliminations are treated at the Division level. Airbus Commercial figures for the half year and the second quarter of 2009 are now shown in detail and Airbus Military's EBIT* for the half year and the second quarter of 2009 have been restated to reflect the changes.

4) Total figure includes Headquarters Consolidation.



"A shared sense of pride"

SHAREHOLDER INFORMATION MEETING, PARIS, 29 JUNE 2010

"10 years after EADS' creation, we are now the only genuine competitor to the US industry giants within the aerospace sector," said EADS CEO Louis Gallois in his address to shareholders. Louis Gallois outlined the Group's main achievements over the past ten years in terms of growth dynamic, investment in technology and new product developments. "I think EADS employees can be proud

and shareholders can share that pride because they have contributed to this," he commented. Presenting the year's financial highlights, CFO Hans Peter Ring underlined that, while the 2009 result had been heavily impacted by programme provisions and a weakened dollar rate, the Group's fundamentals remain solid and the economic environment, though volatile, is improving.

Nathalie Errard Head of EADS Investor Relations, pointed out that despite the crisis EADS net cash and order book had grown between the end of 2007 and March 2010. Dominique Maudet, Head of Government Programmes at Eurocopter, gave a detailed insight into activities within the helicopter business.

Strength from a robust portfolio

ANNUAL GENERAL MEETING, AMSTERDAM, 1 JUNE 2010



At the EADS Annual General Meeting, EADS Chairman Bodo Uebber pointed out that, while the Group's 2009 results were heavily impacted by A400M provisions, currency headwinds and continuing challenges with the A380, the year had also illustrated the strength that comes with having a robust product portfolio. "In the middle of one of the worst global economic crises ever, EADS achieved stable revenues, which shows that EADS has built up a resilient group," he commented.

Held as in previous years in the Netherlands, where EADS has its legal seat, the AGM provided an opportunity for shareholders to express views and put questions to the EADS top management, including CEO Louis Gallois and CFO Hans Peter Ring. Topics of discussion included key programmes such as the A380, A400M and A350, defence exports, EADS' strategy in emerging markets and Group security policy.

All resolutions put to the vote were carried.

Full documentation and voting results of the Annual General Meeting are available at www.eads.com ←



UPTURN AT FARNBOROUGH

Signalling a clear upturn in the aviation industry, Airbus announced commitments at the 2010 Farnborough Air Show for 255 aircraft, valued at around \$28 billion.

The commitments included firm orders for 133 aircraft worth more than \$13 billion, plus memorandum of understanding agreements for a further 122 aircraft totalling around \$15 billion.

The aerobatic flight displays of the A400M were amongst the highlights of the show, which was held on the outskirts of London, UK from 19-25 July.

< The A400M shows off its aerial virtuosity in the skies above Farnborough. >

BERLIN AIR SHOW

During the 2010 ILA Berlin Air Show, which ran from 8 to 13 June, Airbus announced commitments covering a total of 67 aircraft, valued at over \$15.3 billion. These commitments include firm orders for 32 A380 aircraft worth around \$11.5 billion, plus Memorandum of Understanding (MoU) agreements for a further 35 aircraft totalling around \$3.8 billion. The highlight of the show was the firm order from Emirates Airline for 32 A380s.

Oriental dress: flight attendants and A380 dazzle in Emirates livery. >



THE FULL RANGE

EADS' products are technically impressive and innovative, but they are also wide-ranging, as a Group of investors discovered at a special guided tour of the EADS ILA stand.

Exhibits on view and explained to investors included scale models, mock-ups and simulations representing all EADS business activities, from commercial aircraft to satellites, from helicopters to complete integrated security systems.

< Investors got a close view of the EC145 helicopter during their tour of the stand. >

MILITARY INSPECTION

EADS retail investors had the chance to witness first hand the industrial reality of one of Europe's flagship defence programmes during a special visit to the EADS Military Air Systems site in Manching on 18 May 2010. The visit included a tour of the Eurofighter final assembly line, as well as a look at AWACS and maritime patrol aircraft undergoing maintenance and overhaul work. The group, expertly guided by EADS DS Head of Protocol Hilmar Eckert, also saw a collection of historical aircraft. EADS Military Air Systems is a business unit of the EADS DS Division. The Manching site is located in the south of Germany.

Souvenir snapshot: shareholders pose in front of an historic fighter plane. >





Ten years of growth



Ten years ago, EADS' predecessor companies joined forces, merging European industrial assets and capabilities to create a powerful competitor on the global aerospace and defence market. In July 2000, EADS shares were offered for sale at the Paris, Frankfurt and Madrid stock exchanges for the first time.

For EADS, the tenth anniversary is not only an occasion to celebrate past achievements, but also a time to reflect on future goals. By inviting schoolchildren to join as guests of honour the 10 year celebrations, entitled "Dreaming up my future", EADS chose to focus on what lies ahead.

The achievements of the past ten years show that EADS has laid solid foundations for the future and maintained a vigorous growth dynamic. This bodes well for the Group's goals for the next decade of revenue growth and improving profitability, while establishing a better balance of activities and driving eco-efficient innovation.

SOME KEY EVENTS

2000

10.7.2000

Day One: EADS IPO on the Frankfurt, Madrid and Paris stock exchanges.



22.3.2002

Roll out of the first Tiger combat helicopter. The Tiger helicopter has since been proving its serviceability while operating in Afghanistan with the French forces.

2010

11.12.2009

First flight of A400M. By July 2010, three A400M development aircraft had completed a total of 400 flight hours.



1.12.2006

Industrial launch of A350 XWB programme.



Already EADS can point to impressive advances, at least one for every year:

TOP-LINE GROWTH

In the ten years since its formation, EADS business activity has steadily grown, reflecting the robustness of its underlying business. In 2009, Group revenues at € 42.8 billion were up 77% from their 2000 level.

LONG-TERM STABILITY

A strong order book provides a platform for long-term business stability. Already in 2000, the Group order book was at an impressive € 131.9 billion. By 2009, the figure had nearly trebled to € 389.1 billion.

FINANCIAL FLEXIBILITY

Solid liquidity is an asset in times of economic crisis allowing continued investment in future programmes. At the end of 2009, EADS' net cash at € 9.8 billion was at almost eight times its 2000 level.

COMMITMENT TO INNOVATION

Throughout its ten years, EADS has maintained a clear focus on innovation. The Group has filed more than 7,000 new patents since 2000 and leads the aerospace industry in this field. In the same period, EADS has established offerings in five new market segments with UAVs, Global Security solutions, the Multi-Role Tanker Transport aircraft, the A400M military transporter and the eco-efficient A380.

COMMERCIAL MOMENTUM

Through vigilant management and effective matching of production rates to demand, business at Airbus and Eurocopter has grown steadily over the past decade, in spite of economic downturns. In 2009, Airbus' commercial deliveries at 498 aircraft were up 60% on the 2000 level. Over the same period, Eurocopter deliveries almost doubled.

COMMERCIAL RESILIENCE

Airbus' attractive and competitive range of aircraft continues to meet the evolving demands of its customers. Over the past ten years Airbus' commercial order book has more than doubled.

BROAD PORTFOLIO GROWTH

Business at the Defence & Security, Astrium and Eurocopter Divisions has grown substantially over the past ten years. Combined revenues of non-Airbus activities rose over the period, from € 10.1 billion in 2000 to € 15.8 billion in 2009.

PROFITABILITY IN DEFENCE & SECURITY, ASTRIUM AND EUROCOPTER DIVISIONS

Careful nurturing of core programmes as well as successfully executed turnaround initiatives have contributed to a significant improvement in performance at the defence, space and helicopter Divisions. The combined EBIT of non-Airbus activities of € 994 million in 2009 represents an almost four-fold increase on the 2000 figure of € 253 million.

HIGH-TECH FOOTPRINT

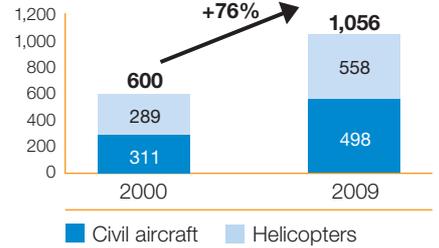
EADS has continued to invest in qualified know-how in Europe and beyond. 15,000 high-tech jobs have been created since 2000.

CURRENCY PROTECTION

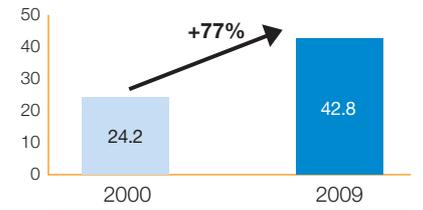
Between 1 January 2000 and 31 December 2009, the US dollar lost 30% in value against the euro. EADS has minimised the impact on its profits through strategic hedging and increased US dollar sourcing.

All figures have been adjusted to reflect perimeter changes.

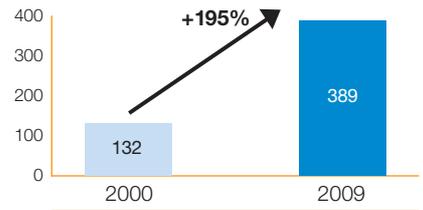
DELIVERIES (No. of aircraft)



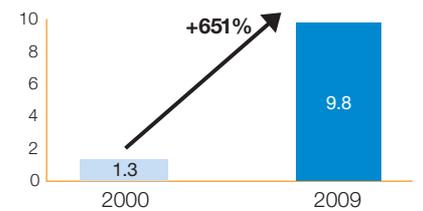
REVENUES (in € billion)



ORDER BOOK (in € billion)



NET CASH (in € billion)



20.6.2003

Arianespace selects EADS Space as prime contractor for the delivery of 30 Ariane launchers.



30.4.2004

First production Eurofighter aircraft officially enter service. Today, more than 200 Eurofighters are in service with six nations.

5.12.2005

Launch of EC175 programme in cooperation with Chinese industry, first flight takes place 17.12.2009.



27.5.2005

A380 successfully completes its maiden flight. By the end of 2009, 23 A380 were in regular service and nearly 4 million passengers had flown on the eco-efficient giant.



THE ANNUAL REPORT 2009 IS AVAILABLE NOW

You can download or order copies at www.eads.com (under Investor Relations)



SHAREHOLDER CALENDAR

- **5 OCTOBER 2010:**
Investor information meeting, Annecy, France
- **7 OCTOBER 2010:**
Shareholder site visit, Bremen, Germany
Investor information meeting, Bremen, Germany
- **27 OCTOBER 2010:**
Investor information meeting, Düsseldorf, Germany
- **12 NOVEMBER 2010:**
EADS 9-months results
- **19 NOVEMBER 2010:**
Salon Actionaria, Paris, France
- **25 NOVEMBER 2010:**
Investor information meeting, Montpellier, France
- **30 NOVEMBER 2010:**
Investor information meeting, Berlin, Germany
- **9 DECEMBER 2010 :**
Investor information meeting, Tours, France
- **16 DECEMBER 2010:**
Investor information meeting, Lyon, France

TAKE PART IN OUR SHAREHOLDER EVENTS AND VISITS

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.

Your EADS shares

STOCK PRICE EVOLUTION

On 3 September 2010

Base 100 dated 2 January 2007

EADS stock price (in €)



10 year evolution from 10 July 2000 to 10 July 2010:

EADS : -3% CAC 40 : -45% DAX : -14%

Profile

ISIN Code	NL0000235190
Number of issued shares as of 31 December 2009	816 150 511
High in 2010 on Paris Stock Market	€ 18.68 on 5 August
Low in 2010 on Paris Stock Market	€ 13.55 on 15 February
Earnings Per Share (EPS) 2009	€ -0,94

Capital structure

As of 30 June 2010



- 22.46% **Sogeade Lagardère and Sogepa** (French state holding Company)
- 22.46% **Daimler***
- 5.48% **SEPI** (Spanish state holding Company)
- 49.22% **Institutional, retail and employee ownership** + Shares held out of the contractual partnership by the French state
- 0.38% **Treasury Shares** (Shares without economic or voting rights)

* On 9 February 2007, Daimler reached an agreement with a consortium of private and public sector investors by which it effectively reduced its shareholding in EADS by 7.5%, while retaining its voting rights over the entire 22.5% package of EADS shares.

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L'COMFI

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