First half-year 2010 Financial Report

2010 Semi-Annual Report of the Board of Directors

1. Semi-Annual Report on Activities

Main Events in the first half-year of 2010

For an overview of the main events that occurred during the first half of 2010 and their impact on the Unaudited Condensed Consolidated Financial Information of EADS for the six-month period ended 30 June 2010 (the "**Semi-Annual Financial Statements**"), please refer to the press release to be issued on 30 July 2010, available on EADS' website www.eads.com.

For further information regarding EADS' activities, finances, financing, risk factors and corporate governance, please refer to EADS' website www.eads.com (Investor Relations) and the documents posted thereon.

Related Party Transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto.

2. Risk Factors

For a description of the main risks and uncertainties facing EADS for the remainder of 2010 and thereafter, please refer to Section 5.4 of the Report of the Board of Directors on activities during the 2009 financial year (the "**2009 Annual Board Report**"), available on EADS' website www.eads.com.

For further information relating to the A400M program in particular, see the press release to be issued on 30 July 2010 as well as the A400M-related section of the notes to the Semi-Annual Financial Statements.

3. Semi-Annual Financial Statements

The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants L.L.P. and KPMG Accountants N.V., are attached hereto.

4. Statement of the Board of Directors

The Board of Directors of EADS hereby declares that, to the best of its knowledge:

(i) the Semi-Annual Financial Statements for the period ended 30 June 2010 give a true and fair view of the assets, liabilities, financial position and profits or losses of EADS and undertakings included in the consolidation taken as a whole; and

(ii) this Semi-Annual Board Report (which includes the press release issued on 30 July 2010) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2010 financial year and expected course of events of EADS and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

Leiden, 29 July 2010

The Board of Directors

Bodo Uebber, Chairman

Louis Gallois, Chief Executive Officer

Rolf Bartke, Director

Dominique D'Hinnin, Director

Juan Manuel Eguiagaray Ucelay, Director

Arnaud Lagardère, Director

Hermann-Josef Lamberti, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Wilfried Porth, Director

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the six-month period ended June 30, 2010

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - June 30, 2010		January 1 - June 30, 2009		Deviation
	M €	%	M €	%	M €
Revenues	20,308	100	20,195	100	113
Cost of sales	-17,626	-87	-17,194	-85	-432
Gross margin	**2,682**	**13**	**3,001**	**15**	**-319**
Selling, administrative & other expenses	-1,146	-5	-1,124	-5	-22
Research and development expenses	-1,301	-6	-1,172	-6	-129
Other income	89	0	89	0	0
Share of profit from associates under the equity method and other income from investments	60	0	67	0	-7
Profit before finance result and income taxes	**384**	**2**	**861**	**4**	**-477**
Interest income	166	1	203	1	-37
Interest expense	-280	-1	-243	-1	-37
Other financial result	5	0	-267	-1	272
Finance result	**-109**	**0**	**-307**	**-1**	**198**
Income taxes	-88	-1	-174	-1	86
Profit for the period	**187**	**1**	**380**	**2**	**-193**
Attributable to:					
Equity owners of the parent **(Net income)**	**185**	**1**	**378**	**2**	**-193**
Non-controlling interests	2	0	2	0	0
Earnings per share	€		€		€
Basic and diluted	0.23		0.47		-0.24

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2010 and 2009

	April 1 - June 30, 2010		April 1 - June 30, 2009		Deviation
	M €	%	M €	%	M €
Revenues	11.358	100	11.728	100	-370
Cost of sales	-9.782	-86	-9.934	-85	152
Gross margin	**1.576**	**14**	**1.794**	**15**	**-218**
Selling, administrative & other expenses	-619	-5	-576	-5	-43
Research and development expenses	-729	-6	-610	-5	-119
Other income	41	0	19	0	22
Share of profit from associates under the equity method and other income from investments	42	0	18	0	24
Profit before finance result and income taxes	**311**	**3**	**645**	**5**	**-334**
Interest income	84	1	81	1	3
Interest expense	-145	-2	-112	-1	-33
Other financial result	-125	-1	-307	-2	182
Finance result	**-186**	**-2**	**-338**	**-2**	**152**
Income taxes	-41	0	-97	-1	56
Profit for the period	**84**	**1**	**210**	**2**	**-126**
Attributable to:					
Equity owners of the parent **(Net income)**	**82**	**1**	**208**	**2**	**-126**
Non-controlling interests	2	0	2	0	0
Earnings per share	€		€		€
Basic and diluted	0,10		0,26		-0,16

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - June 30, 2010	January 1 - June 30, 2009
Profit for the period	**187**	**380**
Foreign currency translation differences for foreign operations	178	-296
Net change in fair value of cash flow hedges	-7,452	1,374
Net change in fair value of available-for-sale financial assets	-187	79
Actuarial losses on defined benefit pension plans	-550	-199
Tax on income and expense recognized directly in equity	2,461	-429
Other comprehensive income, net of tax	**-5,550**	**529**
Total comprehensive income of the period	**-5,363**	**909**
Attributable to:		
Equity owners of the parent	-5,362	907
Non-controlling interests	-1	2
Total comprehensive income of the period	**-5,363**	**909**

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	June 30, 2010		December 31, 2009		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,151	13	11,060	14	91	1
Property, plant and equipment	13,016	16	12,586	16	430	3
Investments in associates under the equity method	2,376	3	2,514	3	-138	-5
Other investments and long-term financial assets	2,686	3	2,210	3	476	22
Other non-current assets	1,785	2	2,783	3	-998	-36
Deferred tax assets	5,456	7	2,656	3	2,800	105
Non-current securities	4,186	5	3,983	5	203	5
	40,656	49	37,792	47	2,864	8
Current assets						
Inventories	23,819	29	21,577	27	2,242	10
Trade receivables	5,952	7	5,587	7	365	7
Other current assets	3,698	4	4,238	5	-540	-13
Current securities	3,997	5	4,072	5	-75	-2
Cash and cash equivalents	5,328	6	7,038	9	-1,710	-24
	42,794	51	42,512	53	282	1
Total assets	**83,450**	**100**	**80,304**	**100**	**3,146**	**4**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	816	1	816	1	0	0
Reserves	6,944	8	7,182	9	-238	-3
Accumulated other comprehensive income	-2,494	-3	2,646	3	-5,140	-194
Treasury shares	-117	0	-109	0	-8	7
	5,149	6	10,535	13	-5,386	-51
Non-controlling interests	90	0	106	0	-16	-15
	5,239	6	10,641	13	-5,402	-51
Non-current liabilities						
Non-current provisions	8,760	11	8,137	10	623	8
Long-term financing liabilities	3,029	4	2,867	4	162	6
Deferred tax liabilities	1,070	1	751	1	319	42
Other non-current liabilities	21,091	25	15,532	19	5,559	36
	33,950	41	27,287	34	6,663	24
Current liabilities						
Current provisions	5,954	7	5,883	8	71	1
Short-term financing liabilities	1,618	2	2,429	3	-811	-33
Trade liabilities	8,468	10	8,217	10	251	3
Current tax liabilities	212	0	220	0	-8	-4
Other current liabilities	28,009	34	25,627	32	2,382	9
	44,261	53	42,376	53	1,885	4
Total liabilities	78,211	94	69,663	87	8,548	12
Total equity and liabilities	**83,450**	**100**	**80,304**	**100**	**3,146**	**4**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	January 1 - June 30, 2010	January 1 - June 30, 2009
	M €	M €
Profit for the period attributable to equity owners of the parent (Net income)	**185**	**378**
Profit for the period attributable to non-controlling interests	2	2
Adjustments to reconcile profit for the period to cash provided by (used for) operating activities		
Depreciation and amortization	764	802
Valuation adjustments	-367	192
Deferred tax (income) expense	-2	109
Change in income tax assets, income tax liabilities and provisions for income tax	84	71
Results on disposal of non-current assets	-18	-33
Results of companies accounted for by the equity method	-52	-45
Change in current and non-current provisions	278	-125
Change in other operating assets and liabilities	-815	-1,898
Cash provided by (used for) operating activities	**59**	**-547**
Investments:		
- Purchase of intangible assets, PPE	-810	-752
- Proceeds from disposals of intangible assets, PPE	10	10
- Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	-4	0
- Proceeds from disposals of subsidiaries (net of cash)	0	13
- Payments for investments in associates and other investments and long-term financial assets	-90	-56
- Proceeds from disposals of associates and other investments and long-term financial assets	57	34
- Dividends paid by companies valued at equity	41	27
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	0	102
Change in securities	-76	1,647
Contribution to plan assets for pensions	-316	0
Cash (used for) provided by investing activities	**-1,188**	**1,025**
Change in long-term and short-term financing liabilities	-765	-74
Cash distribution to EADS N.V. shareholders	0	-162
Dividends paid to non-controlling interests	-5	0
Capital increase and changes in non-controlling interests	-22	1
Change in treasury shares	-8	2
Cash (used for) financing activities	**-800**	**-233**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	219	14
Net (decrease) increase in cash and cash equivalents	**-1,710**	**259**
Cash and cash equivalents at beginning of period	**7,038**	**6,745**
Cash and cash equivalents at end of period	**5,328**	**7,004**

As of June 30, 2010, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 705 M € (751 M € as of December 31, 2009), which represents EADS' share in MBDA's cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

Unaudited Condensed IFRS Consolidated Statements of Changes in Equity

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive income	907	2	909
Cash distribution to shareholders	-162	0	-162
Capital increase	0	1	1
Change in treasury shares	2	0	2
Others	7	0	7
Balance at June 30, 2009	**11,776**	**107**	**11,883**
Balance at January 1, 2010	**10,535**	**106**	**10,641**
Total comprehensive income	-5,362	-1	-5,363
Capital decrease	-19	-3	-22
Change in treasury shares	-8	0	-8
Dividends	0	-5	-5
Others	3	-7	-4
Balance at June 30, 2010	**5,149**	**90**	**5,239**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at June 30, 2010

1. The Company

The accompanying Unaudited Condensed Consolidated Financial Statements present the operations of **European Aeronautic Defence and Space Company EADS N.V.** and its subsidiaries ("EADS" or the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). EADS' core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the six-month period ended June 30, 2010 were authorized for issue by EADS' Board of Directors on July 29, 2010.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU).

EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and as endorsed by the EU and Part 9 of Book 2 of the Netherlands Civil Code. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

These Unaudited Condensed IFRS Interim Consolidated Financial Statements should be read in conjunction with EADS' Consolidated Financial Statements as of December 31, 2009.

Financial reporting rules applied for the first time in the first half-year 2010

The following revised or amended Standards were applied for the first time in the first half-year 2010 and are effective for EADS as of January 1, 2010. If not otherwise stated, the following revised or amended standards do not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The amendment to IFRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions" amends the definitions in IFRS 2 for transactions and arrangements, as well as the scope of the Standard. In addition, guidance is given for accounting for share-based payment transactions amongst group entities.

IFRS 3R "Business Combinations" and IAS 27 (amend.) "Consolidated and Separate Financial Statements" is mandatory for EADS since January 1, 2010. IFRS 3R introduces a number of changes in the accounting for business combinations that are likely to be relevant to EADS' operations: The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations. Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss. Transaction costs, other than share and debt issue costs, will be expensed as incurred. Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss. Any non-controlling interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. Further, IAS 27 (amend.) requires that a change in the ownership interest of a subsidiary without gaining or losing control is accounted for as an equity transaction. Therefore such transactions regarding changes in non-controlling interest will no longer give rise to goodwill, nor will it give rise to a gain/loss.

The objective of the Amendment "Eligible Hedged Items – Amendment to IAS 39 "Financial Instruments: Recognition and Measurement"" is to propose rules-based amendments to IAS 39 to simplify the hedge accounting requirements by clarifying the risks that may be designated as hedged risks and the portion of cash flows of a financial instrument that may be designated as a hedged item.

In April 2009, the IASB issued its second omnibus of amendments to its standards containing 15 amendments to 10 IFRS Standards and 2 Interpretations. The amendments refer to a broad set of IFRS Standards and Interpretations including IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16. Furthermore, the amendments made to IFRS 5 due to the Annual Improvement Project 2008 were also applied by EADS for the first time in the first half-year 2010.

The following endorsed Interpretations were also required to be applied for the first time in the first half-year 2010. These Interpretations have no material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

IFRIC 12 "Service Concession Arrangements"

IFRIC 17 "Distribution of Non-Cash Assets to Owners"

IFRIC 18 "Transfers of Assets from Customers"

New financial reporting rules issued during the first half-year 2010

The following minor amendments were published during the first half-year 2010, which are not expected to have an impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

In May 2010, the IASB issued its third omnibus of amendments to its standards affecting 6 IFRS Standards and 1 Interpretation, including IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

3. Accounting for the A400M program

EADS resumed the common percentage of completion method for the A400M program from end of 2009 onwards, i.e. A400M related contract revenues and contract costs are recognised as revenues and expenses respectively by reference to the stage of completion of the A400M contract activity at the reporting date.

The technical progress of the A400M program - amongst other including further successful test flights, the first flight of the second prototype aircraft on April 9, 2010 and the approval of the Development Phase Quality Plan by OCCAR - resulted in the recognition of A400M related revenues of 314 M€ until June 30, 2010 with reference to the current milestone structure.

EADS/Airbus/AMSL and the Launch Nations continued their negotiations since March 5, 2010 in view of transforming the "A400M Understanding" into a contract amendment and a related export levy facility scheme. The direction of these negotiations confirmed in principle the assumptions of EADS' management used for the year end reporting 2009. As previously released, a reassessment of these assumptions could have a significant impact on future results.

In the meantime the A400M flight test program 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.

As of June 30, 2010 the A400M provision amounts to 2,677 M€ (prior year end 2,464 M €). The variation is mainly due to foreign currency impacts.

For further information on the A400M program and relating accounting impacts including potential impacts in case of a reassessment of the determining elements of the A400M provision see note 3 "Accounting for the A400M program" in the notes to the Consolidated Financial Statements for the year ending December 31, 2009.

4. Changes in the consolidation perimeter of EADS

In 2008, EADS concluded negotiations with GKN to divest its Airbus site in Filton (UK). The closing of the sale occurred on January 5, 2009.

On January 7, 2009, DAHER acquired a 70% majority share of EADS SOCATA. The remaining 30% of EADS SOCATA are accounted for using the equity method and presented in “Other Businesses”.

Apart from these transactions, other acquisitions or disposals by the Group that occurred in the first six months of 2010 or 2009, respectively, are not material.

5. Segment information

The Group operates in five reportable segments which reflect the internal organizational and management structure according to the nature of the products and services provided.

- *Airbus Commercial* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion.
- *Airbus Military* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft. Airbus Military integrates the former Military Transport Aircraft Division (MTAD) and Airbus A400M operations.

The above mentioned reportable segments Airbus Commercial and Airbus Military form the Airbus Division.

- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space services.
- *Defence & Security* — Development, manufacturing, marketing and sale of missiles systems, military combat aircraft and training aircraft; provision of defence electronics and of global security market solutions such as integrated systems for global border security and secure communications solutions and logistics; training, testing, engineering and other related services.

The following table presents information with respect to the Group’s business segments. “Other Businesses” mainly comprises the development, manufacturing, marketing and sale of regional turboprop aircraft, aircraft components as well as the Group’s activities managed in the US. Consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments are disclosed in the column “HQ / Conso.”.

in M €	Airbus Commer-cial	Airbus Military	Euro-copter	Astrium	Defence & Security	Other Busines-ses	Total segments	HQ/ Conso.	**Consoli-dated**
Six-month period ended June 30, 2010									
Revenues	12,965	1,007	2,109	2,110	2,183	554	20,928	-620	**20,308**
Research and development expenses	-1,021	-3	-94	-31	-123	-2	-1,274	-27	**-1,301**
Profit (loss) before finance result and income taxes	228	-162	70	104	107	0	347	37	**384**
EBIT pre-goodwill imp. and exceptionals (see definition below)	241	-161	71	106	110	0	367	39	**406**
Six-month period ended June 30, 2009									
Revenues	13,204	855	1,908	2,194	2,161	480	20,802	-607	**20,195**
Research and development expenses	-930	-7	-78	-32	-90	-2	-1,139	-33	**-1,172**
Profit (loss) before finance result and income taxes	726	-219	98	97	134	2	838	23	**861**
EBIT pre-goodwill imp. and exceptionals (see definition below)	737	-218	99	99	143	2	862	26	**888**

The presentation for Airbus Commercial ,Airbus Military and HQ/Conso. for the first half-year 2009 is adjusted according to the presentation for the first half-year 2010.

6. EBIT pre-goodwill impairment and exceptionals

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. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions. EBIT pre-goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments’ economic performances.

The reconciliation from profit before finance result and income taxes to EBIT pre-goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1- June 30, 2010	January 1- June 30, 2009
Profit before finance result and income taxes	**384**	**861**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	22	27
EBIT pre-goodwill impairment and exceptionals	**406**	**888**

7. Significant income statement items

Revenues of 20,308 M € (first half-year 2009: 20,195 M €) increase by +113 M €, mainly at Eurocopter and Airbus Military. Revenues of Airbus Military include milestones of the A 400M program reached in the second quarter leading to a revenue recognition of +314 M € (first half-year 2009: 295 M € recognized under the early stage method of accounting). Moreover, Other Businesses and Defence & Security contributed positively. Positive mix effects in Airbus Commercial are more than offset by an unfavorable US dollar impact as well as reduced revenues in Astrium division.

The **Gross Margin** decreases by -319 M € to 2,682 M € compared to 3,001 M € in the first half-year of 2009. This reduction is mainly related to unfavorable foreign exchange rate effects at Airbus Commercial.

Research and development expenses increase by -129 M € to -1,301 M € (first half-year 2009: -1,172 M €), principally reflecting an increase for the Airbus A350XWB and some Defence and Eurocopter programs partly compensated by a decrease for the Airbus A330-220F program.

Other income of 89 M € (first half-year 2009: 89 M €) includes the gain on the disposal of DASELL Cabin Interior GmbH, Hamburg with +16 M € (while first half-year 2009 includes the gain on the disposal of Filton site in the amount of +33 M €).

Share of profit from associates under the equity method and other income from investments of 60 M € (first half-year 2009: 67 M €) is mainly influenced by the expected result from Dassault Aviation of 66 M € (first half-year 2009: 59 M €). The Dassault Aviation equity accounted-for income in the first half-year 2010 includes a positive catch-up on 2009 results amounting to 3 M € (first half-year 2009: 4 M € positive catch-up on 2008 results).

Finance result amounts to -109 M € (first half-year 2009: -307 M €) mainly including interest result of -114 M € (first half-year 2009: -40 M €) reflecting decreasing interest rates on cash balances. Other financial result amounts to 5 M € (first half-year 2009: -267 M €) and includes the positive impact from foreign exchange translation of monetary items (313 M €, first half-year 2009: 126 M €), nearly compensated by charges from the negative revaluation of financial instruments (-156 M €, first half-year 2009: -213 M €), mainly from embedded derivatives, and the unwinding of discounted provisions (-152 M €, first half-year 2009: -180 M €).

EADS separates derivatives with a nominal amount of 1.4 billion USD, embedded in supplier host contracts which relate to the A400M program. Changes in the fair value of these embedded derivatives in the amount of -178 M € are recognized in other financial result of the first half-year 2010.

EADS further refined the foreign exchange rate treatment in its income statement.

In this respect, a natural hedge relationship between 0.9 billion USD of forward purchase of USD and A400M USD costs is taken into account since January 1, 2010. Under this natural hedge relationship, both the re-measurement gains and losses on the naturally hedged USD costs in the A400M loss making contract on one side and the offsetting changes of the USD forward instruments involved in the natural hedge on the other side are presented in EBIT.

Following a refined hedging policy, a natural hedge relationship is identified since April 1, 2010 between the USD denominated trade payables and USD treasury swaps. Under the natural hedge relationship established in the second quarter 2010 both the re-measurement gains and losses on the hedged trade liabilities and credit notes on one side and the offsetting changes of the foreign exchange rate swaps involved in the hedge on the other side are recorded in EBIT. The foreign currency re-measurement of USD treasury swaps therefore recorded in EBIT instead of financial result is a net gain of +186 M € as of June 30, 2010.

The **income tax** expense of -88 M € (first half-year 2009: -174 M €) corresponds to an effective income tax rate of 32% (first half-year 2009: 31%).

8. Significant items of the statements of financial position

Non-current assets

Intangible assets of 11,151 M € (prior year-end: 11,060 M €) include 9,808 M € (prior year-end: 9,741 M €) of goodwill. This mainly relates to Airbus Commercial (6,425 M €), Defence & Security (2,548 M €), Astrium (616 M €) and Eurocopter (111 M €). The last annual impairment tests, which were performed in the fourth quarter 2009, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +361 M €, **property, plant and equipment** increase by +69 M € to 13,016 M € (prior year-end: 12,586 M €), including leased assets of 726 M € (prior year-end: 703 M €). Property, plant and equipment also comprise “Investment property” amounting to 76 M € (prior year-end: 78 M €).

Investments in associates under the equity method of 2,376 M € (prior year-end: 2,514 M €) mainly reflect the decrease in the equity investment in Dassault Aviation, amounting to 2,249 M € (prior year-end: 2,380 M €).

Other investments and other long-term financial assets of 2,686 M € (prior year-end: 2,210 M €) are related to Airbus for an amount of 2,157 M € (prior year-end: 1,691 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of +194 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -998 M € to 1,785 M € (prior year-end: 2,783 M €) is mainly caused by the negative variation of the non-current portion of fair values of derivative financial instruments (-1,006 M €).

Deferred tax assets of 5,456 M € (prior year-end: 2,656 M €) are presented as non-current assets as required by IAS 1. The increase is mainly due to the negative variation of fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets (301 M €, prior year-end: 1,307 M €), in other current assets (271 M €, prior year-end: 937 M €), in other non-current liabilities (4,981 M €, prior year-end: 732 M €) and in other current liabilities (1,796 M €, prior year-end: 220 M €) which corresponds to a total net fair value of -6,205 M € (prior year-end: 1,292 M €). The volume of hedged US dollar-contracts increases from 60.8 billion US dollar as at December 31, 2009 to a net of 70.1 billion US dollar as at June 30, 2010. The US dollar vanilla options of 2 billion US dollar as of December 31, 2009 were sold. Collars in the amount of 1.2 billion US dollar were purchased. The US dollar spot rate became more favorable (USD/€ spot rate of 1.23 at June 30, 2010 vs. 1.44 at December 31, 2009). The average US dollar hedge rate for the hedge portfolio of the Group improves slightly from 1.39 USD/€ as at December 31, 2009 to 1.38 USD/€ as at June 30, 2010, respectively.

Current assets

Inventories of 23,819 M € (prior year-end: 21,577 M €) increase by +2,242 M €. This is mainly driven by an increase in unfinished goods and services in Airbus Division (+917 M €), at Eurocopter (+238 M €) coming from commercial programs as well as governmental programs (NH

90 and Tiger) and at Defence & Security (+561 M €, thereof +172 M € for the Eurofighter program). Additionally, Airbus records higher finished goods for aircraft on stock (+280 M €).

Trade receivables increase by +365 M € to 5,952 M € (prior year-end: 5,587 M €), mainly caused by Astrium (+336 M €).

Other current assets include “Current portion of other long-term financial assets”, “Current other financial assets”, “Current other assets” and “Current tax assets”. The decrease of -540 M € to 3,698 M € (prior year-end: 4,238 M €) comprises among others a decrease of -666 M € in positive fair values of derivative financial instruments and reduced receivables from related companies (-133 M €, mainly Eurofighter Jagdflugzeug GmbH). This is partly compensated by increasing current other assets (+194 M €), comprising among others claims to tax rebates and current prepaid expenses.

Cash and cash equivalents decrease from 7,038 M € to 5,328 M € (see also note 9 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 5,149 M € (prior year-end: 10,535 M €). The decrease in equity is mainly due to a comprehensive income for the period of -5,362 M €, resulting from a negative net change in fair value of cash flow hedges and from actuarial losses on defined benefit pension plans (please refer to “non-current provisions”), partly offset by corresponding changes of deferred taxes.

Non-controlling interests slightly decrease to 90 M € (prior year-end: 106 M €).

Non-current liabilities

Non-current provisions of 8,760 M € (prior year-end: 8,137 M €) comprise the non-current portion of pension provisions with an increase of +445 M € to 5,525 M € (prior year-end: 5,080 M €). Compared with year-end 2009, the assumed discount rate applied to the calculation of pension provisions decreases from 5.3 % (Germany) and 5.25 % (France) to 4.4 % and from 5.7 % to 5.5 % (UK), leading to an increase of about 540 M € with a corresponding effect in actuarial losses in equity and deferred tax assets.

Moreover, other provisions are included in non-current provisions, which increase by +178 M € to 3,235 M €. The increase mainly reflects provisions for aircraft financing activities (+133 M €) due to foreign exchange rate effects and provisions for loss making contracts (+48 M €).

Long-term financing liabilities, which mainly comprise bonds, increase by +162 M € to 3,029 M € (prior year-end: 2,867 M €).

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increase in total by +5,559 M € to 21,091 M € (prior year-end: 15,532 M €). The increase mainly comes from the non-current portion of liabilities for derivative financial instruments (+4,249 M €), amounting to 4,981 M € (prior year-end: 732 M €) and the non-current portion of government receipts for development programs.

Current liabilities

Current provisions increase by +71 M € to 5,954 M € (prior year-end: 5,883 M €) and comprise the current portions of pensions (205 M €) and other provisions (5,749 M €). The increase mainly reflects provisions for loss making contracts (+183 M €) and for restructuring measures (+44 M €, thereof +67 M € reclassified from non-current provisions), partly reduced by provisions for outstanding costs (-81 M €) and provisions for personnel charges (-63 M €).

Short-term financing liabilities of 1,618 M € (prior year-end: 2,429 M €) decrease by -811 M €, mainly due to the repayment of the first tranche of the EMTN bond with an amount of 1 billion € in March 2010.

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +2,382 M € to 28,009 M € (prior year-end: 25,627 M €). Other current liabilities mainly comprise current customer advance payments of 21,904 M € (prior year-end: 21,271 M €). The rise is mainly caused by the increase of the current portion of liabilities for derivative financial instruments (+1,576 M €).

9. Significant cash flow items

Cash provided by / used for operating activities increases by +606 M € to +59 M € (first six months 2009: -547 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +874 M € falls below the prior period’s level (first six months 2009: +1,351 M €). The decrease is mainly affected by foreign exchange rate effects. Changes in other operating assets and liabilities amount to -815 M € (first six months 2009: -1,898 M €), mainly reflecting an increase in inventories, partly compensated by increases in government receipts for development programs as well as advance payments received.

Cash used for / provided by investing activities amounts to -1,188 M € (first six months 2009: +1,025 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -810 M € (first six months 2009: -752 M €), namely in Airbus division, contributions to plan assets for pensions of -316 M € (first six months 2009: 0 M €) and payments for investments in associates and other investments and long-term financial assets of -90 M € (first six months 2009: -56 M €).

Cash used for financing activities amounts to -800 M € (first six months 2009: -233 M €). The outflow comprises the repayment of the first tranche of the EMTN bond (1 billion €) included in financing liabilities.

10. Number of shares

The total number of shares outstanding is 810,584,337 and 809,964,924 as of June 30, 2010 and 2009, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first six months of 2010, the number of treasury shares held by EADS increased from 5,196,450 as of December 31, 2009 to 5,566,174 as of June 30, 2010.

In the first six months of 2010 EADS, issued 45,450 new shares (in the first six months 2009: no issuance of shares).

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity owners of the parent (Net income) by the weighted average number of issued ordinary shares during the period, excluding ordinary shares purchased by the Group and held as treasury shares:

	January 1 to June 30, 2010	January 1 to June 30, 2009
Net income attributable to equity owners of the parent	185 M €	378 M €
Weighted average number of ordinary shares outstanding	810,848,870	810,058,069
Basic earnings per share	0.23 €	0.47 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. After the end of the vesting period for the performance and restricted shares, the Group's only remaining category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares did not exceed the exercise price of any stock option plan initiated by the Group during the first six months of 2010 and 2009, no shares related to stock options were considered in the calculation of diluted earnings per share. In the first six months of 2009, 909,871 shares related to performance and restricted shares were considered in the calculation, since the average price of EADS shares during the first six months of 2009 exceeded the price of performance and restricted shares.

	January 1 to June 30, 2010	January 1 to June 30, 2009
Net income attributable to equity owners of the parent	185 M €	378 M €
Weighted average number of ordinary shares outstanding (diluted)	810,848,870	810,967,940
Diluted earnings per share	0.23 €	0.47 €

12. Related party transactions

The Group has entered into various transactions with related companies in the first six months of 2010 and 2009 that have all been carried out in the normal course of business. As it is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler AG, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI, such transactions are not considered material to the Group either individually or on aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security and Astrium divisions. The transactions with SEPI include mainly sales from Airbus Military and Defence & Security division.

13. Number of employees

The number of employees as at June 30, 2010 is 120,038 as compared to 119,506 as at December 31, 2009.

14. Litigation and claims

The following supplements and amends the discussion set forth under note 33 “Litigation and claims” in the notes to the Consolidated Financial Statements for the year ending December 31, 2009.

Paragraphs 2 and 3 are replaced by the following: In 2005, the liquidator of FlightLease Holdings Group (a SwissAir subsidiary and 50% shareholder of the special purpose vehicle GFAC, a joint venture between Swissair and GATX), prompted a lawsuit by GFAC against Airbus in a court in New York to recover USD 227 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus’ termination of a purchase agreement with GFAC in October 2001 for 38 single-aisle and long-range aircraft, in the context of Swissair’s bankruptcy. In 2006, the FlightLease liquidator brought a separate action before the commercial court of Paris to recover an additional USD 319 million in pre-delivery payments, together with interest and costs, on a separate purchase agreement between Airbus and a wholly owned subsidiary of FlightLease (which was also terminated by Airbus in the context of SwissAir’s bankruptcy). On 6 February 2009, the trial judge in the New York action decided in favor of GFAC. Airbus appealed the decision to the appellate division. In May 2010, while the decision on Airbus’ appeal in the New York lawsuit was still pending and before trial had commenced in the Paris lawsuit, the parties agreed on a confidential settlement to terminate all proceedings.

Paragraph 4 is amended by the following: Although EADS is not a party, EADS is supporting the European Commission in litigation before the WTO. On 30 June 2010 the final report was published in the case brought by the US which did not become binding because it was appealed. A draft decision in the case brought by the EU concerning subsidies to Boeing is expected in September 2010.

Paragraph 7 is replaced by the following: On 12 June 2008, two actions were initiated in the United States District Court for the Southern District of New York, one of which has since been voluntarily withdrawn. The remaining action purports to be a class action brought on behalf of all persons and entities residing in the United States who purchased or otherwise acquired EADS’ common stock during the period from 27 July 2005 through 9 March 2007. Named as defendants are EADS and four current or former executives of EADS and Airbus. The action seeks damages in an unspecified amount, with interest and attorneys’ fees, for alleged violations of the US securities laws in connection with financial disclosures issued by EADS in 2005, 2006 and 2007 and public statements made during that same time frame relating to A380 programme delays. On 26 March 2010, the Court granted defendants’ motion to dismiss for lack of subject matter jurisdiction. On 23 April 2010, plaintiff filed a notice of appeal of the Court’s decision.

Paragraph 10 is replaced by the following: On 10 November 2009, Airbus Military SL (AMSL) notified Europrop International GmbH (EPI), the engine manufacturer under the A400M aircraft programme, that it had a number of contractual claims against it for breach of Milestones 7, 8 and 9 under the engine agreement, in an amount currently totalling approximately 500 M €. On 8 February 2010, EPI notified AMSL of its own claims under the engine agreement in an amount totalling approximately 425 M €, and on 23 February 2010, EPI sent notice of its intent to seek arbitration, and of its sending of a request for arbitration to the International Chamber of

Commerce (ICC) on the same day. On 4 May 2010, AMSL and EPI entered into a Standstill Agreement to allow without prejudice business discussions and renegotiations, which are ongoing.

15. Subsequent events

On July 16, 2010, celebrating the initial public offering of EADS 10 years ago, it was announced, that each eligible employee of the Group will receive 10 shares of EADS. This “EADS 10 Years Anniversary Plan” is issued instead of the Employee Share Ownership Plan (ESOP) of 2010.

To: EADS N.V.:

Review report

Introduction

We have reviewed the condensed consolidated financial information of EADS N.V., Leiden ("EADS" or "the Company") for the six-month period ended June 30, 2010, which comprises the condensed consolidated statement of financial position as at June 30, 2010, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information for the six-month period ended June 30, 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion above, we draw attention to all of the specific disclosures made by the Company in its notes to the condensed consolidated financial information under Note 3 "Accounting for the A400M Program" in relation with the risks and uncertainties attached to the A400M program.

Rotterdam, July 29, 2010	Amsterdam, July 29, 2010
KPMG Accountants N.V. (signed by L.A. Blok)	Ernst & Young Accountants LLP (signed by F.A.L van der Bruggen)