First half-year 2013 Financial Report

2013 Semi-Annual Report of the Board of Directors……………………………….2

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the six-month period ended 30 June 2013.……………..……………………...4

Appendix: Review report of the independent auditors

2013 Semi-Annual Report of the Board of Directors

1. Semi-Annual Report on Activities

Main Events in the first half-year of 2013

For an overview of the main events that occurred during the first half of 2013 and their impact on the Unaudited Condensed IFRS Consolidated Financial Information of EADS for the six-month period ended 30 June 2013 (the "**Semi-Annual Financial Statements**"), please refer to the press release, which will be issued on 31 July 2013, available on EADS' website www.eads.com.

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

Related Party Transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto (see Note 12 "Related party transactions").

2. Risk Factors

The aerospace and defence industry's complex programmes, and its long-term returns on investment delivered over volatile market cycles, amplify risk and opportunity. By systematically integrating enterprise risk management (ERM) across the Group, EADS is mitigating risk and increasing opportunity, so supporting value creation.

For a description of the Enterprise Risk Management system, the main risks and uncertainties, please refer to the

a. EADS Report of the Board of Directors 2012 (sections 4.5 and 4.6) (http://www.eads.com/dms/eads/int/en/investor-relations/documents/2013/AGM/2012-Report-of-the-Board-of-Directors/2012%20Report%20of%20the%20Board%20of%20Directors.pdf),

b. EADS Registration Document 2012 (section "Risk Factors") (http://www.eads.com/dms/eads/int/en/investor-relations/documents/2013/AGM/EADS-Annual-Review-2012/EADS%20Annual%20Review%202012.pdf), and

c. EADS Corporate Responsibility & Sustainability Report 2012 (p14/15) (http://www.eads.com/dms/eads/int/en/our-responsibilities/CSR-Report/New-CRS-Report/New%20CRS%20Report.pdf)

3. Semi-Annual Financial Statements

The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants LLP 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 2013 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, which will be issued on 31 July 2013) 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 2013 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.

30 July 2013,

The Board of Directors

Denis Ranque, Chairman

Dr. Thomas Enders, Chief Executive Officer

Manfred Bischoff, Director

Ralph D. Crosby, Director

Hans-Peter Keitel, Director

Hermann-Josef Lamberti, Director

Anne Lauvergeon, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Josep Piqué i Camps, Director

Jean-Claude Trichet, Director

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the six-month period ended 30 June 2013

Unaudited Condensed IFRS Consolidated Income Statements ……………………………......…5

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2013 and 2012……………………………………..…………………….……………….....…6

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income……………...7

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income for the the second quarter 2013 and 2012………………………………………………………………..8

Unaudited Condensed IFRS Consolidated Statements of Financial Position………...……...…9

Unaudited Condensed IFRS Consolidated Statements of Cash Flows…………...………………10

Unaudited Condensed IFRS Consolidated Statements of Changes in Equity..………………........11

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 June 2013………………………………………….……...……….……...…...........12

1. **The Company…………………………………………………………………………..……12**
2. **Accounting policies…………..……………………………………………….…….…........12**
3. **Acquisitions and other M&A transactions………. ………………………………………..…13**
4. **Segment information…………………………..……………………………...…....…..13**
5. **EBIT pre-goodwill impairment and exceptionals…..….…..……………………………….…16**
6. **Significant income statement items………………………….……….……………….......16**
7. **Significant items of the statement of financial position……..……………………...….......17**
8. **Significant cash flow items…………………………………………………..…...…..……19**
9. **Financial instruments………………………………………………………………………..19**
10. **Number of shares…………………………………….………….....................................23**
11. **Earnings per share…………………………….……………………….…….…...………..24**
12. **Related party transactions.………………..…………………...……………………….…..…24**
13. **Number of employees ……………………………………………………………........……26**
14. **Litigation and claims …..……………………………………………………………........………26**
15. **Subsequent events……………………………………………………………………………27**

Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 30 June 2013		1 January - 30 June 2012		Deviation
	M €	%	M €	%	M €
Revenues	26,332	100	24,934	100	1,398
Cost of sales *)	-22,169	-84	-21,222	-85	-947
Gross margin *)	**4,163**	**16**	**3,712**	**15**	**451**
Selling, administrative & other expenses *)	-1,523	-6	-1,460	-6	-63
Research and development expenses	-1,414	-5	-1,425	-6	11
Other income	84	0	84	0	0
Share of profit from associates under the equity method and other income from investments	154	1	127	1	27
Profit before finance result and income taxes *)	**1,464**	**6**	**1,038**	**4**	**426**
Interest income	92	0	129	0	-37
Interest expense	-264	-1	-272	-1	8
Other financial result	-235	-1	-96	0	-139
Finance result	**-407**	**-2**	**-239**	**-1**	**-168**
Income taxes *)	-297	-1	-221	-1	-76
Profit for the period *)	**760**	**3**	**578**	**2**	**182**
Attributable to:					
Equity owners of the parent **(Net income) *)**	**759**	**3**	**579**	**2**	**180**
Non-controlling interests	1	0	-1	0	2
Earnings per share	€		€		€
Basic and diluted *)	0.94		0.71		0.23

*) Previous year’s figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2013 and 2012

	1 April - 30 June 2013		1 April - 30 June 2012		Deviation
	M €	%	M €	%	M €
Revenues	13,945	100	13,530	100	415
Cost of sales *)	-11,529	-83	-11,472	-85	-57
Gross margin *)	**2,416**	**17**	**2,058**	**15**	**358**
Selling, administrative & other expenses *)	-821	-6	-775	-6	-46
Research and development expenses	-790	-6	-699	-5	-91
Other income	26	0	40	0	-14
Share of profit from associates under the equity method and other income from investments	47	0	91	1	-44
Profit before finance result and income taxes *)	**878**	**6**	**715**	**5**	**163**
Interest income	49	0	49	0	0
Interest expense	-135	-1	-119	-1	-16
Other financial result	-70	-1	-26	0	-44
Finance result	**-156**	**-1**	**-96**	**-1**	**-60**
Income taxes *)	-205	-1	-169	-1	-36
Profit for the period	**517**	**4**	**450**	**3**	**67**
Attributable to:					
Equity owners of the parent **(Net income) *)**	**518**	**4**	**453**	**3**	**65**
Non-controlling interests	-1	0	-3	0	2
Earnings per share	€		€		€
Basic and diluted *)	0.64		0.55		0.09

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 30 June 2013	1 January - 30 June 2012
Profit for the period*)	**760**	**578**
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans*)	-349	-809
Actuarial losses on defined benefit plans from investments using the equity method	5	-86
Tax on items that will not be reclassified to profit or loss*)	96	240
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	43	18
Net change in fair value of cash flow hedges	-573	-1,290
Net change in fair value of available-for-sale financial assets	-53	113
Changes in other comprehensive income from investments accounted for using the equity method	10	-114
Tax on items that will be reclassified to profit or loss	187	402
Other comprehensive income, net of tax *)	**-634**	**-1,526**
Total comprehensive income of the period	**126**	**-948**
Attributable to:		
Equity owners of the parent	132	-945
Non-controlling interests	-6	-3
Total comprehensive income of the period	**126**	**-948**

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income for the second quarter 2013 and 2012

in M €	1 April - 30 June 2013	1 April - 30 June 2012
Profit for the period*)	**517**	**450**
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans*)	-349	-820
Actuarial losses on defined benefit plans from investments using the equity method	13	-71
Tax on items that will not be reclassified to profit or loss*)	96	243
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	-72	64
Net change in fair value of cash flow hedges	1,298	-2,963
Net change in fair value of available-for-sale financial assets	-42	-26
Changes in other comprehensive income from investments accounted for using the equity method	-19	-27
Tax on items that will be reclassified to profit or loss	-376	951
Other comprehensive income, net of tax *)	**549**	**-2,649**
Total comprehensive income of the period	**1,066**	**-2,199**
Attributable to:		
Equity owners of the parent	1,071	-2,195
Non-controlling interests	-5	-4
Total comprehensive income of the period	**1,066**	**-2,199**

*) Previous year’s figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	30 June 2013		31 December 2012		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	13,597	15	13,422	15	175	1
Property, plant and equipment	15,412	17	15,268	16	144	1
Investments in associates under the equity method	2,748	3	2,662	3	86	3
Other investments and long-term financial assets	2,024	2	2,115	2	-91	-4
Other non-current assets	2,539	3	2,801	3	-262	-9
Deferred tax assets *)	4,753	5	4,523	5	230	5
Non-current securities	4,479	5	5,987	7	-1,508	-25
	45,552	50	46,778	51	-1,226	-3
Current assets						
Inventories	27,070	30	23,216	25	3,854	17
Trade receivables	6,610	7	6,790	7	-180	-3
Other current assets	4,275	4	4,239	4	36	1
Current securities	3,007	3	2,328	3	679	29
Cash and cash equivalents	5,148	6	8,756	10	-3,608	-41
	46,110	50	45,329	49	781	2
Total assets	**91,662**	**100**	**92,107**	**100**	**-445**	**0**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	785	1	827	1	-42	-5
Reserves *)	6,490	7	8,147	8	-1,657	-20
Accumulated other comprehensive income	1,134	1	1,513	2	-379	-25
Treasury shares	-128	0	-84	0	-44	52
	8,281	9	10,403	11	-2,122	-20
Non-controlling interests	47	0	25	0	22	88
	8,328	9	10,428	11	-2,100	-20
Non-current liabilities						
Non-current provisions *)	10,130	11	9,827	11	303	3
Long-term financing liabilities	4,509	5	3,506	4	1,003	29
Deferred tax liabilities	1,604	2	1,504	2	100	7
Other non-current liabilities	18,347	20	18,194	19	153	1
	34,590	38	33,031	36	1,559	5
Current liabilities						
Current provisions	5,403	6	6,045	7	-642	-11
Short-term financing liabilities	2,192	2	1,273	1	919	72
Trade liabilities	9,582	10	9,917	11	-335	-3
Current tax liabilities	466	1	458	0	8	2
Other current liabilities	31,101	34	30,955	34	146	0
	48,744	53	48,648	53	96	0
Total liabilities	83,334	91	81,679	89	1,655	2
Total equity and liabilities	**91,662**	**100**	**92,107**	**100**	**-445**	**0**

*) Previous year’s figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	1 January - 30 June 2013 M€	1 January - 30 June 2012 M€
Profit for the period attributable to equity owners of the parent (Net income)*)	**759**	**579**
Profit (loss) for the period attributable to non-controlling interests	1	-1
Adjustments to reconcile profit for the period to cash (used for) operating activities		
Depreciation and amortization	895	913
Valuation adjustments*)	340	242
Deferred tax expense	144	117
Change in income tax assets, income tax liabilities and provisions for income tax	-8	-32
Results on disposals of non-current assets	-1	-21
Results of companies accounted for by the equity method	-120	-97
Change in current and non-current provisions*)	-204	429
Reimbursement from / contribution to plan assets	-24	-320
Change in other operating assets and liabilities	-4,452	-2,808
Cash (used for) operating activities	**-2,670**	**-999**
Investments:		
- Purchases of intangible assets, PPE	-1,407	-1,168
- Proceeds from disposals of intangible assets, PPE	27	77
- Acquisitions of subsidiaries and joint ventures (net of cash)	-13	-5
- Payments for investments in associates and other investments and long-term financial assets	-256	-92
- Proceeds from disposals of associates and other investments and long-term financial assets	90	73
- Dividends paid by companies valued at equity	49	43
Change of securities	771	1,961
Cash (used for) provided by investing activities	**-739**	**889**
Change in long-term and short-term financing liabilities	2,002	302
Cash distribution to EADS N.V. shareholders	-467	-369
Dividends paid to non-controlling interests	-1	-2
Changes in capital and non-controlling interests	130	87
Change in treasury shares	-1,828	-5
Cash (used for) provided by financing activities	**-164**	**13**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-35	57
Net decrease of cash and cash equivalents	**-3,608**	**-40**
Cash and cash equivalents at beginning of period	**8,756**	**5,284**
Cash and cash equivalents at end of period	**5,148**	**5,244**

*) Previous year’s figures are adjusted due to revised IAS 19

As of 30 June 2013, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 335 M € (374 M € as of 31 December 2012), 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
Balance at 1 January 2012	**8,850**	**15**	**8,865**
Retrospective adjustment *)	-7	0	-7
Balance at 1 January 2012, adjusted	**8,843**	**15**	**8,858**
Profit for the period *)	579	-1	578
Other comprehensive income *)	-1,524	-2	-1,526
Total comprehensive income	-945	-3	-948
Dividends to non-controlling interests	-369	-2	-371
Capital increase	87	0	87
Equity transactions (IAS 27)	-15	10	-5
Change in treasury shares	-5	0	-5
Others	18	0	18
Balance at 30 June 2012	**7,596**	**20**	**7,616**
Balance at 1 January 2013	**10,409**	**25**	**10,434**
Retrospective adjustment *)	-6	0	-6
Balance at 1 January 2013, adjusted	**10,403**	**25**	**10,428**
Profit for the period	759	1	760
Other comprehensive income	-627	-7	-634
Total comprehensive income	132	-6	126
Cash distribution to shareholders/ dividends to non-controlling interests	-467	-1	-468
Capital increase	157	3	160
Equity transactions (IAS 27)	-117	26	-91
Change in treasury shares	-1,828	0	-1,828
Others	1	0	1
Balance at 30 June 2013	**8,281**	**47**	**8,328**

*) Previous year's figures are adjusted due to revised IAS 19.

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 June 2013

1. The Company

The accompanying Unaudited Condensed IFRS 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 30 June 2013 were authorized for issue by EADS' Board of Directors on 30 July 2013.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and as endorsed by the European Union (EU) as at 30 June 2013 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 IFRS 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 31 December 2012. Except for the amended Standards to be applied for the first time in the first six months 2013 (mentioned below in the next section), EADS' accounting policies and techniques are unchanged compared to 31 December 2012.

Financial reporting rules applied for the first time in the first six months 2013:

The following new, revised or amended Standards were applied for the first time in the first six months 2013 and are effective for EADS as of 1 January 2013. If not otherwise stated, their first application has not had a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The IASB issued amendments to IAS 12 "Income Taxes" providing practical guidance for the measurement of deferred tax relating to an asset by introducing the presumption that recovery of the carrying amount of that asset will normally be through sale. Amendments supersede SIC 21 "Income Taxes – recovery of Revalued Non Depreciable Assets".

Amended version of IAS 19 "Employee Benefits" requires full recognition of actuarial gains and losses directly in equity, a method already used by EADS. Furthermore, the revised standard introduces a net interest approach, under which for defined benefit obligation and plan assets the same interest rate is applied, and it requires past service costs to be fully recognized in the period of the related plan amendment. Also, the amendments will henceforth require EADS to recognize the additional compensation payable under certain German early retirement programs ('Altersteilzeitprogramme') rateably over the active service period of such programs. Applying the amended standard retrospectively in 2013, EADS' consolidated opening net equity as of 1 January 2012 has been adjusted by -7 M €. Comparative consolidated statement of income for the first six months 2012 have been restated leading to an impact of -21 M € on profit before finance result and income taxes and -15 M € on profit for the period. The impact on comparative basic and diluted earnings per share for the first six months 2012 amounts to -0.02 €.

Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income" require separate presentation of items of other comprehensive income that are reclassified subsequently to profit or loss (recyclable) and those that are not reclassified to profit or loss (non-recyclable).

Amendments to IFRS 7 "Financial Instruments: Disclosures" define IASB's disclosure requirements in the context of offsetting financial assets and financial liabilities.

New IFRS 13 "Fair Value Measurement" defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurement. As EADS has already considered in previous years credit/ debit value adjustments as the counterparty risk recognized in the fair values of its derivative financial instruments, the application of IFRS 13 does not lead to any material changes in this respect.

The IASB issued various amendments to IFRS Standards within the Annual Improvements 2009-2011 Cycle, which have become applicable as of 1 January 2013. The amendments refer to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

3. Acquisitions and other M&A transactions

On 31 January 2013, ST Aerospace Ltd., Singapore (Singapore) acquired a 35% non-controlling interest in Elbe Flugzeugwerke, Dresden (Germany) (EFW). EADS as the former sole shareholder retains 65% of the shares of EFW.

On 1 March 2013, Cassidian terminated its Joint Venture with Odebrecht Group by selling its 50% share to Odebrecht Defesa e Tecnologia SA, Sao Paolo (Brazil).

On 17 May 2013, Cassidian Cybersecurity SAS, Elancourt (France) acquired a 83.9% controlling interest in Arkoon Network Security SA, Lyon (France). On 14 June 2013 Cassidian Cybersecurity SAS made a mandatory simplified public offering on the remaining shares of Arkoon Network Security. The term of acceptance for this offer ended on 4 July 2013. (Please refer to Note 14 "Subsequent events".)

On 31 May 2013, Astrium Services GmbH, Ottobrunn (Germany) acquired remaining non-controlling interest of 24.9% in ND Satcom GmbH, Immenstaad (Germany) from SES S.A., Betzdorf (Luxemburg).

The transactions above are considered to have no material impact on EADS' consolidated financial statements.

4. 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 and related services. Additionally, the development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components are reclassified from “Other Businesses” and are from the 1 January 2013 onwards managed by Airbus Commercial.
- *Airbus Military* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services.

The 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 related services.
- *Cassidian* — 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. As a rule, inter-segment transfers are carried out on an arm’s length basis. After the reclassification of ATR group and Sogerma group to “Airbus Commercial”, “Other Businesses” comprises the Group’s activities managed in the US. Combined together with consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments, they are disclosed in the column “Others/ HQ / Conso.”.

in M €	Airbus Commer-cial	Airbus Military	Euro-copter	Astrium	Cassidian	Total segments	Others/ HQ/ Conso.	**Consoli-dated**
Year ended 30 June 2013								
Total revenues	18,235	1,067	2,584	2,808	2,286	26,980	241	27,221
Internal revenues	-415	-118	-245	-6	-91	-875	-14	-889
Revenues	**17,820**	**949**	**2,339**	**2,802**	**2,195**	**26,105**	**227**	**26,332**
Research and development expenses	-1,096	-9	-143	-51	-112	-1,411	-3	**-1,414**
Profit before finance result and income taxes	1,080	9	127	121	83	1,420	44	**1,464**
EBIT pre-goodwill imp. and exceptionals (see definition below)	1,092	10	128	123	86	1,439	44	**1,483**
Finance result								-407
Income taxes								-297
Profit for the period								**760**
Year ended 30 June 2012								
Total revenues	16,864	843	2,771	2,661	2,186	25,325	351	25,676
Internal revenues	-124	-243	-263	-4	-94	-728	-14	-742
Revenues **)	**16,740**	**600**	**2,508**	**2,657**	**2,092**	**24,597**	**337**	**24,934**
Research and development expenses **)	-1,123	-7	-131	-54	-101	-1,416	-9	**-1,425**
Profit before finance result and income taxes *), **)	546	1	197	127	78	949	89	**1,038**
EBIT pre-goodwill imp. and exceptionals (see definition below) *), **)	558	2	198	129	81	968	89	**1,057**
Finance result								-239
Income taxes								-221
Profit for the period								**578**

*) Previous year's figures are adjusted due to revised IAS 19.
**) Previous year's figures are adjusted due to the inclusion of ATR group and Sogerma group into Airbus Commercial and the remaining activities of 'Other Businesses' into 'Others/ HQ/ Conso.'.

5. 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 €	1 January - 30 June 2013	1 January - 30 June 2012
Profit before finance result and income taxes *)	**1,464**	**1,038**
Goodwill and exceptionals:		
Exceptional depreciation/ disposal (fixed assets in cost of sales)	19	19
EBIT pre-goodwill impairment and exceptionals*)	**1,483**	**1,057**

*) Previous year’s figures are adjusted due to revised IAS 19.

6. Significant income statement items

Revenues of 26,332 M € (first half-year 2012: 24,934 M €) increase by +1,398 M €, mainly at Airbus Commercial (+1,371 M €). Except for Eurocopter, all segments contributed positively to the increase of revenues.

The **Gross margin** increases by +451 M € to 4,163 M € compared to 3,712 M € (adjusted) in the first half-year 2012. This improvement is mainly related to better performance of the long range and single aisle programs (including positive volume effects and better pricing) in Airbus Commercial and lower expenses for A380 wing rib provisioning, partly compensated by negative currency one-offs at Airbus Commercial compared to 2012. Contractually, Airbus Commercial is not liable versus airlines for loss of use, revenue or profit or for any other direct, incidental or consequential damages related to wing ribs issue. However, in view of overall commercial relationships, contracts adjustments may occur, and be considered on a case by case basis. The A350 XWB Entry Into Service is scheduled for the second half of 2014. Airbus continues to make significant progress on the A350 XWB programme. Since the first flight in June, the entire flight envelope has been cleared and first tests of all major aircraft systems successfully performed. Airbus is now entering the most critical phase of the A350 programme. The industrial ramp-up preparation is underway and risks related to the ramp-up are being closely monitored in line with the schedule, aircraft performance and overall cost envelope.

Research and development expenses decrease by +11 M € to -1,414 M € (first half-year 2012: -1,425 M €) mainly reflecting a decrease for the A380 and the A350XWB following the start of the capitalization of development cost as of 1 April 2012 partly compensated by higher expenses for the Single Aisle program.

Share of profit from associates under the equity method and other income from investments of 154 M € (first half-year 2012: 127 M €) mainly consists of the share of the result of Dassault Aviation of 101 M € (first half-year 2012: 89 M €). The Dassault Aviation equity accounted-for income in the first half-year 2013 includes a positive catch-up on 2012 results.

Finance result amounts to -407 M € (first half-year 2012: -239 M €) comprising interest result of -172 M € (first half-year 2012: -143 M €). Other financial result amounts to -235 M € (first half-year 2012: -96 M €) and mainly includes the negative impact from foreign exchange valuation of monetary items (-117 M €, first half-year 2012: +57 M €) and the effects from the unwinding of discounted provisions (-69 M €, first half-year 2012: -82 M €).

The **income tax** expense of -297 M € (first half-year 2012 adjusted: -221 M €) corresponds to an effective income tax rate of 28% (first half-year 2012: 28%).

7. Significant items of the statement of financial position

Non-current assets

Intangible assets of 13,597 M € (prior year-end: 13,422 M €) include 11,002 M € (prior year-end: 11,003 M €) of goodwill. This mainly relates to Airbus Commercial (6,672 M €), Cassidian (2,722 M €), Astrium (1,231 M €) and Eurocopter (314 M €). The last annual impairment tests were performed in the fourth quarter of 2012. No triggering event for an impairment test has been identified during the first half-year 2013. Capitalization for development costs of the A350 XWB programme started in the second quarter 2012. In the first six months of 2013, an amount of 130 M € has been capitalized resulting in a total amount of 495 M €.

Eliminating foreign exchange-rate effects of -144 M €, **property, plant and equipment** increase by +288 M € to 15,412 M € (prior year-end: 15,268 M €), including leased assets of 545 M € (prior year-end: 576 M €). The increase is mainly driven by the A350 programme. Property, plant and equipment also comprise “Investment property” amounting to 75 M € (prior year-end: 72 M €).

Investments in associates under the equity method of 2,748 M € (prior year-end: 2,662 M €) mainly include the equity investment in Dassault Aviation. The equity investment in Dassault Aviation includes an IFRS catch-up adjustment for income and other comprehensive income relating to prior period.

Other investments and other long-term financial assets of 2,024 M € (prior year-end: 2,115 M €) are related to Airbus for an amount of 1,202 M € (prior year-end: 1,288 M €), mainly concerning the non-current portion of aircraft financing activities.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -262 M € to 2,539 M € (prior year-end: 2,801 M €) is mainly caused by the negative variation of the non-current portion of fair values of derivative financial instruments (-348 M €), partly compensated by higher prepaid expenses (+119 M €).

Deferred tax assets increase by +230 M € to 4,753 M € (prior year-end adjusted: 4,523 M €).

The fair values of **derivative financial instruments** are included in other non-current assets (849 M €, prior year-end: 1,197 M €), in other current assets (248 M €, prior year-end: 321 M €), in other non-current liabilities (1,314 M €, prior year-end: 1,159 M €) and in other current liabilities (848 M €, prior year-end: 852 M €) which corresponds to a total net fair value of -1,065 M € (prior year-end: -493 M €). The volume of hedged US dollar-contracts decreases from 83.6 billion US dollar as at 31 December 2012 to 82.1 billion US dollar as at 30 June 2013. The US dollar spot rate is USD/ € 1.31 at 30 June 2013 vs. 1.32 at 31 December 2012. The average US dollar hedge rate for the hedge portfolio of the Group improves from 1.35 USD/ € as at 31 December 2012 to 1.34 USD/ € as at 30 June 2013.

Current assets

Inventories of 27,070 M € (prior year-end: 23,216 M €) increase by +3,854 M €. This is mainly driven by higher unfinished goods and services at Airbus (+2,038 M €), Eurocopter (+514 M €) and Cassidian (+358 M €), as well as higher aircraft on stock at Airbus (+601 M €) and Eurocopter (+92 M €).

Trade receivables decrease by -180 M € to 6,610 M € (prior year-end: 6,790 M €), mainly caused by Cassidian (-234 M €), Astrium (-97 M €) and Eurocopter (-67 M €), partly offset by Airbus (+195 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 increase of +36 M € to 4,275 M € (prior year-end: 4,239 M €) comprises among others an increase of VAT receivables (+212 M €), partly offset by a decrease of receivables from related companies (-93 M €) and of financial instruments (-73 M €).

Cash and cash equivalents decrease from 8,756 M € to 5,148 M € (see also note 8 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 8,281 M € (prior year-end adjusted: 10,403 M €). The decrease is mainly due to a purchase of treasury stock of -1,828 M € following the implementation of the announced share buy-back programme, a cash distribution to shareholders of -467 M € (corresponding to 0.60 € per share), other comprehensive income of -627 M €, partly compensated by a net income of +759 M €.

Non-controlling interests increase to 47 M € (prior year-end: 25 M €), mainly due to the EFW transaction.

Non-current liabilities

Non-current provisions of 10,130 M € (prior year-end adjusted: 9,827 M €) include the non-current portion of pension provisions which increases by +322 M € to 6,480 M € (prior year-end adjusted: 6,158 M €).

Moreover, other provisions are included in non-current provisions, which decrease by -19 M € to 3,650 M € (prior year-end adjusted: 3,669 M €).

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions increase by +1,003 M € to 4,509 M € (prior year-end: 3,506 M €). This increase is mainly affected by the issuance of an inaugural 1 billion US dollar bond with a 10-year maturity placed U.S. institutional market on 9 April 2013. The bonds will pay a fixed coupon of 2.7%. Further, EIB loans in the amount of 406 M US dollar were issued.

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increase in total by +153 M € to 18,347 M € (prior year-end: 18,194 M €), mainly due to an increase of fair values for financial instruments (+155 M €).

Current liabilities

Current provisions decrease by -642 M € to 5,403 M € (prior year-end: 6,045 M €) and comprise the current portions of pensions (323 M €) and of other provisions (5,080 M €).

Short-term financing liabilities increase by +919 M € to 2,192 M € (prior year-end: 1,273 M €), mainly due to transactions related to the commercial paper programme.

Trade liabilities decrease by -335 M € to 9,582 M € (prior year-end: 9,917 M €), mainly at Astrium (-113 M €), at Cassidian (-90 M €), at Eurocopter (-87 M €) and at Airbus (-76 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +146 M € to 31,101 M € (prior year-end: 30,955 M €).

8. Significant cash flow items

Cash (used for) operating activities decreases by -1,671 M € to -2,670 M € (first half-year 2012: -999 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +1,782 M € decreases compared to the prior period’s level (first half-year 2012: +1,809 M €). Changes in other operating assets and liabilities amount to -4,452 M € (first half-year 2012: -2,808 M €), mainly reflecting an increase in inventories due to delivery phasing and a ramp-up for new programmes at Airbus and Eurocopter.

Cash (used for) provided by investing activities amounts to -739 M € (first half-year 2012: +889 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -1,407 M € (first half-year 2012: -1,168 M €) (mainly in Airbus) and changes in securities of +771 M € (first half-year 2012: +1,961 M €).

Cash (used for) provided by financing activities decreases by -177 M € to -164 M € (first half-year 2012: +13 M €). This mainly comprises changes in treasury shares of -1,828 (first half-year 2012: -5 M €) and a cash distribution to shareholders of -467 M € (first half-year 2012: -369 M €), nearly compensated by changes in long-term and short-term financing liabilities of +2,002 M € (please refer to Note 7 “Significant items of the statement of financial positions”) (first half-year 2012: +302 M €) and by changes in capital and non-controlling interests of +130 M € (first half-year 2012: +87 M €), mainly due to the exercise of stock options.

9. Financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies discussed below. Considering the variability of their value-determining factors and the volume of financial instruments, the fair values presented herein may not be indicative of the amounts that the Group could realise in a current market environment.

The following table presents the carrying amounts and fair values of financial instruments as of 30 June 2013:

30 June 2013 in M €	Financial Instruments Total	
Assets	Book Value	Fair Value
Other investments and other long-term financial assets		
- thereof at amortised cost	1,366	1,366
- thereof at cost	381	[1]
- thereof Fair value via OCI	277	277
Current portion of other long-term financial assets	254	254
Non-current and current other financial assets	2,252	2,252
Trade receivables	6,610	6,610
Non-current and current securities	7,486	7,486
Cash and cash equivalents	5,148	5,148
Total	**23,774**	**23,393**
Liabilities		
Long-term and short-term financing liabilities	-6,701	-6,913
Non-current and current other financial liabilities	-9,665	-9,665[2]
Trade liabilities	-9,582	-9,582
Total	**-25,948**	**-26,160**

1) Fair value not reliably measurable

2) The European Governments refundable advances of 6,259 M € are measured at amortised cost; a fair value cannot be measured reliably due to their risk sharing nature and uncertainty about the repayment dates. They may be reassessed as relating programmes approach the end of the production.

For the fair value measurement of financial instruments EADS generally applied the same methodologies as described in detail in note 34 b) to the 2012 Consolidated Financial Statements.

The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as of 30 June 2013:

30 June 2013 **In M €**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Financial assets measured at fair value through profit or loss	1,530	89	34	1,653
Derivative financial instruments for hedge relations	-	980	8	988
Available for Sale financial assets	9,094	138	-	9,232
Total	10,624	1,207	42	11,873
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss and earn-out liabilities	-	-194	-50	-244
Derivative financial instruments for hedge relations	-	-1,968	-	-1,968
Written put options on non-controlling interests	-	-	-132	-132
Total	-	-2,162	-182	-2,344

The development of financial instruments of Level 3 is as follows:

Financial assets and liabilities on Level 3	Balance at 1 January 2013	Total gains or losses in		Pur-chases	Issues	Settlements	Reclassi-fication	Balance at 30 June 2013
		profit or loss	other compre-hensive income					
Financial assets								
Financial assets measured at fair value through profit or loss	41	-7	-	-	-	-	-	34
Financial instruments for hedge relations	8	-	-	-	-	-	-	8
Total	**49**	**-7**	**-**	**-**	**-**	**-**	**-**	**42**
Financial liabilities								
Financial instruments for hedge relations	-5	-	-	-	-	5	-	0
Earn- out liabilities	-52 [1)]	2	-	-	-	-	-	-50
Written put options on non-controlling interest	-	1	-	-	-101	-	-32 [2)]	-132
Total	**-57**	**3**	**-**	**-**	**-101**	**5**	**-32**	**-182**

1) 52 M € of earn-outs for entities acquired in 2012 have been recorded within Other Provisions of 2012 Financial Statements and have been reclassified to Level 3 financial liabilities at fair value through profit or loss.

2) Reclassification of 32 M € for written put option on non-controlling interests from financial liabilities recognized at amortised cost.

The fair value of securities included in available-for-sale investments (mainly bonds and money market funds) is determined by reference to their quoted market price at the end of the reporting period (level 1). If a quoted market price is not available, fair value is determined on the basis of generally accepted valuation methods on the basis of market information available at the end of the reporting period (level 2).

EADS determines Level 2 fair values for derivative financial instruments for hedge relations using recognised valuation techniques such as option pricing models and discounted cash flow models. The valuation is based on market data such as currency rates, interest rates and credit spreads as well as price and rate volatilities obtained from recognised vendors of market data.

Financial instruments are classified as Level 3 if their valuation incorporates inputs that are not based on observable market data, and if the unobservable element has a significant impact on the fair value.

Financial Assets classified as Level 3

The Financial assets measured at fair value that are classified as Level 3 mainly consist of short-term commodity contracts whose notional amounts vary with the actual volumes of certain commodity purchases made by the Group in specific months. For fair value measurement purposes, the notional amounts, being the unobservable input, are set with reference to monthly commodity volumes that management expects to purchase based on planning forecasts. The fair values are otherwise determined using observable market data including quoted interest rates and pricing information obtained from recognised vendors of market data.

A deviation of 10% of actual monthly volumes purchased from expected monthly volumes purchased would increase or decrease (depending on whether actual volumes are 10% more or 10% less than expected volumes) the total Level 3 fair value of these short term commodity contracts by 3 M €.

Financial Liabilities classified as Level 3

The Financial liabilities measured at fair value that are classified as Level 3 consist of several written put options on non-controlling interest (“NCI puts”) of EADS subsidiaries. The fair values of these NCI puts (ie the net present value of their redemption amount on exercise) are derived from a discounted cash flow analysis of the latest operating planning figures of the respective entities. The fair value measurements are performed on an annual basis in line with the operative planning cycle. For interim financial statements an analysis of the input parameters is performed for determination of significant changes since the last measurement date that would call for an adjustment of the value of the put options.

Apart from the detailed five-year operating planning figures, there are two unobservable inputs that significantly affect the values of the NCI puts: the weighted average cost of capital (”WACC”) used to discount the forecasted cash flows and the growth rate used to determine the terminal value. An increase (decrease) of the discount rates by 100 basis points results in a decrease (increase) of the NCI put values by 21 M € (29 M €). An increase (decrease) in the growth rates by 100 basis point decreases (increases) the NCI put values by 16 M € (22 M €) respectively.

Another element of financial liabilities measured at fair value classified as Level 3 are earn-out payments that have been agreed with former shareholders of entities acquired by EADS in business combinations. Fair Value measurement is based on the expectation regarding the achievement of defined target figures by the acquired entity or its ability to close identified customer contracts.

10. Number of shares

The total number of shares outstanding is 778,297,504 and 819,057,104 as of 30 June 2013 and 2012, respectively. The decrease is mainly affected by the share buy-back programme comprising 48,713,535 shares in the first six months 2013. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first half-year 2013, the number of treasury shares held by EADS increased from 5,226,305 as of 31 December 2012 to 6,291,260 as of 30 June 2013. Shares in the amount of 47,648,691, which were bought back from the market in the first six months 2013, have been already cancelled.

In the first half-year 2013, EADS issued 4,869,510 new shares due to the exercise of stock options (in the first half-year 2012: 4,358,124 new 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:

	1 January to 30 June 2013	1 January to 30 June 2012
Net income attributable to equity owners of the parent*)	759 M €	579 M €
Weighted average number of ordinary shares outstanding	806,014,369	817,333,453
Basic earnings per share*)	0.94 €	0.71 €

*) Previous year's figures are adjusted due to revised IAS 19.

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. The Group's only category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares exceeded the exercise price of the 5th, 6th, 7th and 8th stock option plan in the first six months of 2013 (in the first six months 2012: the 4th, 5th, 6th and 8th stock option plan), 1,623,391 potential shares (in the first six months 2012: 1,548,793 shares) were considered in the calculation of diluted earnings per share.

	1 January to 30 June 2013	1 January to 30 June 2012
Net income attributable to equity owners of the parent*)	759 M €	579 M €
Weighted average number of ordinary shares outstanding (diluted)	807,637,760	818,882,246
Diluted earnings per share*)	0.94 €	0.71 €

*) Previous year's figures are adjusted due to revised IAS 19.

12. Related party transactions

On 5 December 2012, EADS had announced that their Board of Directors and core shareholders had agreed on a far-reaching change of the company's shareholding structure and governance. This agreement aimed at normalising and simplifying the governance of EADS while securing a shareholding structure that allows France, Germany and Spain to protect their legitimate strategic interests. On 27 March 2013, the shareholders approved in an Extraordinary General Meeting all resolutions that were required to authorize the Completion ("Consummation") of the Multiparty Agreement announced on 5 December 2012. On 2 April 2013, the Completion ("Consummation") of the Multiparty Agreement occurred, following the authorization by the shareholders. Previously existing shareholder agreements were terminated. From this date onwards EADS considers, that governmental shareholders are not meeting the definition of a related party under IAS 24.

Before 2 April 2013, transactions with related parties include the French government, Daimler AG, Lagardère group and the Spanish government (SEPI) and its related entities. The Group has entered into various transactions with related entities in the first three months 2013 and the comparable period for 2012 that have all been carried out in the normal course of business.

13. Number of employees

The number of employees as at 30 June 2013 is 143,358 as compared to 140,405 as at 31 December 2012.

14. Litigation and claims

EADS is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, EADS is not aware of any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on EADS N.V.'s or the Group's financial position or profitability.

Regarding EADS' provisions policy, EADS recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Group, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. EADS believes that it has made adequate provisions to cover current or contemplated general and specific litigation risks.

WTO

Although EADS is not a party, EADS is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing.

On 1 June 2011, the WTO adopted the Appellate Body's final report in the case brought by the US assessing funding to Airbus from European governments. On 1 December 2011, the EU informed the WTO that it had taken appropriate steps to bring its measures fully into conformity with its WTO obligations, and to comply with the WTO's recommendations and rulings. Because the US did not agree, the matter is now under WTO panel review pursuant to WTO rules.

On 23 March 2012, the WTO adopted the Appellate Body's final report in the case brought by the EU assessing funding to Boeing from the US. The EU has cited the failure by the US to implement the findings prior to the due date of 23 September 2012 in commencing a new proceeding on the adequacy of US compliance.

Exact timing of further steps in the WTO litigation process is subject to further rulings and to negotiations between the US and the EU. Unless a settlement, which is currently not under discussion, is reached between the parties, the litigation is expected to continue for several years.

Securities Litigation

Following the dismissal of charges brought by the French Autorité des marchés financiers for alleged breaches of market regulations and insider trading rules with respect primarily to the A380 delays announced in 2006, proceedings initiated in other jurisdictions have also been terminated. Nevertheless, following criminal complaints filed by several shareholders in 2006 (including civil claims for damages), a French investigating judge is still carrying out an investigation based on the same facts. It is expected that the investigating judge will decide later in 2013 on whether to close the file (*ordonnance de non-lieu*) or to bring the case to trial (*renvoi devant le tribunal correctionnel*).

CNIM

On 30 July 2010, Constructions Industrielles de la Méditerrannée (“CNIM”) brought an action against EADS and certain of its subsidiaries before the commercial court of Paris, alleging anti-competitive practices, breach of long-term contractual relationships and improper termination of pre-contractual discussions. CNIM is seeking approximately €115 million in damages on a joint and several basis. On 12 January 2012, the court rejected all of CNIM’s claims, following which CNIM filed for appeal.

GPT

Prompted by a whistleblower’s allegations, EADS has conducted internal audits and commissioned an external investigation relating to GPT Special Project Management Ltd. (“GPT”), a subsidiary that EADS acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by EADS, relating to activities conducted by GPT in Saudi Arabia. Following the allegations, EADS conducted comprehensive internal audits in 2010 that did not detect any violations of law. The UK Serious Fraud Office (the “SFO”) subsequently commenced a review of the matter. In 2011, EADS retained PricewaterhouseCoopers (“PwC”) to conduct an independent review, the scope of which was agreed with the SFO. In the period under review and based on the work it undertook, nothing came to PwC’s attention to suggest that improper payments were made by GPT. Further, the review did not find evidence to suggest that GPT or through GPT, any other EADS Group company, asked specific third parties to make improper payments on their behalves. The PwC review was conducted between November 2011 and March 2012, and a copy of its report was provided by EADS to the SFO in March 2012. Separately, in August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. EADS is cooperating fully with this investigation.

Eurofighter Austria

In March 2012, the German public prosecutor, following a request for assistance by the Austrian public prosecutor, launched a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH and Eurofighter Jagdflugzeug

GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. EADS is cooperating fully with this investigation and has also engaged external legal counsel to conduct an independent review of the matter which is currently still ongoing.

Commercial dispute

In May 2013, the Group has been notified of a commercial dispute following the decision taken by the Group to cease a partnership for sales support activities in some local markets abroad. The Group believes it has solid grounds to legally object to the alleged breach of a commercial agreement. However, the consequences of this dispute and the potential outcome of any future procedures to be initiated by the parties cannot be assessed at this stage.

15. Subsequent events

A400M

Regarding the A400M program, the IOC milestone 13 remains to be achieved, with negotiations to obtain OCCAR/Nations` agreement being at a very advanced stage. Milestone 13 fell due end June 2012, and the termination right related thereto became exercisable by OCCAR/Nations on 1 July 2013. It has not at the date hereof been exercised. The A400M financial reporting at 30 June 2013 – in particular the contract loss provision update - reflects management's best view on the contract costs and revenue estimate at completion based on current industrial and certification / retrofit scenario including commercial concessions and industrial agreements related to IOC limitations and exceptions as envisaged in the negotiated but not yet signed IOC Amendment 64.

Arkoon

After the acquisition of 83.9% controlling interest in Arkoon Network Security SA ("Arkoon"), Lyon (France), on 17 May 2013, acquirer Cassidian Cybersecurity SAS ("Cassidian"), Elancourt (France) entered into a mandatory simplified tender offer procedure in line with General Regulations of the French Financial Market Authority ("AMF") for all outstanding shares in Arkoon. As a result of the tender offer that ended 4 July 2013 Cassidian's interest in Arkoon increased to 97.3%. Subsequent squeeze-out procedure of remaining shareholders was finalized on 15 July 2013 leaving Cassidian as sole shareholder of Arkoon.

To: The EADS N.V. shareholders:

Review report

Introduction

We have reviewed the condensed consolidated financial information of EADS N.V., Amsterdam, ('the Company') for the six-month period ended June 30, 2013, which comprises the condensed consolidated statement of financial position as at June 30, 2013, 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, 2013 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Utrecht, July 30, 2013

KPMG Accountants N.V.
(signed by A.A. van Eimeren)

Rotterdam, July 30, 2013

Ernst & Young Accountants LLP
(signed by C.T. Reckers)