

Bringing our world together

EADS ANNUAL REVIEW 2009



EADS at a Glance



Bringing our world together



Contents

EADS GROUP	III
THE DIVISIONS	IV
MAJOR PROGRAMMES AND PRODUCTS	VI
THE YEAR 2009 IN REVIEW	XII
EADS SHARES	XIV
EADS GLOBAL FOOTPRINT	XVI
EADS ORGANISATIONAL STRUCTURE	XVIII

Ten years ago, a group of companies, each with its own rich heritage but with a shared vision, came together to form EADS. Today, 120,000 people are working together at EADS to make that vision reality – setting new standards in aerospace, bringing our world together.

EADS IN 2009

		2009	2008	2007
Revenues	€m	42,822	43,265	39,123
EBIT*	€m	-322	2,830	52
Net Income ¹⁾	€m	-763	1,572	-446
Earnings per share ¹⁾	€	-0.94	1.95	-0.56
Dividend per share	€	- ²⁾	0.20	0.12
Net cash position	€m	9,797	9,193	7,024
Order intake ³⁾	€m	45,847	98,648	136,799
Order book ³⁾	€m	389,067	400,248	339,532
Employees		119,506	118,349	116,493

2009 RESULTS demonstrate the resilience of EADS' underlying business, but were weighed down by provisions related to programme delays.

REVENUES stood stable at €42.8 billion, reflecting strong deliveries across all businesses.

EBIT* of €-322 million was impacted by the A400M provision and foreign exchange effects.

NET CASH reached €9.8 billion, due to better than expected free cash flow.

ORDER BOOK stood at a robust €389.1 billion.

* Unless otherwise indicated, EBIT figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.

¹⁾ EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity holders of the parent as defined by IFRS Rules.

²⁾ Subject to approval by EADS Annual General Meeting.

³⁾ Contributions from commercial aircraft activities to EADS order intake and order book based on list prices.



A330-200F

AIRBUS¹⁾ is a leading aircraft manufacturer with activities in commercial and military segments.



(€ m)	2009	2008	Variation
Revenues	28,067	28,991	-3%
EBIT*	-1,371	1,815	-
Order intake	23,904	85,493	-72%
Order book	339,722	357,824	-5%



A400M

Airbus Commercial is a market leader in the sector for civil aircraft seating 100 or more passengers. It offers airlines a competitive range of advanced, fuel-efficient aircraft.

Airbus Military develops aircraft for military and security missions, including in-flight refuelling and maritime surveillance. Airbus Military is responsible for the A400M military transport aircraft programme.

In number of aircraft	2009	2008	Variation
Airbus Commercial			
Deliveries	498	483	+3%
Order book	3,488	3,715	-6%
Airbus Military			
Deliveries	16	19	-16%
Order book	250	256	-2%



EC175

EUROCOPTER is the world's leading helicopter manufacturer in the civil sector. It captures more than 50% of sales for civil and parapublic helicopters and has a strongly growing military business.



(€ m)	2009	2008	Variation
Revenues	4,570	4,486	+2%
EBIT*	263	293	-10%
Order intake	5,810	4,855	+20%
Order book	15,064	13,824	+9%

¹⁾ Airbus is now reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and the completed aero-structures reorganisation. Airbus Military (formerly Military Transport Aircraft Division) includes all A400M activity. Eliminations are treated at the Division level. 2008 figures have been restated to reflect the changes, except for Augsburg site transferred from Defence & Security.

* Unless otherwise indicated, EBIT figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.



ComSatBw

ASTRIUM is Europe's preeminent space company and the third largest worldwide. It is the leading European supplier of satellites, launchers and space services and plays a key role in Europe's institutional and military space programmes.



(€ m)	2009	2008	Variation
Revenues	4,799	4,289	+12%
EBIT*	261	234	+12%
Order intake	8,285	3,294	+152%
Order book	14,653	11,035	+33%



Eurofighter

DEFENCE & SECURITY is the main pole for EADS' military and global security activities. Its wide range of products and services include the Eurofighter combat aircraft, missile systems, integrated defence and security solutions, defence electronics and related services.



(€ m)	2009	2008	Variation
Revenues ²⁾	5,363	5,668	-5%
EBIT*	449	408	+10%
Order intake	7,959	5,287	+51%
Order book	18,796	17,032	+10%



ATR 72 - 600

OTHER BUSINESSES³⁾ include turboprop manufacturer ATR, aerostructure and aircraft seat business EADS Sogerma, US operating unit EADS North America and 30% (consolidated at equity) of DAHER-SOCATA.

(€ m)	2009	2008	Variation
Revenues	1,096	1,338	-18%
EBIT*	21	43	-51%
Order intake	969	1,712	-43%
Order book	1,952	3,169	-38%

²⁾ Augsburg site revenues of €438 million are included in Defence & Security 2008 accounts. As of 2009, the Augsburg plant is integrated in Premium AEROTEC, consolidated within Airbus accounts.

³⁾ As of 2009, the composition of Other Businesses differs compared to 2008: EFW is now consolidated within Airbus accounts (Other Businesses 2008 accounts have been adjusted by this transfer) and EADS holds 30% of DAHER-SOCATA, consolidated at equity within EADS accounts. Other Businesses is not a stand-alone EADS Division.

* Unless otherwise indicated, EBIT figures presented in this report are Earnings Before Interest and Taxes, pre-goodwill impairment and exceptionals.

Airbus



Airbus Commercial

A380

Delivering the world's most efficient aircraft

The new **A380** double-decker is the most spacious and efficient large aircraft in service today. The baseline aircraft has 525 seats and offers passengers an unrivalled level of comfort. Conceived to bring airlines specific economic and fuel-efficiency benefits, it increases capacity on long haul routes and lowers costs per passenger.

A320 FAMILY

The world's most popular aircraft

The best selling family of commercial jets ever, the single-aisle **A320 family** responds to airlines' needs for maximum operational flexibility and lower operating costs on short and medium-haul routes. Airbus continues to invest in the A320 family, introducing new technology to maintain its competitive position.



A330 | A340

Providing versatility

The **A330/A340** family has the versatility for either regional or long-range routes. Its airframe comes in six different configurations, powered by two or four engines. The twin-engine A330 is designed to generate maximum revenue and reduce operating costs on regional routes, while the four-engine A340 provides flexibility on long-range flights.

A350 XWB

Responding to airline demand

The **A350 XWB** (extra wide body) meets the demand for a new generation of medium-capacity, long-range aircraft. With a fuselage made largely of carbon fibre, its low weight cuts fuel costs and emissions. The wide body gives passengers greater comfort on long journeys. Launched in 2006, the A350 XWB is currently in development.

Airbus Military

A400M

Designed for demanding operations

The **A400M** is designed to fulfil the most demanding operational requirements for military and humanitarian missions throughout the world. Built for versatility, it can perform both tactical and strategic missions, and can fly at high or low speeds and high or low altitudes. Currently in development, the A400M performed its maiden flight in December 2009.



CN-235 | C-295

World-leading medium-weight transports

The **CN-235** and **C-295** are medium-weight, twin-engine turboprop transport aircraft capable of operating from short and unpaved runways. They are world leaders in their category, having been sold to air forces all over the world.



A330 MRTT

Innovative air-to-air refuelling

The **A330 MRTT** (Multi-Role Tanker Transport) is the world's leading air-to-air refuelling aircraft with an enormous basic fuel capacity and an innovative fly-by-wire refuelling boom. To date, the A330 MRTT has won orders from Australia, Saudi Arabia, the United Arab Emirates and the UK. The A330 MRTT is a derivative of the successful Airbus A330/A340 family.

Astrium

EUROSTAR 3000

Carrying an enhanced payload

Astrium's geostationary telecommunications satellites are based on the Eurostar family platforms (63 ordered up to year end 2009), which have established a reputation within the industry for exceptional reliability and in-orbit performance. The series is continually being improved through progressive integration of new technologies.

Eurostar 3000 is the latest version.

ARIANE 5

Putting the heaviest loads into orbit

Ariane 5 is a heavy-lift satellite launcher, with a payload capacity of up to ten tonnes. Since becoming operational in 2005, it has proved reliable and flexible, with 35 successful launches in succession at the end of 2009. Work has already started on an Ariane enhancement to increase payload capacity by 20%.



PARADIGM

Telecom service provider for armed forces

Paradigm, a wholly-owned Astrium subsidiary, is the world's leading commercial provider of military-grade satellite communications. Paradigm has a contract worth £3.6 billion with the UK Ministry of Defence (MoD) for the provision of military satellite communications services to 2020. Astrium is prime contractor to Paradigm for the design and build of the complete Skynet 5 system.



Defence & Security

MISSILE SYSTEMS

Delivering multi-national programmes

MBDA, a joint venture between EADS, BAE Systems and Finmeccanica, is the missile systems group within EADS Defence & Security (DS), covering the whole range of solutions. It is prime contractor for multinational programmes such as the Franco-British conventionally armed cruise missile, Storm Shadow/SCALP and a family of air defence systems based on the Aster missile.



EUROFIGHTER

The most modern combat aircraft

Eurofighter is the most modern multi-role combat aircraft currently in production. Optimised for complex air-to-surface operations, it is network enabled and extremely agile. It has a strong order book in Europe and is competing in major export campaigns. Deliveries passed the 200 mark in 2009.



UAVs

Monitoring threats

In the field of Unmanned Aerial Vehicles (**UAVs**), DS is seeking to develop a leading position based on its experience and projects to date. These include the Harfang Medium Altitude Long Endurance (MALE) UAV system developed for the French Air Force and operated in Afghanistan throughout 2009. DS is also developing in cooperation with Northrop Grumman the Euro Hawk high-altitude unmanned aerial system for signal intelligence.



SECURITY SOLUTIONS

Managing security response

Security threats often call for multiple responses from different services. The need to coordinate action has driven demand for **integrated security solutions**. DS delivers integrated systems for border security, maritime security, crisis and emergency response, as well as for protection of infrastructure and populations. DS Professional Mobile Radio (PMR) solutions enable security organisations to communicate effectively, reliably and securely.

Eurocopter

EC225 | EC725

Effectively applying technology

The **EC225/EC725** brings Eurocopter's latest rotor and all-weather technology to the 11-ton helicopter class. The EC225 flies for offshore oil and gas services, VIP transport, and search and rescue services. Its military twin, the EC725, is in service with the French Army and Air Force.

NH90

Pioneering multi-role helicopter

The **NH90** medium-weight, multi-role military helicopter has two basic variants, the Tactical Transport Helicopter and the NATO Frigate Helicopter. The programme is a co-development with Agusta-Westland and Fokker Services within Nato Helicopter Industries (NHI). At the end of 2009, the NH90 backlog stood at 489 firm orders.



EC135 | EC145

Matching innovation to customer needs

The **EC135/EC145** light twin-engine, multi-mission helicopters are made using the latest carbon fibre technologies. They are designed to ensure outstanding manoeuvrability, as well as an exceptionally quiet and smooth ride. Variations have been designed specifically for VIP transport, and for rescue and police work.

ECUREUIL FAMILY

A high-performance helicopter

The **Ecureuil**, which carries up to seven passengers, is renowned for its high performance, safety and low operating costs. Extensive use of composites, significant load-carrying capacity and a roomy cabin give it the flexibility to be used both as a utility helicopter and for ferrying passengers.



TIGER

Battlefield efficiency

The **Tiger** is a medium-weight air-to-air combat and fire-support helicopter, fitted with twin engines. It includes four variants, based on the same airframe, which have been ordered by France, Germany, Spain and Australia. Total deliveries amounted to 55 as of the end of 2009. The Tiger has been deployed to Afghanistan by the French Armed Forces, proving unparalleled reliability and serviceability in the operational theatre.

Other Businesses



ATR

The answer for regional routes

ATR is the world leader in the 50 to 74-seat turboprop market. ATR's family of high-wing, twin turboprop aircraft are designed for optimal efficiency, operational flexibility and comfort. A family upgrade was launched in October 2007 and both new models, the ATR 72-600 and the ATR 42-600, have begun flight testing.



EADS NORTH AMERICA

A footprint in the US

EADS North America is the North American operation of EADS. It is prime contractor for the US Army's UH-72A Light Utility Helicopter and together with its parent company, EADS, contributes over US\$ 11 billion to the US economy annually.



30 JANUARY

Arianespace orders 35 Ariane 5 ECA launchers

Arianespace and Astrium sign a contract for the production of 35 Ariane 5 ECA launchers (designated the "PB" batch), worth more than €4 billion. Astrium is the sole prime contractor for Ariane 5.



19 JUNE

Airbus wins US\$ 12.9 billion commitments at Paris Air Show

Airbus announces commitments during the 2009 Paris Air Show for 127 aircraft, valued at some US\$ 12.9 billion. These commitments include firm orders for 58 aircraft worth almost US\$ 6.4 billion, plus "Memoranda of Understanding" agreements for a further 69 aircraft totaling US\$ 6.5 billion.



23 JUNE

Airbus delivers first A320 assembled in China

Airbus delivers the first A320 aircraft assembled at its Final Assembly Line China (FALC) in Tianjin. The aircraft will be leased to and operated by Sichuan Airlines. The FALC is a joint venture between Airbus and a Chinese consortium comprising Tianjin Free Trade Zone (TJFTZ) and China Aviation Industry Corporation (AVIC). In total, 11 A319 and A320 aircraft leave the FALC in 2009, with a planned production ramp-up to four aircraft per month by the end of 2011.



30 JUNE

EADS wins Saudi Arabia national security programme

Defence & Security is awarded, as prime contractor, the border security programme covering the full borders of the Kingdom of Saudi Arabia. It is the largest contract ever competed worldwide as a full solution.

31 JULY

Eurofighter nations order third production tranche

The governments of Germany, the United Kingdom, Italy and Spain award the contract for Tranche 3a of the Eurofighter programme. The contract gives the go-ahead for production to start on a further 112 Eurofighter aircraft.



15 NOVEMBER

Airbus launches environmentally efficient wingtips

Airbus launches its new "Sharklet" large wingtip devices, designed to enhance the environmental efficiency and payload-range performance of the A320 family. Sharklets are expected to reduce fuel burn by at least 3.5% on longer routes.

30 NOVEMBER

[SES orders four new satellites from Astrium](#)

Global satellite operator SES and Astrium announce an order for four multi-mission satellites, worth more than €500 million. The new satellites are scheduled for launch between 2012 and 2014.



30 November

4 DECEMBER

[EADS opens research centre in Bangalore](#)

EADS Innovation Works announces the opening of a branch in Bangalore. EADS Innovation Works India will manage and broker research and technology (R&T) projects for the EADS Business Units and the Corporate R&T Organisation.



4 December

10 DECEMBER

[US Army awards US\\$ 247 million Light Utility Helicopter contract](#)

The US Army awards a contract for the Lakota Light Utility Helicopter (LUH) to EADS North America. The contract, worth US\$ 247.2 million, brings the total order to 178 UH-72A helicopters, which are used for medical evacuation, personnel transport and multi-mission applications.



10 December

11 DECEMBER

[A400M, Airbus Military's new airlifter, takes to the skies](#)

Airbus Military's all-new A400M performs its maiden flight from Seville Airport in Spain. The first new military airlifter of the 21st century completes a successful flight lasting 3 hours and 47 minutes. As planned, the six-man crew explore the aircraft's flight envelope over a wide speed range. They also test lowering and raising of the landing gear and high-lift devices at altitude.



11 December

17 DECEMBER

[Eurocopter celebrates maiden flight of its new EC175 helicopter](#)

The EC175, the latest member of the Eurocopter range, performs its official maiden flight in the skies above Marignane, France. The 7-ton class helicopter has been developed and manufactured in cooperation with the China Aviation Industry Corp. (AVIC), a long-standing Eurocopter partner.



17 December

In 2009, EADS share price was mainly driven by concerns about the economic crisis, outlook for commercial aircraft deliveries, dollar weakness and potential impacts associated with the A400M programme.

Until March 2009, EADS' stock performed below the sector, following EADS' proposal in January of a new approach for the A400M, which raised concerns about the financial impact of this delay on Airbus' profitability. A recovery began at the end of March, supported by signals of continued commitment from participating governments and signs of a potential recovery in the economy and traffic.

In September, the stock fell again on dollar weakness and negative news-flow relating to the A400M, the US tanker request for proposal and the possibility of production cuts to adapt to demand. Early in December, the share price recovered, driven by positive market sentiment, a favourable dollar/euro trend and positive company news-flow such as the A400M first flight and United Airlines' A350 XWB order announcement.

**On 31 December, the EADS share price closed at € 14.09.
It was 17.1% higher than year end 2008.
In the same period the CAC 40 gained 22.3%.**

PROFILE

Number of shares as of 31 December 2009 ➤ 816,105,061

High in 2009 on Paris Stock Market: on 18 September ➤ € 16.40

Low in 2009 on Paris Stock Market: on 30 March ➤ € 8.47

ISIN code ➤ NL0000235190

Please refer to www.eads.com for further information.

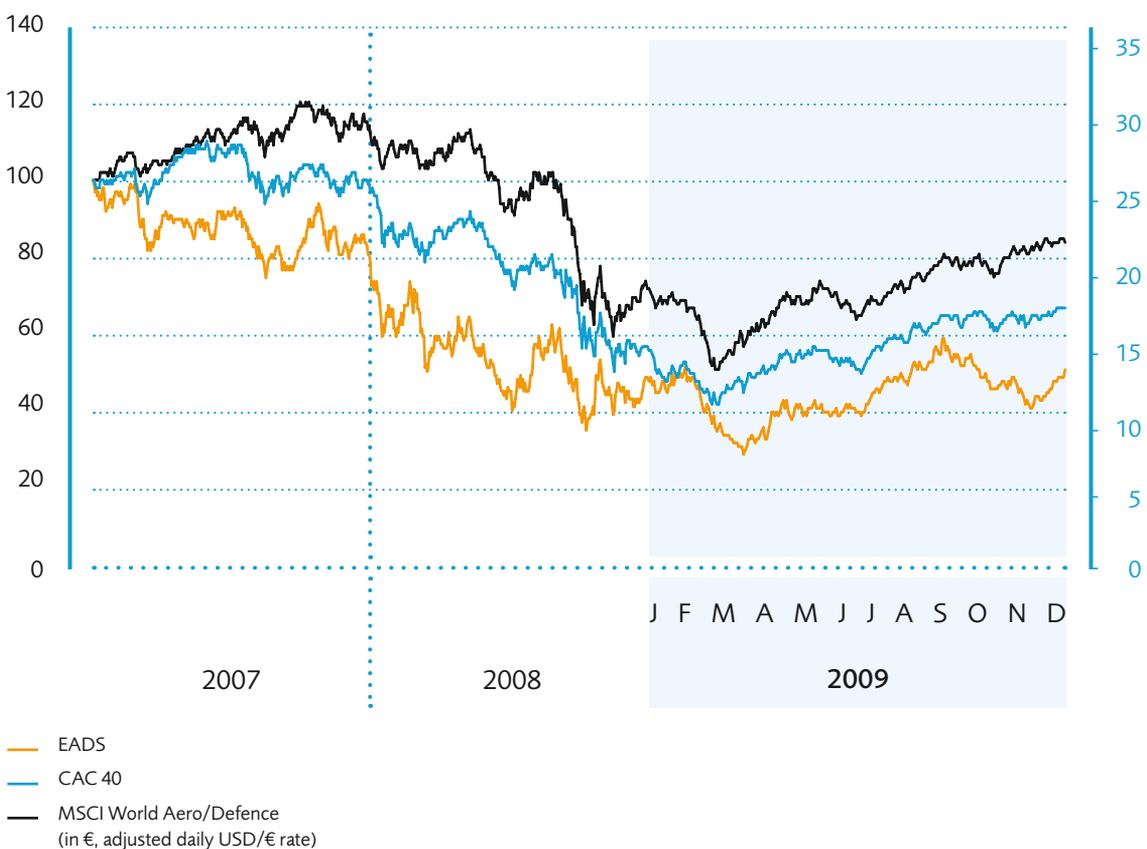


SHARE PRICE EVOLUTION

as of 31 December 2009 (close price)

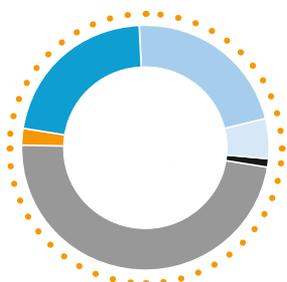
Base 100: 2 January 2007

EADS share price in €



SHAREHOLDER STRUCTURE

as of 31 December 2009



- 22.46% **Sogead** (Lagardère and French state holding company Sogepa)
- 22.46% **Daimler***
- 5.48% **SEPI** (Spanish state holding company)
- 0.06% Shares held out of the contractual partnership by the **French state**
- 49.15% **Institutional, retail and employee ownership**
- 0.39% **Treasury shares** (without economic or voting rights)

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



50% ¹⁾

Europe

		2009
Revenues	€ bn	21.4
Sourcing ²⁾	€ bn	22.8
Order book	€ bn	122.1
Order intake	€ bn	25.9
Employees		113,456

EADS leverages the capabilities and competitive advantages existing in Europe's well-established aerospace industry. Strong sourcing relationships have been built up over the years, particularly in EADS' home countries and cover all areas and materials. EADS is expanding its cooperation in Eastern Europe and Russia. A strategic partnership in the field of aeronautics has been formed in Romania. Presence in Central Asia is growing, following a strategic partnership with Kazakhstan in the space and helicopter domains.

14% ¹⁾

North America

		2009
Revenues	€ bn	6.1
Sourcing ²⁾	€ bn	8.1
Order book	€ bn	44.0
Order intake	€ bn	1.4
Employees		3,383

EADS is a leading supplier and industrial partner in North America for defence and homeland security, commercial aviation, telecommunications and services. It has been selected to provide major equipment programmes for the Army and the Coast Guard. EADS contributes over US\$11 billion to the US economy annually through its network of suppliers and services, sourcing significant – and growing – volumes of engines, systems and equipment in North America, and building on the local aerospace industry's expertise.

¹⁾ of Group revenues

²⁾ external spend only



20% ¹⁾

Asia Pacific

		2009
Revenues	€bn	8.6
Sourcing ²⁾	€bn	0.5
Order book	€bn	102.9
Order intake	€bn	6.9
Employees		1,679

Asia Pacific is a high priority region, where the Group is partnering with local industry on a number of programmes, such as the EC175 helicopter, developed in cooperation with the Chinese industry or the KUH helicopter development in cooperation with Korea. In 2009, 11 A320 aircraft left the newly created final assembly line in Tianjin (China) for delivery to customers. EADS is also reinforcing its presence in Japan and India.

9% ¹⁾

Middle East

		2009
Revenues	€bn	3.9
Sourcing ²⁾	€bn	0.07
Order book	€bn	91.4
Order intake	€bn	4.9
Employees		353

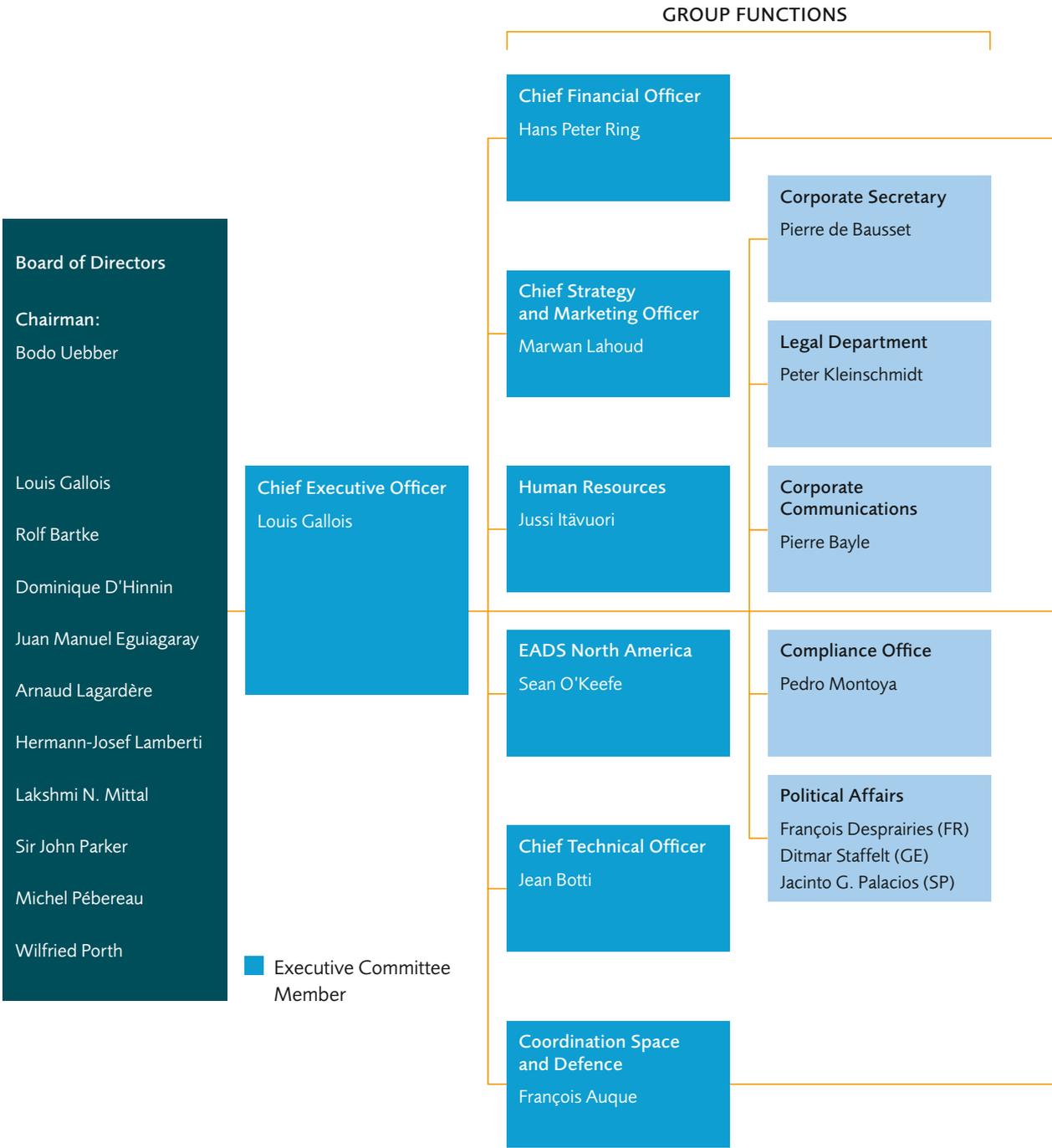
The Middle East is becoming a key market for EADS. Divisions have consolidated their presence (DS, Eurocopter and Astrium) and significant breakthroughs have been made in new fields such as border surveillance or air-to-air refuelling aircraft. In commercial aircraft, almost all the region's major carriers have chosen to expand and modernise their fleets with Airbus. Middle East airlines are important customers for the A380 and A350 XWB.

7% ¹⁾

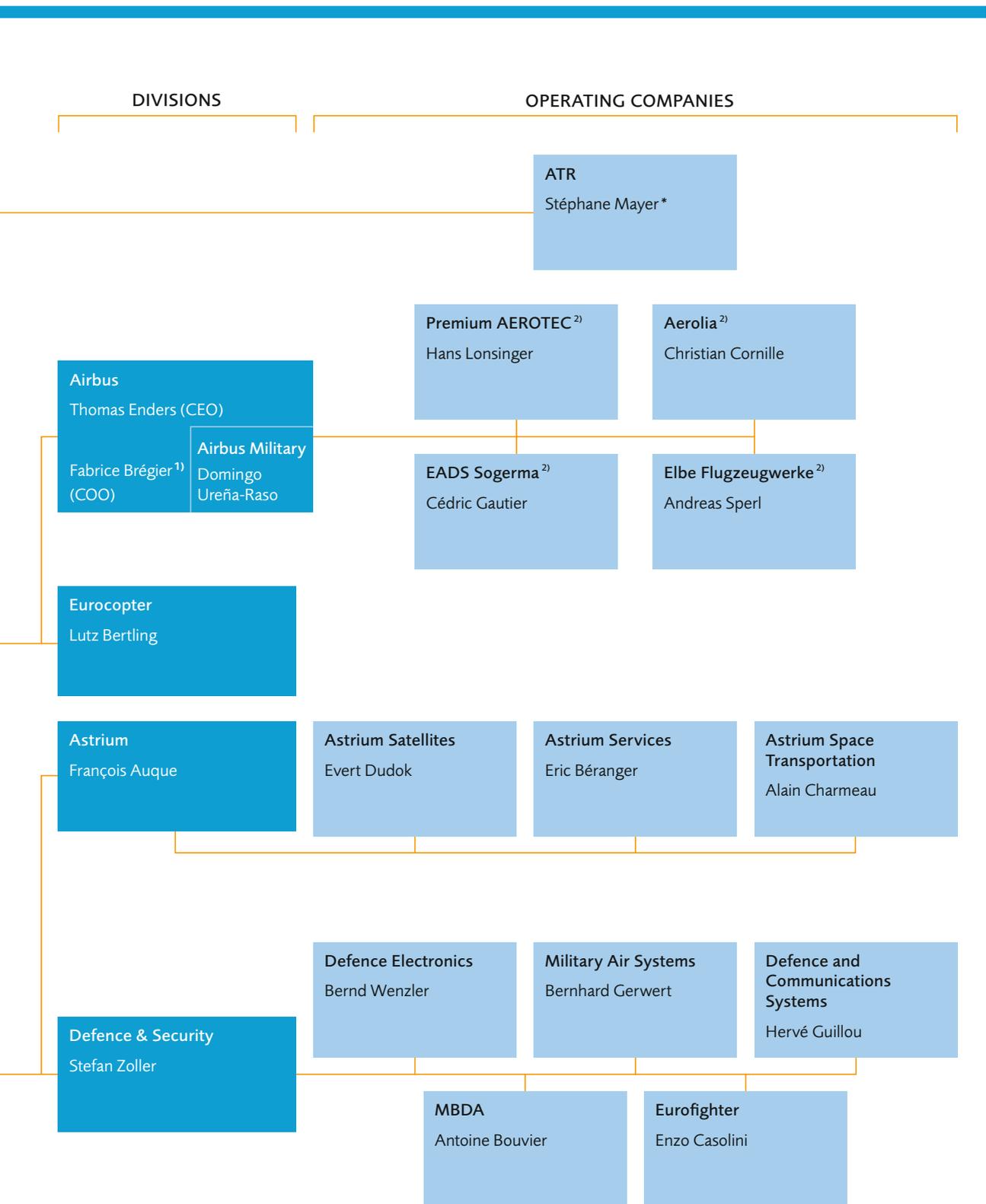
Rest of the world

		2009
Revenues	€bn	2.8
Sourcing ²⁾	€bn	0.06
Order book	€bn	28.6
Order intake	€bn	6.7
Employees		635

EADS is also focusing on other growth markets. Latin America, for example, is a dynamic economic region offering numerous commercial and industrial opportunities. EADS has developed a strategic industrial partnership with Brazil in the space, defence and security domains and won major successes in Mexico in 2009. EADS reinforced its presence in North Africa in 2009.



The Board actively shapes the Group's mission and strategic priorities, which are implemented under the leadership of the **Chief Executive Officer** (CEO), who provides the impetus for major operational initiatives. Group functions and the Divisions operate under the leadership of the CEO.



The four Divisions – Airbus, Eurocopter, Astrium and Defence & Security – serve the specific needs of their respective customers, while the Group functions enhance the Company offering through information exchange, technology sharing and working practice synergies.

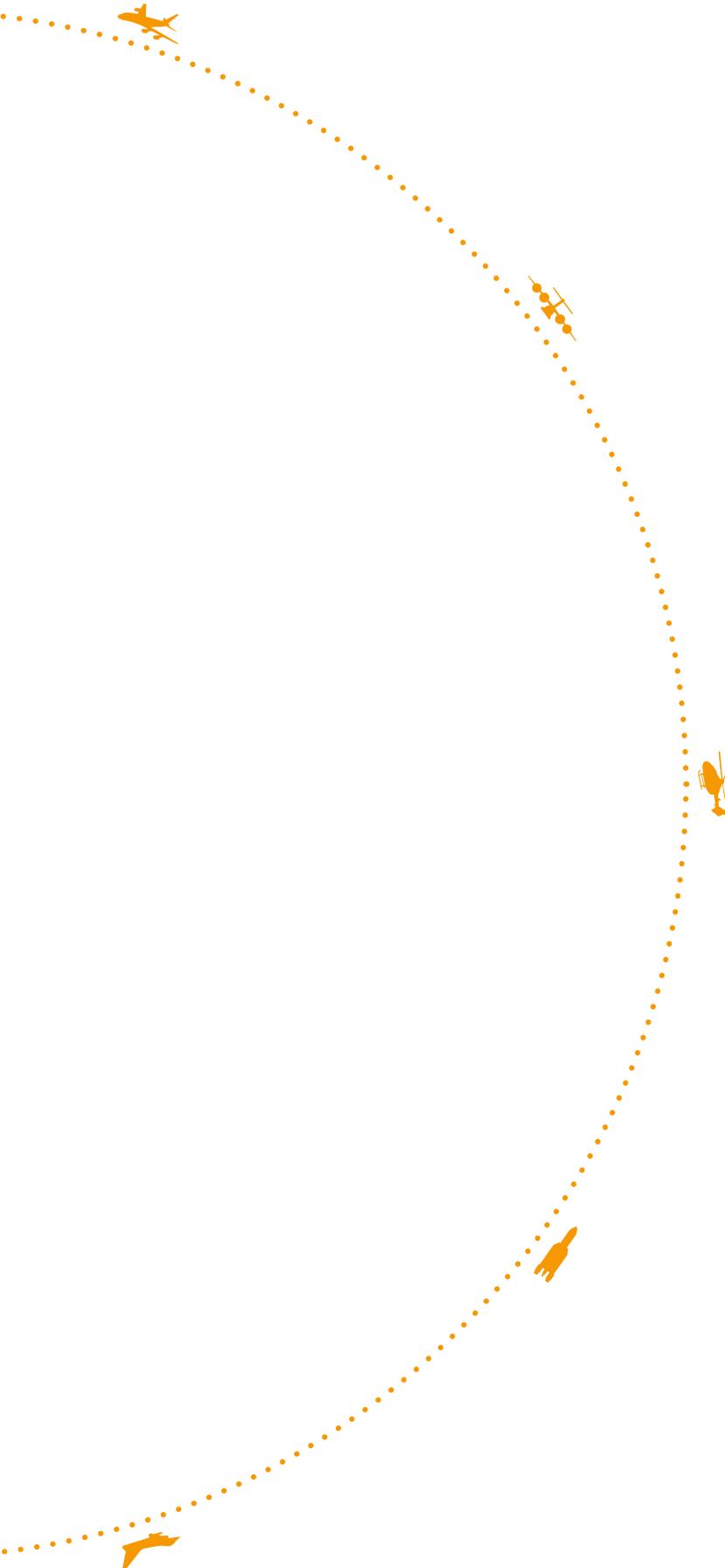
¹⁾ Responsible as Executive Committee member of a permanent Group-wide mission to ensure EADS enhanced operational performance.

²⁾ 100% EADS owned, management delegated to Airbus.

* Until 31 May 2010, successor to be nominated following GIE ATR Articles of Association.

EADS at a Glance





Contents

MANAGEMENT & GOVERNANCE

- 02 Letter from the Chairman of the Board
- 04 The Board of Directors
- 06 Corporate Governance
- 08 Chief Executive Officer's Statement
- 10 The Executive Committee
- 12 Strategy: Heading for Vision 2020
- 14 Interview with the Chief Financial Officer
Ten years of growth

18 BRINGING OUR WORLD TOGETHER

THE BUSINESS YEAR 2009

- 32 Markets and Perspectives
- 38 Airbus
- 44 Eurocopter
- 46 Astrium
- 48 Defence & Security

EADS PILLARS

- 52 Human Resources
- 54 Innovation
- 56 Eco-efficiency
- 58 Sourcing
- 60 Ethics and Compliance

- 62 Glossary
- 64 Addresses
- 66 Shareholder Information



Dear Shareholders,

This year, the EADS Group celebrates ten years of pioneering European industrial integration. The Board is proud that EADS has risen to a major position in its industry. It earned this rank because Europe's industrial and political leaders acted on a powerful vision a decade ago, and boldly joined forces in this strategic sector.

The consolidated industrial know-how of France, Germany, Spain and the UK resulted in products many of which allow EADS to claim technological leadership today. The Group has recorded a large number of outstanding achievements.

2009 was illustrative of the strength that comes from a great product portfolio. In the middle of one of the worst global economic crises ever, EADS achieved stable revenues – a fact which gives evidence of its remarkable resilience, well established over the past ten years of growth. However, the Group's 2009 results also highlight areas where EADS must continue to improve, particularly in the area of bringing new programmes through development to industrial maturity.

The management and all the employees who have displayed unwavering dedication have put EADS at the forefront of the world's aerospace and defence industry over the past decade. While they have grown the business, they have relentlessly adapted its structure and cost base to overcome hurdles such as the tide of an ever stronger euro. Its unique industrial set-up requires EADS to continue adapting and to develop painstakingly a long-term effective protection against currency risks to ensure its financial sustainability.

"The Board of Directors is committed to supporting management in laying a solid foundation for the company's second decade."

Bodo Uebber

The Board of Directors is committed to supporting management in laying a solid foundation for the company's second decade. In particular, we support Vision 2020, and management's strategy of balancing EADS' portfolio, of seeking future business opportunities, and its efforts to adjust its model to a volatile and changing environment.

The Group's stability will also depend on the solidity of its defence and institutional business. Together with our governmental customers, EADS sees an opportunity and a necessity to lay out realistic and transparent objectives for future contracts. As missions become more demanding and systems more efficient, technological advance also entails more complexity: both industry and customers must ensure that opportunities and risks are mastered, and that jointly defined targets are met – for the benefit of both sides.

The events of 2009 encouraged the Board to support the build-up of an Enterprise Risk Management organisation which will enable EADS to better map and manage risks in the development and manufacturing of products. Here again, the benefits should accrue to all stakeholders: internally, but also to customers, shareholders and suppliers. In addition, the Compliance programme – launched a year earlier – has been further strengthened.

The Board evaluation – conducted with the support of a reputable independent consultant – underlined the ability of the Board to effectively play its role in supervising and supporting management.

Finally, the Board reviewed its own remuneration, and that of the top executives. It found EADS' remuneration policy to be reasonable and compliant with good governance principles. In 2010, we will focus on enhancing the compensation system and better aligning incentives with the longer-term goals of the company.

Despite the fact that the commercial aviation sector is showing signs of recovery, the Board shares management's conviction that it is important to stay vigilant in 2010. Due to the loss incurred last year, the Board of Directors recommended paying no dividend for 2009. It is the first time ever in EADS' history such a decision has been made, and the Board intends to resume the payment of a dividend as soon as more favourable conditions allow.

I firmly believe our cash-conscious approach is in the best interest of the shareholders and safeguards their long-term value in EADS. Rest assured, management and the Board remain committed to the company's success by vigorously pursuing the targets laid out in Vision 2020.



Bodo Uebber
Chairman of the Board

THE BOARD OF DIRECTORS



BODO UEPPER (50)
Chairman of the Board of Directors of EADS

"EADS has grown into a leader, and it has to manage a multitude of programmes and issues in a tough environment. This requires close attention to resource allocation, tight processes and quality of controls to attain sustainable profitability and stability."



LOUIS GALLOIS (66)
Chief Executive Officer of EADS

"I want to foster a sense of unity and pride to the people of EADS. Transformation and integration are key to a promising future."

LAKSHMI N. MITTAL (59)
Chairman and Chief Executive Officer of Arcelor Mittal

"Based on my experience, I pay particular attention to EADS' cost structure, its competitiveness, execution of projects on time and within budget and to sound controls."



MICHEL PÉBEREAU (68)
Chairman of BNP Paribas

"So far, EADS has remarkably navigated the global financial crisis, and has been very open to the Board's guidance. The management is level-headed in the face of testing challenges."



ROLF BARTKE (63)
Chairman of Keiper-Recaro-Group

"My expertise is operational excellence and efficiency. This experience is an asset at a time when the value chain is strained, customers reposition themselves, and suppliers are vulnerable."



For more detailed information, please refer to the
Corporate Governance section in the REGISTRATION DOCUMENT 2009.



HERMANN-JOSEF LAMBERTI (54)
Member of the Management Board
of Deutsche Bank AG

"I pay continuous attention to risk management and true measures of sustainable performance. As Chairman of the Audit Committee, I will continue to focus on financial strength and stability."



SIR JOHN PARKER (67)
Chairman of National Grid

"This board's duty is to unlock the wealth of talent and value that appears to have been overshadowed by current extraordinary circumstances. The Remuneration and Nomination Committee plays an important role in this."



**JUAN MANUEL
EGUIAGARAY UCELAY (64)**
Director of Studies at
Fundación Alternativas

"Economic cycles and their impact on public budgets mean EADS must adapt its business model to a changing industry paradigm. I will support this adaptation."

ARNAUD LAGARDÈRE (49)
Managing Partner of Lagardère SCA

"EADS has to face several important challenges in a competitive environment still affected by the worldwide economic slowdown. As Board member, I will dedicate the means at my disposal in order to support EADS in achieving its objectives such as lasting profitable performance and maintaining its European identity."



WILFRIED PORTH (51)
Member of the Board
of Management of Daimler AG

"Based on my broad international industrial experience I give EADS the benefit of an additional operational vision and different insights on social relations."



DOMINIQUE D'HINNIN (50)
Co-Managing Partner of Lagardère SCA

"I will scrutinise the performance of EADS through the prism of value creation and promote development options that optimise the long-term value to shareholders."



Board discussions focused on major strategic and operational issues, including the Vision 2020 roadmap for sustainable growth and the delayed A400M military transport project.

BOARD MEETINGS

The Board made several high-profile appointments during 2009. Rüdiger Grube, the former Chairman, resigned in April 2009 and was replaced by Bodo Uebber. Additionally, Mr Grube was replaced as a director by Wilfried Porth, who was elected at the May 2009 Annual General Meeting. The Board made two important divisional appointments. In February, Domingo Ureña-Raso became Head of Airbus Military and, in November, Sean O'Keefe became Head of EADS North America.

The delayed A400M military transport project was a recurring topic, discussed at seven Board meetings. The Board also debated Group strategy, major business topics such as the new A350 XWB aircraft and the Saudi Border Surveillance programme, the development of other major programmes, the progress of Vision 2020's strategic goals, approval of the operational plan, and the Group's financial results. Control was an area of focus, including Enterprise Risk Management (ERM), the Corporate Audit Plan and the Compliance Organisation's development. Human resources topics were also high on the agenda, especially compensation policy, management qualification, remuneration, and the issue of attracting, retaining and developing individuals with high potential. Moreover, the Board tasked management with increasing efforts to promote employee diversity.

The Board of Directors met 11 times, with an 84% average attendance rate. Between meetings, the Chief Executive Officer kept it informed through business reports, strategic and operational plans.

ASSESSMENT OF THE BOARD'S PERFORMANCE

Independent consultants reviewed the Board's effectiveness in February 2010, concluding that its members were generally satisfied with their ability to work as a team and to tackle relevant matters openly in the best interest of the Group.

The review identified scope for making Board documentation more tailored to supporting decision making. Also, operational matters, especially the A400M, were said to preoccupy Directors at the expense of longer term questions. Recognising this, the Board devoted a full-day meeting to strategy in 2009, including an assessment of Vision 2020's goals in a changing environment.

Overall, the Board considers it assembles a very international, diverse and relevant set of skills, with strong finance competencies.

THE AUDIT COMMITTEE

In 2009, the Audit Committee reviewed the 2008 results as well as the first half-year results for 2009, the quarterly financial reviews, and topics such as ERM, compliance and internal audit matters. It met five times, with a 90% average attendance rate.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee made recommendations to the Board for major appointments and reviewing topics ranging from compensation policy to succession planning. Following an early 2010 study, the Committee recommended that Executives' compensation structures should be adjusted to better support EADS' objectives of sustainability and profitability. It met four times, with a 94% average attendance rate.

THE STRATEGIC COMMITTEE

The Strategic Committee monitored the Group's major strategic initiatives, made recommendations to the Board of Directors on mergers and acquisitions, and reviewed EADS' research and technology policy. The Committee, which is chaired by Bodo Uebber, includes Louis Gallois. The Committee met twice, with an 80% average attendance rate.

SHAREHOLDER STRUCTURE

as of 31 December 2009



- 22.46% **Sogead** (Lagardère and French state holding company Sogepa)
- 22.46% **Daimler***
- 5.48% **SEPI** (Spanish state holding company)
- 0.06% Shares held out of the contractual partnership by the **French state**
- 49.12% **Institutional, retail and employee ownership**
- 0.39% **Treasury shares** (without economic or voting rights)

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

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Hermann-Josef Lamberti (Chairman)

Rolf Bartke

Dominique D'Hinnin

Sir John Parker

REMUNERATION AND NOMINATION COMMITTEE

Sir John Parker (Chairman)

Dominique D'Hinnin

Hermann-Josef Lamberti

Wilfried Porth

STRATEGIC COMMITTEE

Bodo Uebber (Chairman)

Louis Gallois

Arnaud Lagardère

Michel Pébereau

Wilfried Porth



For more detailed information, please refer to the Corporate Governance section at www.eads.com or to the

REGISTRATION DOCUMENT 2009



*Dear Shareholders, Employees,
Customers and Suppliers,*

EADS was created to draw together the strategic resources of major European nations, merging fragmented but capable aerospace and defence assets into a powerful global contender. Ten years on, EADS is tangibly asserting Europe's industrial significance; its products have made their mark globally, lifting the Group to leadership position in every segment.

In only one decade:

- We grew our revenues by 77%.
- We invested over €22 billion in self-financed research and development.
- We created more than 15,000 high-tech posts.

There are countless achievements to be proud of in this success story: Airbus climbed to become the top aircraft manufacturer; Eurocopter strengthened its position as leader of the global commercial and military helicopter market; Astrium broke records with Ariane 5 and with satellite sales; Defence & Security delivered more than 200 Eurofighter combat jets and leads the dynamic border security business worldwide.

Yet, it hasn't all been plain sailing. Vigorous expansion while pushing the boundaries of technology has brought severe trials, such as experienced with the A380 and A400M. EADS has turned these into lessons learned and is better armed to master complexity, and it has made programme and risk management top priorities. Balanced integration takes time, and we have made substantial progress in this regard: the merger of the Airbus Military segment into Airbus is one of the latest steps, as well as the coordination of the Defence & Security and Astrium Divisions.

"Vision 2020 continues to take shape. Since 2007, the initial broad concept has framed strategic discussions, has translated into annual priorities and has informed operative planning."

Louis Gallois

The year 2009, in particular, was a test of strength and resilience for EADS. In the midst of a dire economic crisis, the Group's business performance demonstrates watchfulness and agility. Consider our order book and delivery management: Airbus deserves special recognition for its "Watchtower" approach to improve market visibility with partners and customers. Its speedy implementation created flexibility to reallocate more than 600 aircraft positions in 2008 and 2009. We also secured record deliveries of 498 aircraft in 2009. Thankfully, the market is showing signs of recovery, which is good given the importance of volume for profitability.

Eurocopter worked tirelessly to counterbalance the significant dip in the commercial sector. The result was impressive: 558 delivered helicopters and a record year for military helicopters. Performance in our governmental and institutional business demonstrates the results of careful nurturing: Defence & Security's profitability at nearly 8.5 percent is among the benchmarks of prime contractors in Europe, while Astrium had the best year in its history.

We were pleased to witness the maiden flights of the EC175 helicopter and the A400M military transport aircraft. I deeply appreciate the support of the customer nations for the A400M which – together with an additional significant financial effort by EADS – put this important programme back on track. We shall deliver to them the world's "best-in-class" airlift capability to perform successfully their vital missions.

Vision 2020 continues to take shape. Since 2007, the initial broad concept has framed strategic discussions, has translated into annual priorities and has informed operative planning. Our targets, whether collective or individual, all derive from Vision 2020.

They include, to name but a few: a better balance of activities to mitigate commercial cycles and dollar pressure; development of services and security activities; focus on core businesses; extension of our footprint worldwide; preparation of tomorrow's programmes; rigorous promotion of eco-efficiency as a driver of profitable innovation.

EADS must continuously adapt itself and improve performance, optimise working processes, better identify and manage risks. Power8, Power8 Plus and Future EADS are the templates for productivity and transformation. They are complemented by prudent cash management to protect manoeuvrability.

United by common values, our 120,000 talented employees, whose dedication is second-to-none, are making it happen. I am determined to foster the link between the management and the workforce, to address expectations on people management.

This is the roadmap to fuel the sense of drive and ambition at EADS and to satisfy the interests of our shareholders. Clearly, EADS was the right strategy for Europe. Without EADS, Europe would not be in a position to compete with the world's best in our industry. We should bear that in mind as we look to the continent's future industrial policy, and jointly gear-up for future growth.



Louis Gallois
Chief Executive Officer

THE EXECUTIVE COMMITTEE



from left to right

RALPH CROSBY > Head of EADS North America

SEAN O'KEEFE succeeded Ralph Crosby on 1 November 2009.

The Head of EADS North America has strategic and operational responsibilities in the US market.



FRANÇOIS AUQUE > Head of Astrium, Coordination Space and Defence

Mr Auque is responsible for the success of Astrium and coordinates between the Group's defence, security and space activities to foster synergies.

JEAN BOTTI > Chief Technical Officer (CTO)

Mr Botti's mission is to steer Group Research and Technology activities, to secure the right technologies and manufacturing tools for tomorrow.

STEFAN ZOLLER > Head of Defence & Security

Mr Zoller is in charge of driving successful business performance at the Defence & Security Division while preparing the Division's future.

FABRICE BRÉGIER > Airbus Chief Operating Officer (COO) and Head of EADS Operational Performance

Mr Brégier manages Airbus' operations and Power8, and has the additional permanent mission of enhancing operational performance across the EADS Group.

HANS PETER RING > Chief Financial Officer (CFO)

Mr Ring's mission is to ensure successful management of EADS' financial resources to support operational performance and prepare the Group's future.



THOMAS ENDERS ➤ Head of Airbus

Mr Enders is responsible for the overall success of all Airbus activities, commercial and military, driving ongoing and development programmes and strategic initiatives.

LOUIS GALLOIS ➤ Chief Executive Officer (CEO)

Mr Gallois is responsible for the overall successful management of EADS Group business and operations. He chairs the Executive Committee.

LUTZ BERTLING ➤ Head of Eurocopter

Mr Bertling's mission is to strengthen Eurocopter's leading position and deliver commercial success and customer satisfaction on all helicopter programmes.

MARWAN LAHOUD ➤ Chief Strategy and Marketing Officer

Mr Lahoud is responsible for elaboration and execution of the Group's strategy including merger and acquisition operations, as well as the Group's international development and marketing.

DOMINGO UREÑA-RASO ➤ Head of Airbus Military

Mr Ureña-Raso is in charge of Airbus Military, responsible notably for the A400M programme. He reports to the Head of Airbus and is member of the EADS Executive Committee.

JUSSI ITÄVUORI ➤ Head of Human Resources

Mr Itävuori's role is to ensure that the EADS workforce is efficiently managed, engaged and competent to be able to master present and future challenges.

Heading for Vision 2020

Recent challenges have confirmed the validity of EADS' roadmap for the future, Vision 2020. In particular, the economic downturn has highlighted the importance for EADS to become more balanced, in terms of portfolio and international presence, in order to be even more resilient to business cycles and currency risks.

SHARING LONG-TERM OBJECTIVES

EADS' strategic roadmap Vision 2020 received further endorsement in the context of the global economic crisis. This Group-wide action plan aims at increasing the company's resilience and securing continued leadership, through focused growth along three axes:

- **A better balance between commercial aircraft and our other activities.** Commercial aircraft is a capital intensive and cyclical business. In 2009, it represented 62% of Group revenues. Our goal is to reach a 50/50 balance and a more stable long-term cash flow performance through complementary investment cycles.
- **A better balance between platforms and services.** With a strong customer base for advanced platforms and systems, EADS is in a position to develop high-value related services, which are not only highly profitable but also counter-cyclical. Our target is to raise the service share of revenues from 12% in 2009 to 25% by 2020.
- **A better balance between our European roots and our global footprint.** To gain access to new markets and technology resources, as well as low-cost and multi-currency-based sourcing, we need to expand our international footprint. Our target is to have 20% of employees and 40% of sourcing outside Europe.

Furthermore, we aim to become **truly eco-efficient**. We are determined to use eco-efficiency as a driver for innovation.

The ambitious targets set out in Vision 2020 call for highly **engaged people, innovating beyond technologies**. EADS will therefore continue to deliver the best of European know-how, promoting innovation culture, greater mobility and international diversity within its workforce.

VISION AT WORK

The drive to implement Vision 2020 achieved significant milestones in 2009:

- **Strengthening the integration of our core business**, we integrated military transport and commercial aircraft into Airbus. Structural links were implemented between Astrium and Defence & Security Divisions. As a first result, an Electronics Centre of Excellence for space and defence was created to exploit synergies involving 2,500 people at 11 sites in five countries.
- **Working towards better efficiency**, we continued to improve organisation and deliver savings across the Group. The Future EADS integration and cost-saving programme advanced, for example, through creation of new Group-wide shared services for general procurement or facility management.
- **Reinforcing programme management**, we promoted best practices across the Group, drawing lessons from A380 and A400M programmes. Through comprehensive negotiations with launch customers, a new basis was found for the A400M programme.
- **Continuing globalisation**, we achieved first deliveries of A320 aircraft from the final assembly line in China. In the Middle East, we won a major contract to secure Saudi Arabia's borders. In the US, success of the Light Utility Helicopter programme continued with a follow-on order for 51 aircraft.
- **Expanding services**, Eurocopter won major orders. Early in 2010, Astrium signed a two-year extension to the Skynet 5 services contract with the UK Ministry of Defence. Overall, EADS services grew 20% in 2009 organically, reaching 12% of the Group's revenues.
- **Building employee engagement**, we launched a multi-year process across the entire EADS workforce. A first employee survey was performed and global as well as local results were communicated to all 4,000 managers. Improvement plans involving feedback from all 120,000 employees were developed throughout the Group.

EADS PRIORITIES 2010

1. Improve the **ENGAGEMENT** of EADS employees by responding to their expectations on personal development, people management and common values; reinforce diversity, in particular gender diversity at every level.
2. Give the top priority to **CASH MANAGEMENT** to protect the Group's financial manoeuvrability.
3. Achieve the **SAVINGS** targeted by improvement and efficiency programmes at Division level as well as those set by Future EADS and foster integration.
4. Deliver and secure **KEY PROGRAMMES** – A400M, A380, A350, NH90 Naval, Saudi border surveillance, US defence programmes.
5. Protect EADS' reputation as a responsible company in our **HOME COUNTRIES**, to win over confidence and support from governments and public opinion.
6. Prepare the **PROGRAMMES OF THE FUTURE** – notably future commercial aircraft, X4 and heavy lift helicopters, Ariane 6, Advanced UAV Talarion.
7. Foster **INNOVATION BEYOND TECHNOLOGIES** and transform these initiatives into efficiency and new businesses.
8. In line with Vision 2020, develop **SERVICES** and **SECURITY** activities. Focus on core and extend our footprint outside Europe. Increase our global reach in terms of partnerships, sourcing and employees.
9. Ensure compliance with **ETHICAL** business conduct in all key business processes.
10. Move to an **ECO-EFFICIENT** enterprise – promote eco-efficiency as a driver of innovation in research, production, product development and new business opportunities.



"EADS has come through recent challenges with robust fundamentals."

Hans Peter Ring

What would you say are the key messages to be taken from the 2009 results?

Clearly, we have faced strong headwinds over the past year, with the economic crisis, deterioration of dollar/euro exchange rates and, of course, the impact of our own programme difficulties. Those factors have heavily burdened our 2009 results. But the results also show that our underlying business is resilient. Airbus's deliveries were at a record level. Strong government business enabled Eurocopter to increase its backlog, and our Defence & Security and Astrium Divisions both continued to improve profitability. EADS has come through recent challenges with robust fundamentals. We have a strong order book at €389 billion at year end 2009 and record net cash at nearly €10 billion despite all the headwinds.

Why do you pay so much attention to cash?

Because cash gives us flexibility. Our strong liquidity has been a great asset during the economic crisis. It is the basis for our continued strong credit rating and it helps us deal with programme challenges. Looking further ahead, cash protection will remain a key priority as we move beyond the crisis and prepare for new customer demand, and also possible adjustments to our company portfolio.

What has enabled you to build up this level of cash?

Over the past few years cash management has been our first priority, and our policy has been successful. One of the main factors has been close attention to the Airbus Power8 improvement programme

savings. We have monitored inventories and pre-delivery payments very closely, and Airbus has been instrumental in reducing capital expenditure. We've also heightened awareness of cash preservation across the Group.

And I think there is still room for improvement. On inventories, we are far from being benchmark at a level of €21.6 billion at year end 2009. This should allow us to retain a strong cash position in the future.

What are you doing to help improve performance?

On top of all the ongoing EADS-wide cost-saving efforts, I consider our integration efforts, our Future EADS programme, to be the really important issue. Sharing IT, best practice, sharing services, sharing systems and addressing best practice in controlling, with a particular focus on programme controlling – these are some of the important areas we want to tackle. Business partnering, being closer to and involved in decision making, anticipating risks, better contracting – these are the top priorities of our finance teams to improve performance of the organisation and control risks.

And how are you addressing the issue of financial risk at EADS?

Ours is a business where big commitments are made on products with long lead times. So financial risk management is vital, and partnership among finance and programme executives is key to our success. The finance community has pushed implementation of our Enterprise Risk Management system. It has become an integral part of our management reporting and discussion, enabling us to develop a “shared value community” with our operative colleagues.

We are working hard to create leaner processes and leaner reporting, in particular by focusing on the right metrics. Prompt and clear reporting on programme financials helps us to flag and address risks at an early stage. Finance is trying to be proactive in monitoring and assisting improvements in the overall performance of EADS as a Group.

The dollar exchange rate remains a heavy burden. How do you see this developing, and what are you doing to mitigate currency risk?

In 2010, the deterioration of hedge rates will weigh on EADS' results by about €-1 billion compared to 2009. There will also be a burden in 2011. Our hedging policy has given us time to cut costs and gradually digest the significant dollar deterioration seen over the last years. To ensure stable, longer-term protection, our objective is

“If you compare our revenues and order book now with those ten years ago, the development is impressive.”

Hans Peter Ring

to get to the point where more than half of our dollar inflows are naturally hedged. In order to achieve this, we have increased dollar purchases. The level will continue to increase due to higher dollar content in new programmes, particularly the A350. This is part of our industrial footprint strategy and a top priority for the company as a whole.

Looking back over the past ten years, how do you see EADS' development in terms of fundamentals?

EADS has seen tremendous growth and almost doubled in size. If you compare our revenues and order book now with those ten years ago, the development is impressive. At the same time, it has been a period of intense activity and investment in new technologies and programmes. You can see that in our self-financed research and development (R&D) commitment and the strengthened product portfolio. While that investment gives us a basis for the future, it has been a challenge to our near-term operational performance. Our goal for the next decade will be to leverage our remarkable strengths, our order book, our cash flexibility and our competitive portfolio to generate value and improve performance.





Ten years of growth

In 2000, EADS' predecessor companies joined forces, merging European industrial assets and capabilities to create a powerful competitor on the global aerospace and defence market. Ten years since its creation, EADS is already making its mark globally and can point to impressive advances, at least one for every year.

➤ 1. Top-line growth

In the ten years since its formation, EADS business activity has steadily grown, reflecting the robustness of its underlying business. In 2009, Group revenues at €42.8 billion were up 77% from their 2000 level at €24.2 billion.

➤ 2. Long-term stability

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

➤ 3. Financial flexibility

Cash management is a clear priority for EADS. Solid liquidity is an asset in times of economic crisis allowing continued investment in future programmes. At the end of 2009, EADS' net cash at €9.8 billion was at almost eight times its 2000 level of €1.3 billion.

➤ 4. Commitment to innovation

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

➤ 5. Commercial momentum

Through vigilant management and effective matching of production rates to demand, business at Airbus and Eurocopter has grown steadily over the past decade, in spite of economic downturns. In 2009, Airbus' commercial deliveries at 498 aircraft were up 60% on the 2000 level (311 aircraft). Over the same period, Eurocopter deliveries almost doubled from 289 in 2000 to 558 helicopters in 2009 (up 93%).

➤ 6. Commercial resilience

Airbus' attractive and competitive range of aircraft continues to meet the evolving demands of its customers. Over the past ten years Airbus' commercial order book has grown 115% from 1,626 aircraft in 2000 to 3,488 in 2009, representing six years of full production.

➤ 7. Broad portfolio growth

With investment in ongoing programmes as well as development of new areas of activity, business at the Defence & Security, Astrium and Eurocopter Divisions has grown substantially over the past ten years. Combined revenues of non-Airbus activities rose over the period, from €10.1 billion in 2000 to €15.8 billion in 2009.

➤ 8. Profitability in Defence & Security, Astrium and Eurocopter Divisions

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

➤ 9. High-tech footprint

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

➤ 10. Currency protection

Between 1 January 2000 and 31 December 2009, the US dollar lost 30% in value against the euro. EADS has minimised the impact on its profits through strategic hedging and US dollar sourcing. EADS hedge book grew from US\$21.5 billion to US\$60.8 billion at the end of 2009. At Airbus, dollar sourcing has increased with each new programme launch. At early 2010 exchange rates, the US dollar content of the A350 represents roughly three quarters of the total cost, far above the level of previous Airbus models.

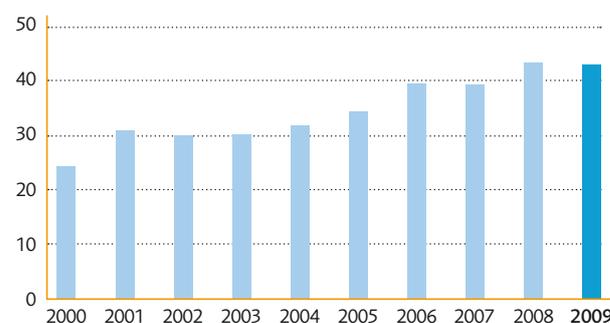
All figures have been adjusted to reflect perimeter changes.

+77%

EADS revenue growth between 2000 and 2009 reflects the underlying vitality of Group business activities.

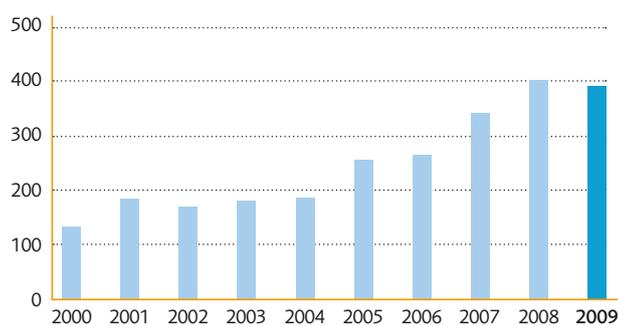
EADS GROUP REVENUES

(in € billion)



EADS GROUP ORDER BOOK

(in € billion)



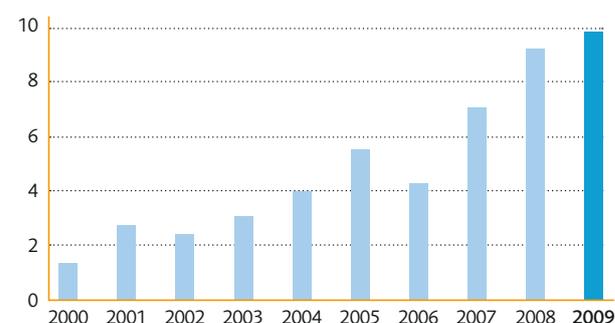
EADS has continued to invest in qualified know-how in Europe and beyond. 15,000 high-tech jobs have been created since 2000.

+651%

Solid liquidity is a key asset in challenging times. EADS net cash position has risen almost eight-fold.

EADS GROUP NET CASH POSITION

(in € billion)





Bringing our world together

COOPERATION

DEDICATION

EFFICIENCY

INNOVATION

SUSTAINABILITY

Ten years ago, several leading European aerospace companies came together to form EADS. They were driven by a shared goal: to create a major global aerospace contender out of a rich but fragmented European industrial heritage. Ten years on, EADS has already come a long way towards achieving its goal. The success of EADS has been built on its people. Driven by a common vision, sharing common values and inspired by a spirit of innovation, they are shaping the future in aerospace, setting new standards, bringing our world together.



1999-2009: In just one decade, EADS has left a tangible mark globally with a range of products which are world-leaders in their sectors. And it continues to innovate for the future.



Cooperation and commitment

The Eurofighter is one of EADS' finest achievements founded on cooperation and commitment. EADS has been cooperating within a four-nation industrial consortium to build the state-of-the-art Eurofighter, designed to meet the complex security needs of governments and air forces worldwide. Five of Europe's air forces are flying the Eurofighter today, and it is the backbone of Europe's airborne defence capabilities.

707 aircraft under contract
200 aircraft delivered
100,000 jobs on the programme



2009

➤ In July 2009, the four partner nations, Germany, Italy, Spain and UK, place an official order for a third production batch of Eurofighter. The Tranche 3a order means that technical preparations can begin for the production of a further 112 Eurofighters.



Dedication and expertise

The outstanding dedication and expertise of its workforce have made EADS a world-leader in each of its businesses. In helicopters, for example. Design expertise has enabled Eurocopter's teams to build a range of helicopters capable of meeting the most demanding operational needs. Dedicated maintenance experts ensure the more than 10,500 helicopters in service receive the support they need. That's why Eurocopter is the world's leading supplier of civil helicopters, with a growing military business.



10,500 Eurocopters in service
2,800 customers
140 countries with Eurocopter fleets



2005

➤ The German Army receives its first serial production Tiger, a modern combat support helicopter. The Tiger's sensor technology and multi-weapon capability give it the versatility to cover a wide range of mission scenarios, from armed reconnaissance to combat support. Since 2009, the Tiger has been proving its serviceability while operating in Afghanistan with the French armed forces.



Efficiency and ambition

EADS was born of a shared ambition to compete with the world's best in aerospace. The same ambition led to the launch of the A380. Airbus saw that expanding air travel would create a need for a highly efficient, large aircraft, capable of flying long distances between major cities. Working closely with airlines, airports and airworthiness authorities, Airbus' teams designed the A380 to meet that need. By the end of 2009, nearly 4 million passengers had flown on the A380.



< 3 litres fuel burn/passenger/100 km
50% less noise than competitors
4 million passengers transported



2005

➤ On 27 April 2005, the A380 flies for the first time. It is the first flight of a commercial aircraft with 25% of its airframe made from composites, offering a 20% improvement in fuel consumption over the previous generation of jumbo aircraft.



Innovation and passion

Realising possibilities in aerospace requires continuous innovation. EADS employees have a passion for innovation, not least at the Group's space Division. Astrium delivers satellites that are essential for climate monitoring; has engineered Europe's contribution to the International Space Station; provides vital communications services; and makes launchers that secure European access to space. None of this would be possible without the people who work there – driven by innovation and passionate about space.



120,000 EADS people at over
100 EADS locations
1 passion



2005

➤ On 12 February 2005, the Ariane 5 ECA launcher is successfully launched from the European spaceport in Kourou, French Guyana. This launch validates the new, powerful heavy-lift launcher's performance, thus ensuring Ariane's dual launch capability. By the end of 2009, Ariane 5 launchers had completed 35 successful launches in succession.



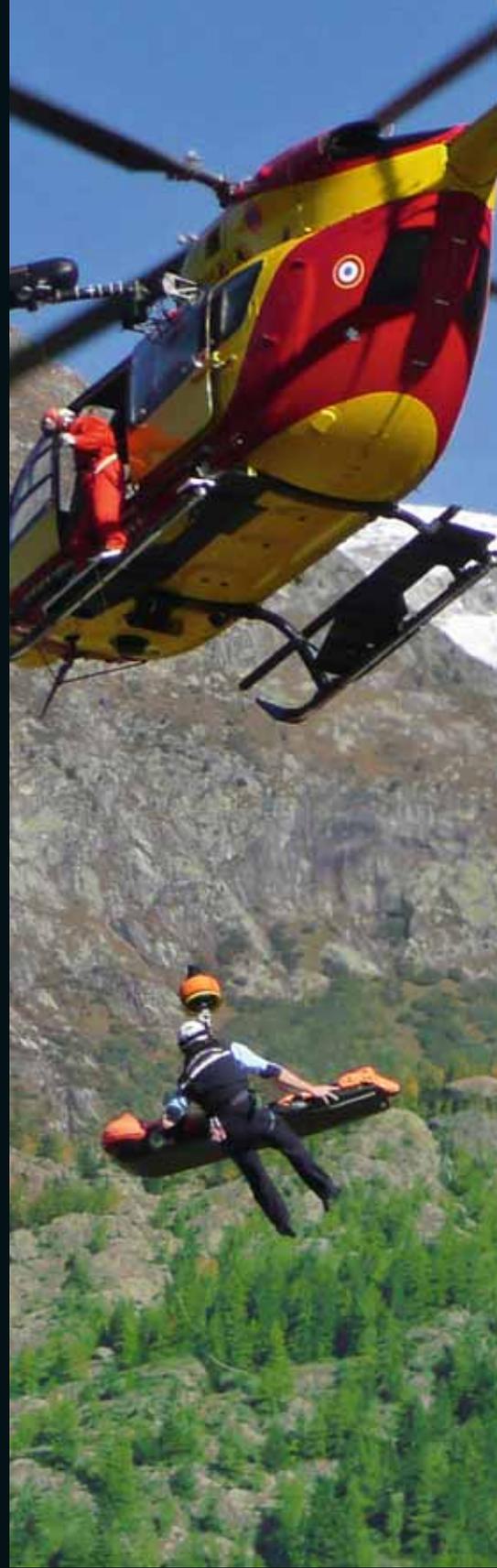
Sustainability and responsibility

In EADS' business, product lifecycles can last several decades. Our long-term success therefore depends on sustainability and responsibility in all their aspects and at every level of the value chain: in dealings with suppliers, partners, co-workers and customers. And ultimately the environment. EADS' aeronautics businesses are dedicating 80% of their research budgets to "green" technologies.



50% lower CO₂ targeted
80% lower NO_x targeted
50% lower perceived noise targeted *

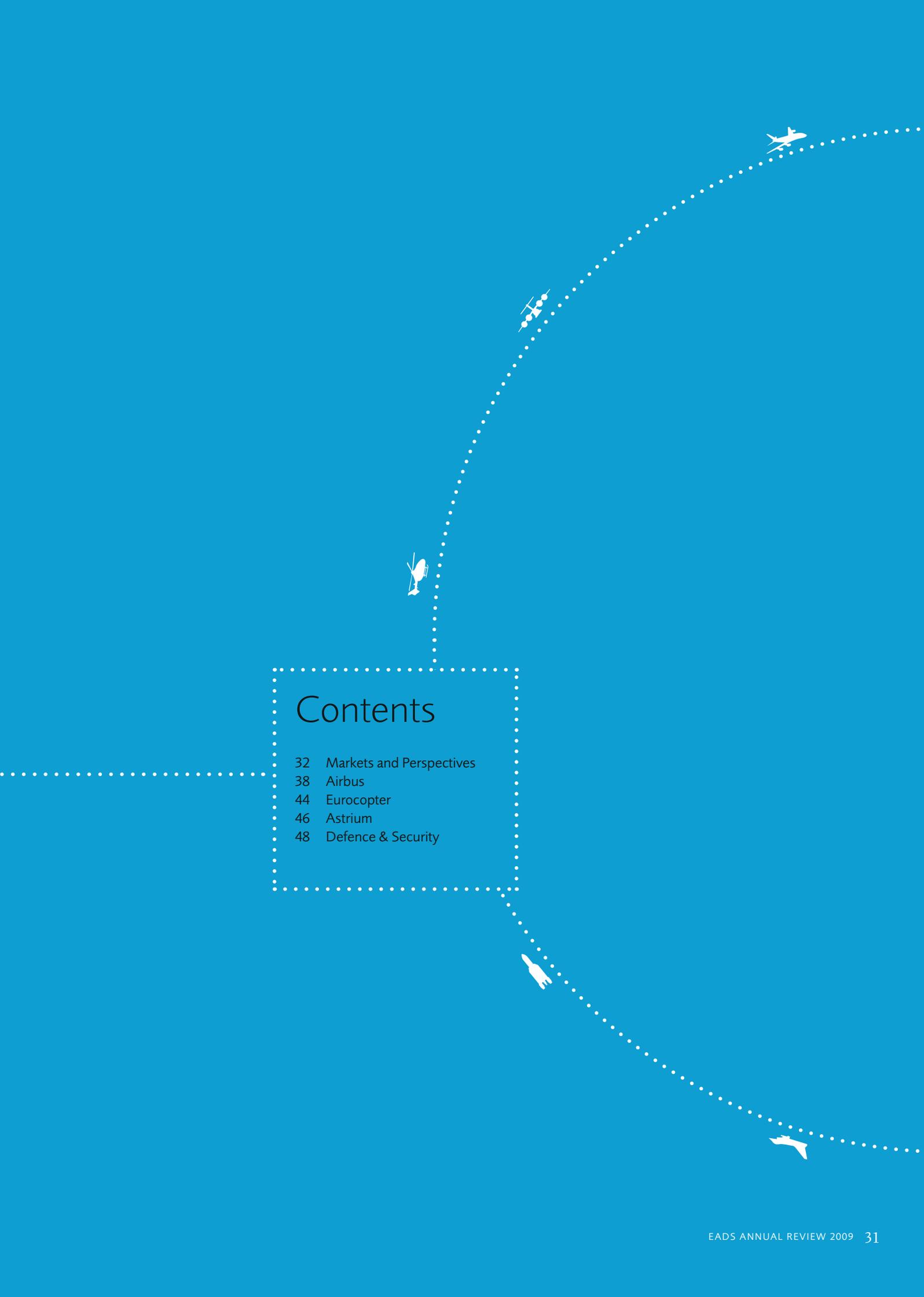
* In line with ACARE targets for 2020, using 2000 as a baseline.



2003

➤ EADS joins the United Nations Global Compact, an international initiative that brings businesses together with UN agencies, civil society and government to advance ten universal principles in the areas of human rights, labour and anti-corruption. EADS has also signed the "Caring for Climate" initiative for organisations seeking to show leadership on climate change.

The Business Year 2009



Contents

- 32 Markets and Perspectives
- 38 Airbus
- 44 Eurocopter
- 46 Astrium
- 48 Defence & Security

Markets and Perspectives

As the industry gradually recovers from the economic crisis, long-term trends in aerospace will return to the forefront, in particular the drive towards more eco-efficient aircraft and demand for integrated solutions to cope with terrorist threats and emergency response.

Reflecting the aviation industry's sensitivity to economic growth, the credit crisis had a direct effect on aviation during 2009, triggering the biggest post-war decline in passenger traffic. Later in the year, as global economic growth stabilised there was a corresponding improvement in air traffic.

Supported by long industry lead times and the aircraft manufacturers' large order books, deliveries of large passenger aircraft continued at the previous year's level. Airlines ordered considerably fewer planes, however, and orders are unlikely to return to pre-crisis levels before 2011 or 2012. Civil helicopters experienced a similar trend, especially as banks became less willing to finance purchases.

The defence, security and space sectors proved less vulnerable to the downturn, as government spending is planned several years in advance. Nevertheless, mounting public debt in the wake of large-scale economic stimulus measures means that many governments need to review budgets. Defence and space budget growth in the developed economies is expected to remain at best moderate in the immediate future. While recession has been the most immediate industry challenge, profound long-term changes are underway in the aerospace and defence sector, some of which are supported by the crisis's financial impact. Development of more fuel-efficient aircraft has become a priority – due to the need both to minimise CO₂ emissions and to cut costs.

Within the defence market, the rise of asymmetric warfare and terrorist threats is increasing demand for new types of equipment and services. Integrated command and control systems, secure communications, unmanned aerial vehicles (UAVs) and cyber-security have all received more funding in recent years. The financial crisis may hasten the shift in defence spending priorities and add to pressure on defence equipment programmes for traditional battle scenarios. Across the public-funded sectors of defence, security and space, tight budgets are likely to support further outsourcing to the private sector, for example through servicing-based public-private partnerships.

The financial crisis is making aerospace and defence companies look to developing countries for growth. In the wake of the crisis, developed countries are expected to expand by a mere 1.7% in 2010. This compares to an expected 5.2% rate in emerging countries, such as Brazil, India and China.

The downturn and beyond

Low passenger yields and rising fuel costs weighed heavily on airline finances during 2009, causing legacy airlines to lose approximately US\$ 9.4 billion, according to the March 2010 International Air Transport Association (IATA) estimate. Despite signs of a recovery, IATA expected the industry to report a US\$ 2.8 billion loss in 2010. However, the long-term growth prospects in global passenger demand remain positive.

Paving the way for greater safety and efficiency

EUROPE'S SINGLE SKY

AIR TRAFFIC has more than doubled over the last two decades and is forecast to grow steadily in the future. This raises the question of how to cope with growing air activity.

CONGESTION has already become a challenge. Some regions, including the US East Coast or Greater London already have difficulties managing aircraft flows. Airports are not expected to expand in line with overall growth in the years ahead, putting pressure on airside operations.

SINGLE EUROPEAN SKY is an initiative launched by the European Commission in 2004 to unify European air traffic management (ATM), so paving the way for greater safety and efficiency.

SESAR (Single European Sky ATM Research) is the technological programme within the initiative. The SESAR Joint Undertaking, supported by Airbus amongst others, aims to develop a new generation ATM system. SESAR will be compatible with similar initiatives such as NextGen in the US.

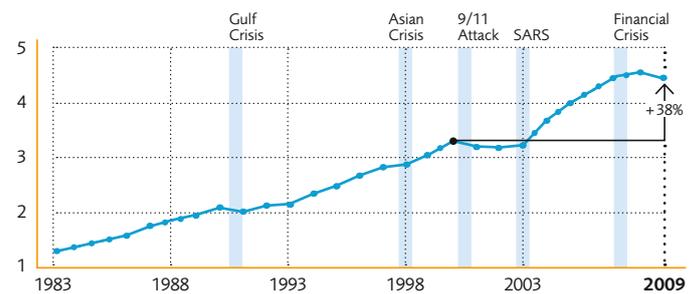
GOALS FOR 2020 include: a threefold increase in capacity, improved safety by a factor of 10 and a 10% reduction per flight in environmental impact.



While civil helicopter orders were affected by the economic downturn, defence orders proved more robust.

AIR TRAVEL is resilient to external shocks

(in RPK * trillion)

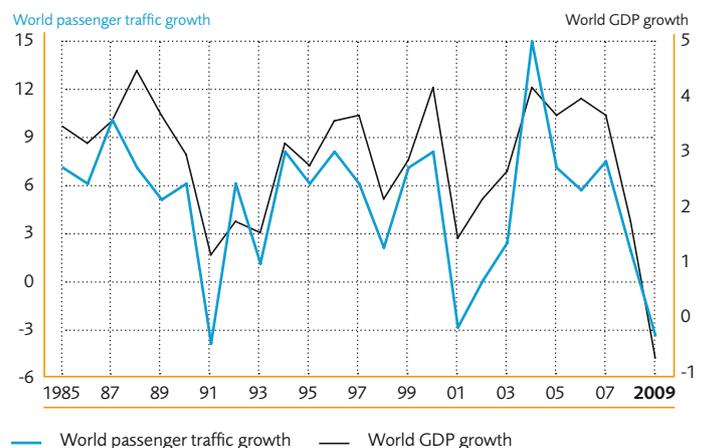


Source: ICAO, Airbus

* RPK: Revenue Passenger Kilometres

AIR TRAFFIC correlates with Gross Domestic Product (GDP)

(in %)



Source: Global Insight, IATA, WTO, IMF, Airbus

GLOBAL DEFENCE BUDGET
(figures and forecast in US\$ billion)



Source: Frost & Sullivan

Orders for new aircraft fell significantly. Airbus won 310 orders in 2009, down from 777 in 2008, while Boeing's new orders fell to 263 in 2009 from 669 in 2008. In the past, the aerospace industry has lagged the economic cycle by approximately two years. If such a pattern were repeated, the bottom of the current down cycle would still be in front of us. However, today the backlog is more geographically balanced. The industry has also learned from the past and started anticipating the cycle earlier, as well as managing the overall backlog more actively than in past downturns. Airbus alone shifted 600 aircraft delivery slots during 2008 and 2009 in time and between customers.

Following the well-established correlation between GDP growth and passenger traffic, world traffic will grow on average by 4.7% a year from 2009 to 2028, with the highest levels in Asia Pacific and the Middle East, according to the Airbus Global Market Forecast.

Over 20 years, Airbus foresees a demand for around 25,000 passenger and freighter aircraft, worth approximately US\$ 3.1 trillion.

PRESSURE ON BUDGETS

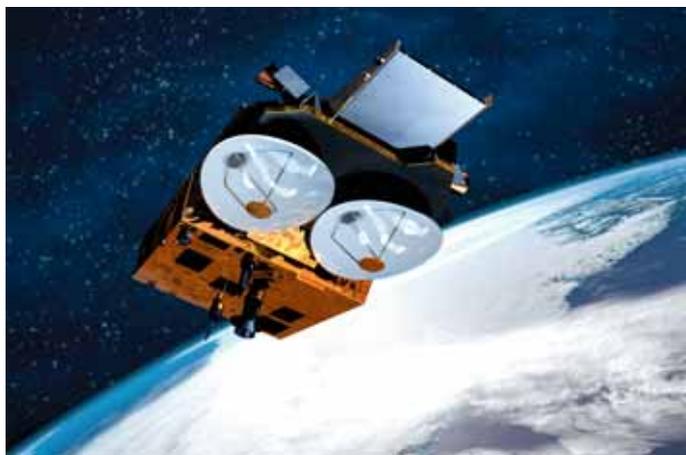
Within the defence industry, continental European defence spending is likely to remain at best flat mid-term. Also in the US, the defence budget will, after double digit growth for most of the past decade, inevitably face a more challenging situation. Even so, pockets of growth will always exist. Cuts in major programmes mean more upgrades and in-service support in the medium-term. And lower overall programme spending will lead to an increased need for solutions with better overall value, for example with lower development risks. Companies that help the customer through such transformations may be the winners in the next decade.

As government budgets are increasingly under pressure, the trend towards more multinational research and development or procurement programmes should, in theory, accelerate. However, national interests in favour of local employment, often distort the overall rationale for efficiency and interoperability. In particular, European customers are weighing up the long-term benefits of a European approach against the short-term need to address local challenges. Industry needs to address both aspects to ensure success in the years to come.

Anticipating weakness in their traditional markets, defence companies are focusing on exporting to growth markets in Asia Pacific and the Middle East, and also looking to build their services businesses, for example through maintenance contracts.

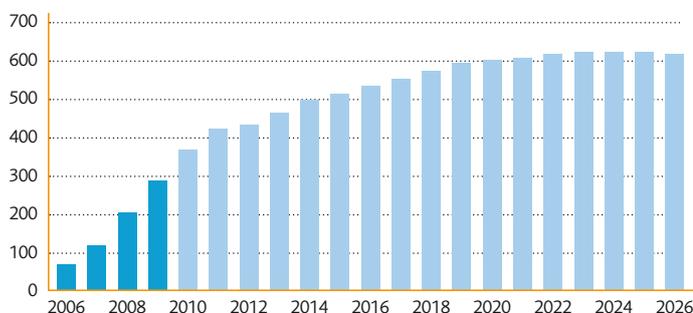
The full impact of the downturn on Europe's space industry is as yet unclear. Worldwide, the global space hardware and service market is worth some US\$ 250 billion (Frost & Sullivan) and has been growing at an annual rate of 7%. Even in 2009, the commercial space market was resilient and satellite operators secured financing for new investments. The decline in consumer spending could have some effect on the speed of capacity growth. However, satellite operators and service providers often have multi-year contracts, shielding them to an extent from short-term fluctuations in the economy.

While the US, Chinese and Russian space industries are protected by the size of domestic governmental programmes, European industry depends more on the worldwide commercial market. Commercial sales represent 40% of European space hardware turnover on average. The European space industry is maintaining its market share, however, partly due to the reliability of its satellites and launchers. Despite pressured overall budgets for European space programmes, a shift towards more spending in climate change-related segments like earth observation is to be expected.



CryoSat-2, built by Astrium, will measure ice coverage at the Earth's poles.

ANNUAL WORLDWIDE CLEAN TECHNOLOGY INVESTMENT (figures and forecast in US\$ billion)



Source: Deutsche Bank, New Energy Finance

Over 20 years, Airbus foresees a demand for around 25,000 passenger and freighter aircraft.

Reconciling growth and climate change

The aviation industry is developing technology in order to balance the benefits aerospace brings to people's lives and the global economy, with the need to protect the world's eco-systems. Environmental protection will itself be a significant driver of economic activity in the years to come. Annual worldwide investments in new energy, energy efficiency and environmental services are expected to reach US\$600 billion by 2020.

Governments are now actively encouraging the development of clean, inexhaustible energy sources, and the aerospace industry has concrete solutions to offer. Already in the last 40 years, the aviation industry has achieved a 70% improvement in aircraft fuel-efficiency, significantly reducing CO₂ emissions per passenger kilometre.

ALTERNATIVE FUELS

Through the International Civil Aviation Organization, aviation has committed itself to the goals of improving CO₂ efficiency by an average of 1.5% annually to 2020, stabilising carbon emissions from 2020 with carbon-neutral growth and aspiring to cut net CO₂ emissions in half by 2050 – all compared to 2005. Improvements in air traffic control, taxiing, landing and takeoff patterns can significantly reduce fuel consumption. But in order to reduce CO₂ emissions further, airlines will have to invest in modern aircraft, with the lightest, most aerodynamic air frames, economical engines and efficient systems. Longer term, the use of sustainable biofuels in the form of algae is likely to have the greatest impact. While algae do not emit less CO₂ than kerosene, they consume the gas when growing and so have a roughly neutral effect over their lifecycle.

The development of alternative fuels remains a fledgling industry, with, as yet, little standardisation, and production will remain at a low level for the next ten years. Even after 2020, alternative fuels are unlikely to become available in sufficient quantities to meet all industrial and transportation needs, which will lead to considerable competition. According to the Air Transport Action Group, 30% of jet fuel may be made from algae by 2030.

Airbus has defined a global roadmap on alternative fuels, bringing together research and industry partners, flight testing and fuel certification authorities. While keeping an open mind about possible fuel alternatives, with regard to biofuels, Airbus is focusing on second-generation and beyond, such as algae and micro-organisms, including bacteria, yeast and micro-algae. A clear pre-condition is that any solution should not compete with food resources, fresh water supplies or land use.

CLIMATE PROTECTION

Already, climate protection is an important area of business in the space sector. In 2010, five satellites built by Astrium and dedicated to the environment will be placed in orbit. Through its subsidiary Spot Infoterra, Astrium can accurately measure the current evolution of deforestation and forest degradation – together with the resulting carbon emissions – over major forest regions. Working together with the Brazilian NGO IMAZON, Astrium has already analysed the Mato Grosso forest in the Amazon and developed a new tool that was tested and approved at the Copenhagen Climate Conference. It is now being used in REDD projects (Reducing Emissions from Deforestation and Forest Degradation). The goal is to develop the emissions trading market so that countries with forested areas can realise the value of their forests and better protect them.

The space industry may also have a future role to play in the discovery of new sustainable energy sources. Astrium is developing new technologies for transferring solar energy to Earth. It is now capable of manufacturing large satellites that can collect solar energy and redirect it towards the ground using laser beams and special mirrors.

Using experience gained in its aerospace core-business, Astrium also develops new composite wind turbine blades which meet the demand for increased size and reliability especially in the fast growing offshore wind power market.

The convergence of defence and security

When the US Pentagon outlined its defence budget in 2009, it revealed a shift in priorities symptomatic of a larger worldwide trend. The Pentagon cut spending on big programmes suited to peer-to-peer wars, increasing the emphasis on “irregular” or asymmetric threats, like those encountered in Afghanistan. This is leading to an increased focus on mobility, cyber-intelligence and ballistic missile defence.

Facilitating cross-border flows of people and goods, while preventing illicit activities

GLOBAL TRADE AND BORDER SECURITY

GLOBAL TRADE is a part of today's world economy. Stronger international commercial ties bring an increased flow of goods across borders. With growing interdependencies, people are more likely to travel abroad for work or family visits, as well as for tourism.

ILLICIT TRADE can exploit globalisation, however; for example, through drug and human trafficking, smuggling and illegal immigration. Organised crime or terrorist networks can exploit porous borders.

BORDER CONTROL AND SURVEILLANCE is, therefore, a key component of a country's security policy. The aim is two-fold: to facilitate free flow of lawful travel and trade through automated systems; and to identify crime suspects, counter illegal activities and prevent terrorism.

COMPREHENSIVE SYSTEMS are required to survey land, coastal and maritime borders, including the ports of entry along coastlines, airports and harbours.

SOLUTIONS, such as those provided by EADS, bring together multiple systems including optical cameras, radars, airborne and space equipment, as well as electronically controlled checkpoints. Integrated command chain systems support decision makers and coordinate response.

In such operations, rapid deployment, precision engagement, information superiority and coordination between different sections of the forces, as well as between different national forces, are required. For this reason, industry is increasingly offering to provide large systems integrating the various sub-systems in operation, such as UAVs, combat aircraft, ground forces and helicopters. Radar applications, satellite systems and secure communications also play an important role in such large system solutions.

UAVs are a key part of the trend towards information warfare and net-centric systems. They perform intelligence, surveillance and reconnaissance tasks, as well as hunter-killer missions, but can also be used for border security, coastal protection, emergency response and law enforcement.

The need for secure communications during military operations in trouble hotspots overseas has fuelled demand for satellite services such as those provided by Astrium subsidiary Paradigm for the UK Ministry of Defence.

Not only military but also civil targets can be vulnerable to terrorist attacks. National security organisations will, therefore, continue to develop net-centric systems to protect sensitive civilian infrastructure, as well as large gatherings of people, such as major sporting events.

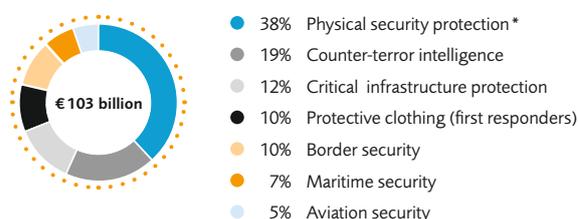
Recent border security contract wins in the Middle East and elsewhere confirm the market for full solutions in the security field. For example, Saudi Arabia awarded EADS a contract in 2009 to provide visibility and operational awareness along about 9,000 km of border, including mountains, deserts and sea borders.

Another emerging security sector is cyber-warfare. In recent years, there has been a rise in the number of attacks on sensitive computer systems. Many countries are, consequently, building capabilities to defend against such attacks. US President Obama recently announced the appointment of a new cyber-security coordinator as a member of his national security team. France created a network and information security agency in 2009.



EADS' Harfang UAV system is dedicated to reconnaissance and tracking missions. The French Air Force has deployed the system in Afghanistan.

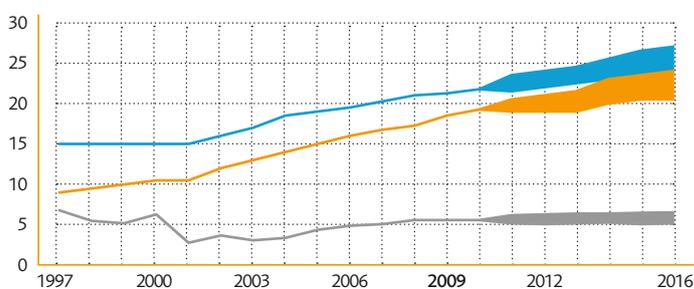
SECURITY INDUSTRY MARKET SECTORS in 2008 (in %)



* It includes CCTV, access control equipment, intrusion and detection systems, etc.

Source: ECORYS 2009

SPACE INDUSTRY MARKET SECTORS (Hardware/platforms only) (figures and forecast in US\$ billion)



— Government civilian market (high and low)
 — Military market (high and low)
 — Commercial market (high and low)

Source: Euroconsult, estimations by EADS

Airbus

Despite a challenging market environment, Airbus achieved a record number of deliveries in 2009 and met its order target. Improvement programmes made significant progress, in the face of a weak dollar and programme challenges.

(€m)	2009	2008	Variation
Revenues	28,067	28,991	-3%
EBIT	-1,371	1,815	-
Order intake	23,904	85,493	-72%
Order book	339,722	357,824	-5%



Large photo: During its second year in service, the A380 has met expectations for fuel efficiency and range. At year end 2009, 23 A380 were in service.

Small photo: In December 2009, production on the A380 final assembly line was reviewed in order to minimise delays.

Airbus* struck another record delivery number in 2009 and, in spite of difficult economic conditions, won a level of orders that was in line with expectations. Overall performance was negatively impacted by the weakening dollar and programme difficulties, particularly on the A400M. The Power8 cost reduction programme moved ahead of schedule, almost meeting its final target set for end 2010.

Some 498 civil aircraft were delivered, 15 more than in 2008, marking the seventh successive year that Airbus has increased deliveries. This was a remarkable achievement in view of the severe downturn in air traffic. In 2008 and 2009, Airbus postponed or brought forward roughly 600 deliveries for the 2009/2011 period. Airbus Military delivered 16 light and medium transport and mission aircraft.

The number of civil orders totalled 310 (271 net) and the number of military 18 (10 net), which met stated targets for the year. The civil orders were valued at US\$ 34.9 billion at list prices, representing in value terms 54% of the worldwide market for aircraft with more than 100 seats. The order book reached 3,488 aircraft worth US\$ 437.1 billion (€304.7 billion) at list prices at the end of 2009, representing six years of full production.

The A400M successfully completed its maiden flight at Seville in December 2009. In March 2010, EADS and the A400M's launch customer nations came to an agreement in principle with the intention to amend the original A400M contract accordingly. Based on the agreement, an estimate at completion of updated revenues and costs including an assessment of risks, reviewed by the EADS Board of Directors, led to an increase of the A400M loss provision of €1.8 billion pre tax for the full year 2009.

Airbus' consolidated revenues of €28.1 billion were in line with the previous year (financial year 2008 adjusted: €29 billion). Airbus' consolidated EBIT amounted to €-1,371 million (financial year 2008 adjusted: €1,815 million), chiefly due to the exceptional charge resulting from the A400M cost overrun. The weak US dollar and difficulties moving the A380 double-decker into series production also eroded profitability.

IMPROVING EXECUTION

The long-term deterioration of the US dollar makes cost-saving programmes vital for Airbus' future competitiveness. The Power8 programme made significant progress. By the end of 2009, approximately €2 billion of gross annual savings were made against the projected cost base, due to a new organisational structure, leaner processes and careful cash management. Consequently, Power8 nearly reached its final target of €2.1 billion in savings by the end of 2010. Power8 Plus, the EADS-wide savings initiative, aims to achieve a further €650 million of savings for Airbus by the end of 2012.



In December 2009, the A380's production was reviewed to identify ways to improve the production ramp-up. The following three main improvement measures have since been introduced to minimise delays on the final assembly line (FAL): electric testing of all equipped sections before reaching the FAL, harmonisation of quality inspection of sections across different sites, and better engineering support to fix problems during manufacturing.

In order to support the A400M programme and gain further efficiencies within Airbus, integration of Airbus Military was advanced. Following the December 2008 decision to create the Airbus Military Business Unit from the former Military Transport Aircraft Division, management introduced a new organisational structure, merged the organisation's reporting systems with those of Airbus and instituted joint procurement. Most importantly, specific technical management changes were implemented for the benefit of the A400M programme (power plant, systems and flight tests).

As a result of the integration, there is a better allocation of industrial and engineering resources. Operational synergies at development and industrial level for both civil and military transport aircraft are being fully explored, while safeguarding and leveraging Airbus Military's specific capabilities.

* Airbus is now reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and the completed aerostructures reorganisation. Airbus Military (formerly Military Transport Aircraft Division) includes all A400M activity. Eliminations are treated at the Division level. 2008 figures have been restated to reflect the changes, except for the Augsburg site transferred from Defence & Security Division.

Airbus Commercial

(€m)	2009	2008	Variation
Revenues	26,370	26,524	-1%
EBIT	386	2,306	-83%
Order intake	23,461	82,108	-71%
Order book	320,321	337,193	-5%

In number of aircraft	2009	2008	Variation
Deliveries	498	483	+3%
Order book	3,488	3,715	-6%

TOMORROW'S LONG-RANGE AIRCRAFT

Airlines ordered 27 new A350 XWB long-range aircraft in 2009 (22 net), lifting the total order book to more than 500 just three years after Airbus started the programme to develop this next-generation aircraft. A350 development continued to progress. Airbus used up some of the previous buffers in the development of the A350 programme. In March 2010, Airbus maintained the entry into service date unchanged.

The aircraft is a response to customer demand for a long-range aircraft that combines the fuel economy and low emissions of a light-weight composite airframe with the comfort of an extra wide body.

The A350 XWB provides a 25% step change in fuel efficiency compared to its current long-range competitor. Over 70% of the A350 XWB's weight-efficient airframe is made from advanced materials combining composites (53%), titanium and advanced aluminium alloys. The aircraft's innovative new Carbon Fibre Reinforced Plastic fuselage results in lower fuel burn as well as easier maintenance.

The A350 XWB is pioneering a completely new way of working for Airbus. Under a strict control policy, suppliers are taking on far larger work packages than before, sharing more risk and, consequently, potentially receiving greater reward. An important result of this is that approximately 70% of the programme's costs are effectively denominated in US dollars, so reducing the currency exposure.

A380 CUSTOMER ACCEPTANCE

During its second year in service, airlines report satisfaction with the A380's performance, which has more than matched expectations in terms of fuel efficiency and range. Airlines benefit from 20% lower operating costs with the A380, and the lowest emissions per passenger of any commercial aircraft in service today. By the end of 2009, 23 A380 had already entered regular service for four initial operators: Singapore Airlines, Emirates, Qantas and Air France. The in-service fleet had accumulated more than 10,200 commercial flights representing about 96,000 flight hours.

In all, nearly four million passengers have already flown the A380 and given very positive feedback. Singapore Airlines took delivery of the first production A380 on 15 October 2007, and, by end of 2009, had ten aircraft in operation. Most recently, on 30 October 2009, Air France received its first A380. This marks the first delivery of the A380 to a European carrier. At the end of 2009, total orders for the A380, including those already delivered and the four new orders received during that year, amounted to 202 aircraft from 17 customers.

Airbus anticipates a market of 1,700 aircraft in this category over the next 20 years. The A380 will be a strong competitor in this segment, particularly as fuel economy and environmental performance become more important.

THE LEADING SHORT-RANGE AIRCRAFT FAMILY

In 2009, the A320 aircraft family won 228 new orders (207 net). Some 402 A320 family aircraft were delivered. At the end of 2009, the total number of deliveries still outstanding stood at 2,403.

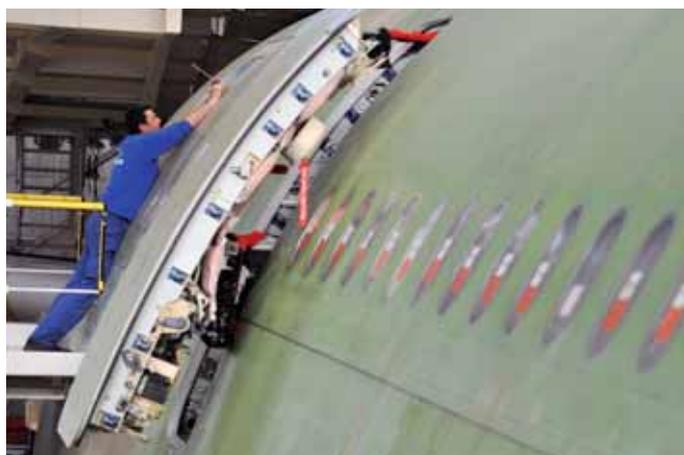
In order to maintain its competitive edge in this segment, Airbus continues to innovate on the A320, focusing especially on economics and reducing emissions. New “sharklets”, or upturned wing tips, are currently under development and will significantly reduce drag, cutting emissions and increasing payload range. Offered as a forward-fit option, sharklets are expected to reduce fuel burn over longer flights by at least 3.5%, corresponding to an annual CO₂ reduction of approximately 700 tonnes per aircraft.

The A320 will be the first of the Airbus single-aisle family to be fitted with sharklets, which are set for introduction in 2012. Furthermore, Airbus is currently evaluating the possibility of re-engining the A320, with a decision due in 2010.

FIRST FLIGHT FOR LONG-RANGE FREIGHTER

An important product development milestone was the first flight of the A330 freighter, prior to first deliveries in summer 2010. The medium-sized freighter now has 64 orders from ten customers in a market that Airbus anticipates totalling 1,600 aircraft in the next 20 years.

The A330/A340 family as a whole received orders for 51 aircraft (38 net). In 2009, Airbus delivered 86 A330/A340 aircraft to customers.



Top photo: With more than 6,528 aircraft sold, the A320 family has proven extremely popular with customers, offering high standards of comfort and economic performance.

Bottom photo: A380 production is being ramped up. Airbus anticipates that the A380 will gain market share as fuel economy and environmental performance become more important.

Airbus Military

(€m)	2009	2008	Variation
Revenues	2,235	2,759	-19%
EBIT	-1,754	-493	-
Order intake	637	5,083	-87%
Order book	20,686	22,269	-7%

In number of aircraft	2009	2008	Variation
Deliveries	16	19	-16%
Order book	250	256	-2%

A400M DEVELOPMENT

Development of the A400M progressed. The A400M's maiden flight in December 2009 marked the beginning of a test campaign that will see some 3,700 hours of flying by five aircraft before entry into service. EADS considers that the agreement in principle reached with the launch customer nations in March 2010 provides a sound basis for successful evolution of the A400M programme. EADS will strive to identify opportunities to significantly reduce risks in the A400M programme and to deliver a state-of-the-art product within the new framework of the contract.

The A400M was designed to respond to the combined but varying needs of European nations in terms of airlift. For example, its fuselage can accommodate an NH90 or a CH-47 Chinook helicopter, can carry a semi-articulated truck with a 20 ft container or a rescue boat. Despite being a true tactical aircraft that can land on soft, rough and short runways to deliver equipment and troops close to where they are urgently needed, it cruises at the same altitudes as jets and at comparable speeds.

Built-in air-to-air refuelling capability allows it to be rapidly reconfigured to become a tanker.

Being able to fly at higher altitudes and faster than other transports, it can refuel fighter jets and other large aircraft. Because of its low speed performance, it can also refuel helicopters. The A400M can itself be refuelled in flight. It has been specifically designed for low detectability, low vulnerability and high survivability, giving it excellent self-protection.

A total of 184 A400M aircraft have so far been ordered by Belgium, France, Germany, Luxembourg, Malaysia, Spain, Turkey and the United Kingdom.

NEW ORDERS FOR MRTT

Airbus Military had a successful year for new tanker orders, with a second batch of three A330-based Multi-Role Tanker Transport (MRTT) airborne refuelling planes ordered by Saudi Arabia.

There are now 28 orders for the MRTT from four air forces. Australia has ordered five MRTTs. In the Middle East, the United Arab Emirates has ordered three MRTTs and Saudi Arabia has now ordered a total of six. Orders for the MRTT also include the UK's Future Strategic Tanker Aircraft programme for 14, where EADS is a member of the Air Tanker Ltd consortium that owns, manages and maintains the aircraft under a public-private partnership. Conversion work for the Royal Australian Air Force MRTTs was completed in 2009.

A number of export campaigns are ongoing for the MRTT, raising the prospect of more orders over the next few years. There are also discussions regarding supplying MRTTs within Europe.

In March 2010, Northrop Grumman decided not to rebid for the US Air Force Tanker programme, having previously teamed up with EADS for the competition. The following month, EADS North America announced its intention to submit a proposal on 9 July 2010, offering the KC-45. The US Air Force had selected the A330-based KC-45 in 2008, but the decision was cancelled later the same year and the competition postponed to the next US administration.

In the medium and light transport and mission aircraft sector, where Airbus Military is a global market leader with its C-295 and CN-235 aircraft, Airbus Military received 15 orders from six customers. The Mexican Navy and Air Force ordered a total of seven C-295 tactical transport aircraft and the Czech Republic ordered four.



Top photo: The A400M's maiden flight in December 2009 marked the beginning of the test campaign before entry into service.

Bottom photo: Orders for the C-295 tactical transport aircraft confirmed its position as a global market leader.

OUTLOOK

As the aviation sector tends to lag the economic cycle, demand for aircraft remains fragile. Airbus expects the level of new aircraft orders to fall slightly in 2010.

Airbus will continue to proactively manage its order book, with the aim of maintaining deliveries up to the level of 2008/2009.

The deteriorating US dollar-euro exchange rate in its hedge book will continue to put pressure on Airbus margins. To save on costs, Airbus will pursue the Power8 programme to its completion in 2010 and advance the Power8 Plus savings programme.

Management will focus on resolving the difficulties with series production of the A380. Close attention will also be paid to keeping the A400M and A350 XWB development on track.

In the longer term, the product development of recent years through the A380, A350 XWB and A400M will strengthen Airbus' competitive position in a growing aviation market, where eco-efficiency is becoming increasingly important for airlines and manufacturers alike.

Eurocopter

Eurocopter's broad base of customers, regional markets and service offerings protected it against the economic downturn. Orders from the public sector compensated for weakness in the civil helicopter market.

(€m)	2009	2008	Variation
Revenues	4,570	4,486	+2%
EBIT	263	293	-10%
Order intake	5,810	4,855	+20%
Order book	15,064	13,824	+9%



Revenues by markets
(in % of external revenues)

- 52% Civil
- 48% Defence



Large photo: Eurocopter leads the market in the civil and parapublic sector. The EC145, a medium-sized twin-engine helicopter, is a popular choice for emergency medical services.

Small photo: Thanks to its engaged and highly qualified workforce, Eurocopter was able to maintain a high level of deliveries.



In spite of lower demand for civil helicopters, Eurocopter expanded the value of its order book and maintained deliveries at a level only slightly below 2008's record high. With its strong product offering, it won a 52% share of civil and para-public sales, confirming its market-leading position.

Revenues rose slightly to €4.6 billion (€4.5 billion in 2008), reflecting a solid level of deliveries at 558 units compared with the all-time high of 588 in 2008. EBIT was steady at €263 million (€293 million in 2008), albeit with a favourable product mix being offset by margin pressure on the NH90 programme, higher self-funded research and development and adverse foreign exchange movements.

Continuing its expansion in services, Eurocopter successfully implemented a public-private partnership project to develop, finance and operate NH90 flight simulators in Germany, and inaugurated two regional customer service centres, in Hong Kong and Dallas.

To improve efficiency and reduce costs, management introduced the SHAPE programme, which is organised around six objectives: accompany customers, save, improve, invest, simplify and people engagement. These savings will free cash for research and development, safeguarding future competitiveness.

ORDER BOOK STABILITY

Despite a decrease in units sold, Eurocopter achieved its second highest ever order intake in value terms, totalling €5.8 billion (€4.9 billion in 2008). A net total of 344 new aircraft were booked. The total order book rose to €15.1 billion for 1,303 helicopters. Military and civil helicopters accounted, respectively, for 70% and 30% of the order intake.

A broad presence across market segments and regions provided a cushion against the economic downturn. Declining orders in the civil market for light helicopters were countered by stable demand for larger helicopters in the military sector, as well as a resilient oil and gas market.

Both the US and European armed forces posted large orders. The US Army ordered a further 51 UH-72A Lakota helicopters. Almost 100 UH-72As were delivered by the end of 2009, either on time or ahead of schedule. In 2009, the French armed forces ordered a further 22 NH90 tactical transport helicopters and Brazil also made the first down payment for 50 EC725 heavy-weight helicopters ordered in 2008.

ASIAN EXPANSION

Expansion in Asia progressed. The EC175 medium-weight utility helicopter, jointly developed with Chinese aerospace company AVIC, performed its maiden flight on schedule. In Japan, Eurocopter reinforced its local footprint by acquiring an 80% stake in local distributor, Euroheli Corporation, and 60% of All Nippon Airways Co's helicopter maintenance business.

Several new services businesses were established with a specific focus on the deployment of flight simulators around the globe for both military and civil applications.

OUTLOOK

Orders for civil helicopters are expected to remain low in 2010, and the high number of used aircraft available for sale at the end of 2009 is likely to delay recovery. In the military market, the outlook is encouraging but remains subject to economic recovery and governments' budget policies.

Reduced orders for smaller civil helicopters in 2009 will cause a slight drop in revenues and deliveries in 2010.

The SHAPE reorganisation programme – which includes Eurocopter's contribution to Future EADS – will help to counter a weak civil market and increased competition. It aims at generating savings of €200 million a year by 2011, delivering productivity improvements and enabling Eurocopter to increase further investment in research and development. This will allow the company to get through the crisis while ensuring its future by securing the development of innovative products and services.

Astrium

Astrium continued its path of profitable growth in 2009, increasing the size of its order book and reinforcing its market positions, while playing a leading role in the evolution of Europe's space economy.

(€m)	2009	2008	Variation
Revenues	4,799	4,289	+12%
EBIT	261	234	+12%
Order intake	8,285	3,294	+152%
Order book	14,653	11,035	+33%



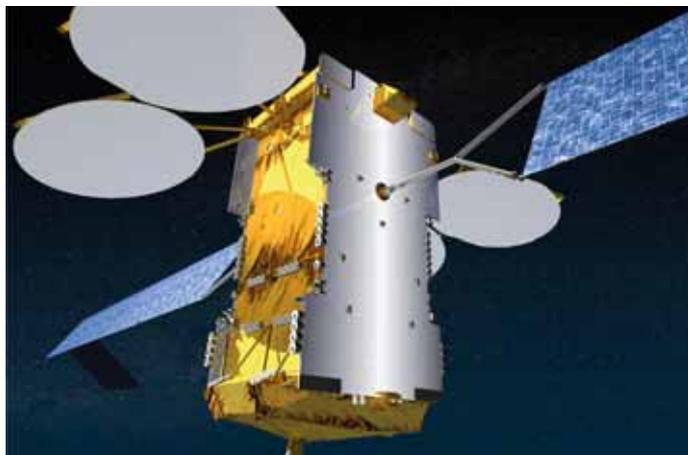
Revenues by markets
(in % of external revenues)

- 64% Civil
- 36% Defence



Large photo: Astrium' robust technology, high production standards and rigorous testing have made it one of the most technically reliable space companies.

Small photo: The Eutelsat KA-SAT will be dedicated to providing broadband internet services. In 2009, Astrium won seven out of 30 commercial telecommunication orders worldwide.



Astrion proved again to be one of the most technically reliable and commercially successful space companies. The powerful Ariane 5 satellite launcher made its 35th consecutive take-off within days of its 30th anniversary, and the commercial telecommunication satellite business won the joint largest share of orders worldwide.

Revenues increased by 12% to €4.8 billion (€4.3 billion in 2008), with growth in all three Business Units – Satellites, Services and Space Transportation – and a notable contribution from delivery of the first ComSatBw1 secure communications satellite to Germany's armed forces. 2009 revenues also included a non-operational positive one-time effect for in-orbit incentive schemes on commercial satellites of €200 million.

EBIT grew by 12% to €261 million (€234 million in 2008). Astrion's larger stake in Spot Infoterra – up from 41% in 2007 to 96.3% by the end of 2009 – helped to lift EBIT. By contrast, sterling weakness detracted from the profitability of the UK Skynet 5 contract. The EBIT margin was almost steady at 5.4%, after expanding continuously for four years.

Astrion's order book reached a record €14.7 billion at year end (€11 billion in 2008). Arianespace's order for 35 Ariane 5 launchers worth more than €4 billion over five years was the major factor. Seven commercial satellite orders were also contributing factors.

The Ariane 5 order, called the PB contract, is Astrion's largest ever and is testament to the launcher's reliability. Additionally, the European Space Agency contracted Astrion to study an even more powerful launcher, Ariane 5 Midlife Evolution, lifting its payload from 10 to 12 tonnes.

The seven commercial telecommunication orders won by Astrion's Satellite Business Unit compare to a total of 30 worldwide. They included a strategically important €500 million order for four multi-mission satellites from SES Astra, the world's leading satellite services provider.

The Services Business Unit expanded and evolved. Skynet 5 passed its full operational service milestone, with the UK Ministry of Defence recognising Astrion as its most reliable supplier. Following delivery of the first German ComSatBw1 satellite, a second was readied for launch in early 2010. Preparing Spot Image's earth observation business for its next stage of development, Astrion secured investment for two new earth observation satellites.

OUTLOOK

In a tough commercial and public sector environment, Astrion's order book secures more than three years' activity.

Six Ariane 5 launch vehicles are planned to be delivered in 2010. Margin pressure on key programmes will increase due to greater competition, a weak US dollar and public sector budget reviews.

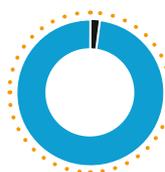
The Future EADS and Power8 Plus improvement programmes will play their part in raising profitability across all three Business Units during 2010, despite this more difficult environment.

The Services, secure communications and earth observation businesses in particular are expected to deliver longer-term growth.

Defence & Security

Eurofighter, secure communications and nationwide security systems lifted the order book to a record high, while product development intensified in unmanned aerial vehicles, secure communications and defence electronics.

(€m)	2009	2008	Variation
Revenues*	5,363	5,668	-5%
EBIT	449	408	+10%
Order intake	7,959	5,287	+51%
Order book	18,796	17,032	+10%



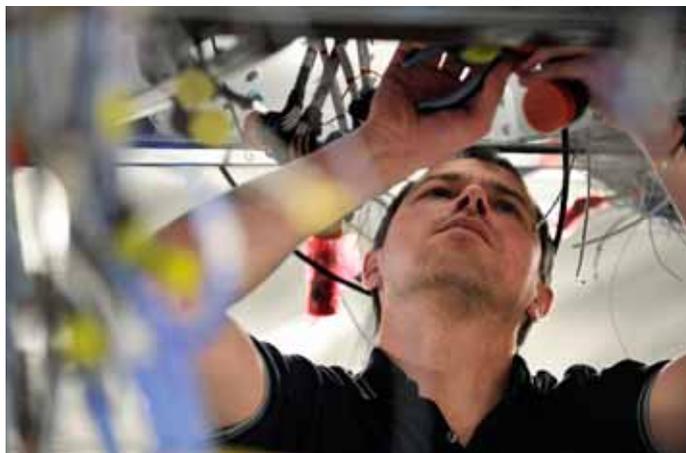
Revenues by markets
(in % of external revenues)

- 1% Civil
- 99% Defence



Large photo: Eurofighter is the most modern combat aircraft in its class. The 200th aircraft was delivered at the end of 2009.

Small photo: Through the efforts of its highly skilled employees, Defence & Security reduced cost and increased efficiency in 2009.



Defence & Security Division (DS) had a successful year with steady growth in profitable mature defence programmes such as Eurofighter, combined with increasing activity in high-growth security sectors.

Revenues grew by 3% to €5.4 billion (€5.7 billion in 2008) on a like-for-like basis after adjusting for the transfer of some aero-structures activities in Augsburg to Airbus. The main contributor to growth was the ramp-up of the Eurofighter programme.

This played a strong part in the 10% increase of EBIT to €449 million (€408 million in 2008). The return-on-sales margin rose to 8.4% (7.2% in 2008). All Business Units achieved improvement programme targets, reducing cost and increasing efficiency.

An order intake of €8 billion lifted the order book to a record €19 billion by year end (€17 billion in 2008), mainly driven by the Eurofighter Tranche 3a contract and the contract for the Saudi Arabian national security programme. Further orders were received for missiles, radars, secure networks and digital communications.

EUROFIGHTER

The award of the Tranche 3a contract comprising 112 aircraft will enable Eurofighter to consolidate its leading role in the global market and confirmed the Eurofighter's market success. The 200th Eurofighter was delivered at the end of 2009. Austrian export orders were completed and Saudi Arabia took its first deliveries in June 2009. Furthermore, the aircraft entered into operational service with NATO.

UAV PROGRAMMES

DS completed the risk reduction study for its Talarion UAV on behalf of France, Germany and Spain and successfully completed the test flight series of the Barracuda demonstrator, the largest UAV ever built in Europe. Together with Northrop Grumman Corporation, DS introduced the first Euro Hawk unmanned aircraft system (UAS).

NATIONWIDE SECURITY

The security market offers significant future growth potential. DS maintained its leading position in nationwide security systems by winning the contract to secure the full borders of Saudi Arabia.

MISSILES

In the domestic markets, MBDA secured the second tranche of the Team Complex Weapon (TCW) project. A major component of the TCW assessment phase is a joint UK-French programme for a next-generation helicopter anti-surface system.

RADAR AND MISSION SYSTEMS

Advanced radar systems achieved good market success. Notably, this included a contract, worth more than €130 million, to equip Switzerland's military air fields with air traffic control systems, which marks the first export contract for the new Airport Surveillance Radar (ASR).

OUTLOOK

During 2010, profitable growth will be based on large programmes delivery, with increasing contributions from new growth areas, particularly in security.

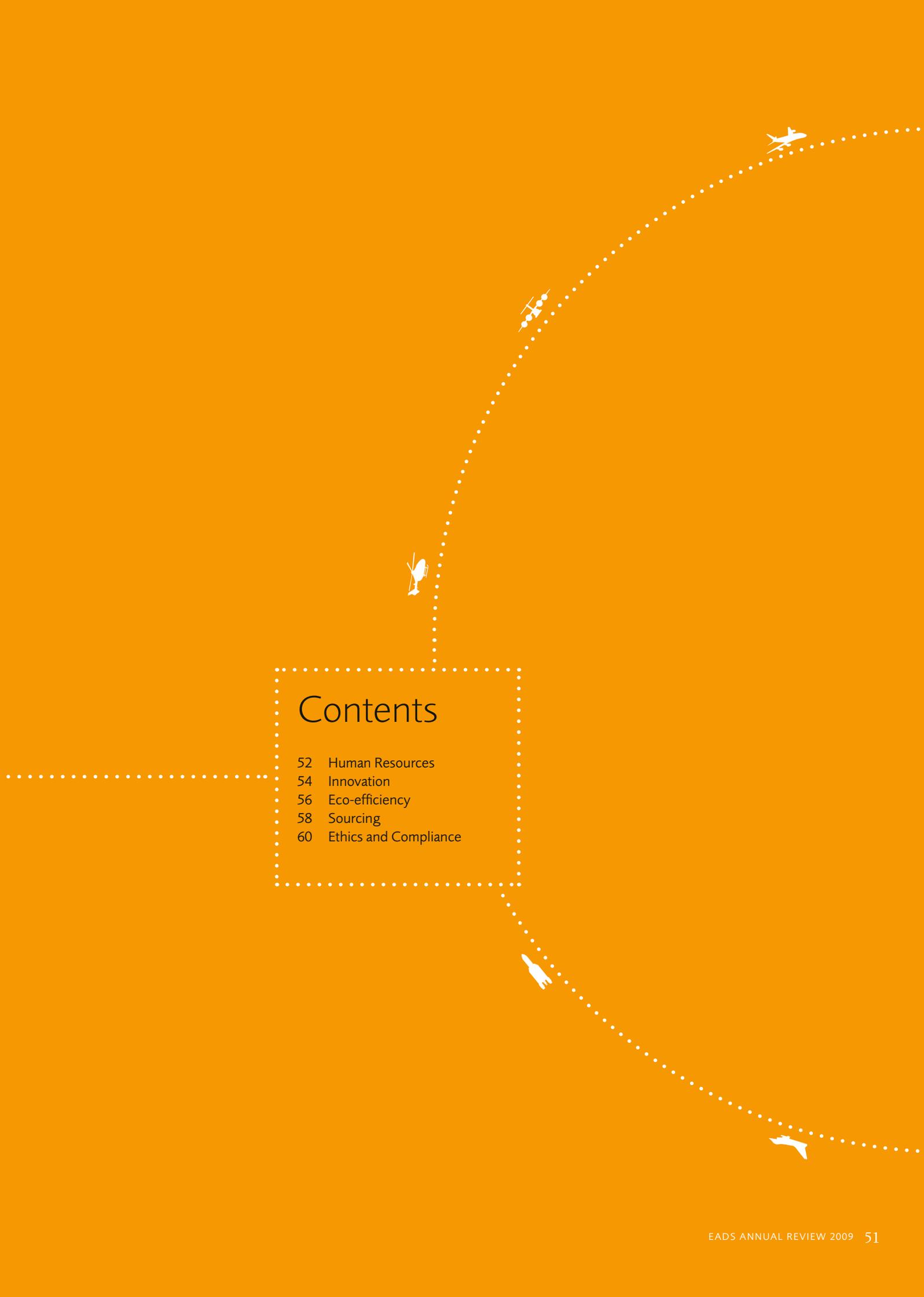
While securing its position in the home markets, DS will continue to increase its presence in strategic global markets with large or growing budgets.

DS will continue to invest significantly in its future key technologies and products such as UAV and next-generation radar systems. DS will further enhance its offering of comprehensive packages of mission-critical services.

Evolution of defence budgets and international expansion will need to be carefully monitored in the mid-term.

* Augsburg site revenues of €438 million are included in Defence & Security 2008 accounts. As of 2009, the Augsburg plant is integrated in Premium AEROTEC, consolidated within Airbus accounts.

EADS Pillars



Contents

- 52 Human Resources
- 54 Innovation
- 56 Eco-efficiency
- 58 Sourcing
- 60 Ethics and Compliance

Human Resources

Our employees, their competencies and their motivation are our most valuable assets. Human Resources is working to enhance both employee engagement and the competencies of our highly skilled workforce.



Large photo: Employees show a high level of pride in the Group's products.

Small photo: EADS is looking to anticipate future workforce needs and secure competencies across the Group.



ENGAGEMENT SURVEY

In 2009, EADS management and Human Resources (HR) commissioned the first EADS-wide employee Engagement Survey. The participation rate was high at close to 70% across EADS. Employees articulated a high level of pride in the Group and its products while clearly indicating areas for improvement. The main targets for improvement are recognition of employees, leadership behaviours and internal communication, as well as better employee accessibility to managers and HR support. Some 4,000 managers received aggregated responses from their teams. They shared the findings within their teams and began, jointly with HR support, to prepare appropriate action plans.

COMPETENCY MANAGEMENT

In order to secure competencies and anticipate future workforce needs, EADS has invested in competency management across the Group during the last three years. Common tools and processes have been implemented to improve HR processes such as recruitment, mobility and training. Group core competencies – for example, systems engineering and programme management – have been identified and common development programmes have been established. These programmes include actions like defined career paths, training programmes and external certification. Within Divisions, training investments have been focused on divisional key core competencies.

EMPLOYER BRANDING

A survey of engineering graduates conducted in April 2009 showed a significant improvement over the previous year, ranking EADS the most respected employer in France, number six in Germany and tenth in Europe. HR is actively marketing EADS' employer credentials in the leading engineering universities. EADS recruits large numbers of highly qualified engineers every year. In 2009, EADS recruited more than 7,400 people externally.

SOCIAL DIALOGUE

In its ten years of existence, the pan-European employee representative body, European Works Council (EWC), has proved an invaluable forum for exchanging views with unions and employee representatives at EADS level. A new Group-wide agreement for implementation of a success sharing plan was signed in 2009. Airbus, Eurocopter, Astrium and Defence & Security discuss their specific issues with their own European employee representative committees as part of active social dialogue in EADS.

TALENT MANAGEMENT AND "PEOPLE REVIEWS"

EADS is identifying future generations of managers through intensive talent management processes. The Group's Corporate Business Academy provides management training for executives and employees with potential. To ensure succession planning for top management positions, in 2009 the EADS Executive Committee reviewed the most talented employees and discussed their individual development. These reviews provide a more complete view of the capabilities of EADS' potential future leaders throughout the Group, and enhance mobility between the businesses.

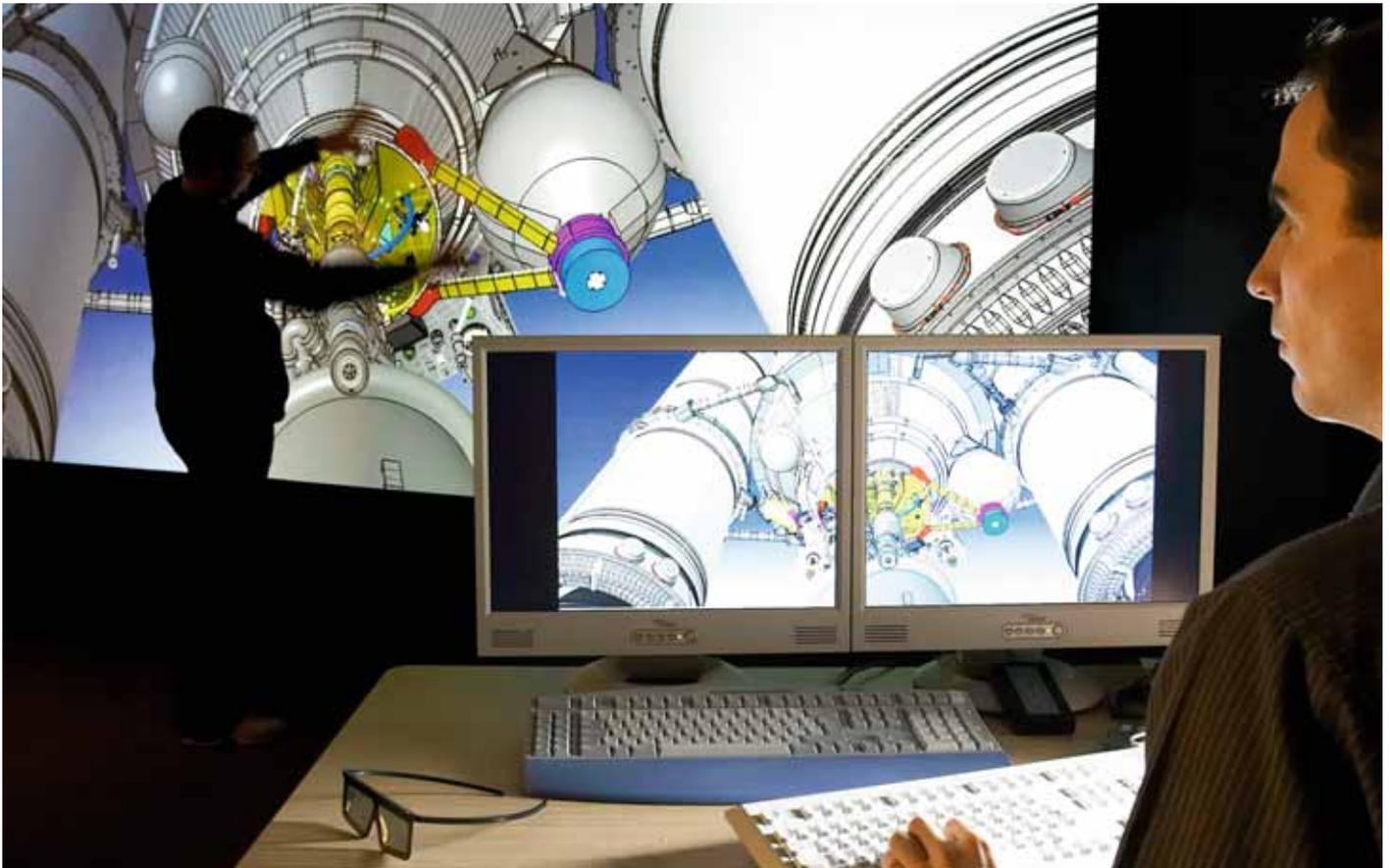
OUTLOOK

In 2010, Corporate and divisional HR will organise a wide range of activities related to employee engagement, including Group-wide workshops and a comprehensive training programme for about 4,000 managers in leadership. The second wave of the EADS Engagement Survey will be launched in autumn 2010.

The International Mobility Centre will become fully operational. Implementation of the new HR delivery model and shared services will continue under the Future EADS framework.

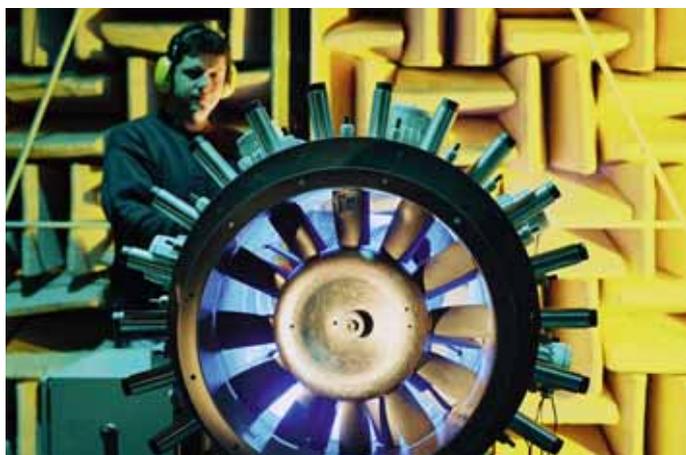
Innovation

The Corporate Technical Office (CTO) is maintaining research spending in spite of the economic downturn and focusing on maximising the productivity of technology innovation, with a particular emphasis on eco-efficiency.



Large photo: Strong commitment to technology investment has led to the development of successful products such as the Ariane 5.

Small photo: Technology development has a focus on reducing environmental impact. Turbofan engines reduce perceived noise levels for commercial aircraft.



To fulfil the research and technology (R&T) goals of Vision 2020, EADS is committed to its relatively high level of R&T investment in spite of the economic downturn. Self-financed research and development was equivalent to 6.6% of revenues in 2009, and the number of patent filings is the highest in the aerospace and defence sector.

From a strategic perspective, R&T continued in 2009 to meet Vision 2020 targets for key technologies, engineering recruitment and R&T management. The Group-wide research center Innovation Works extended its international footprint further into leading scientific communities. An office was opened in Bangalore, India, and activities in Canada, Russia and the United Kingdom increased.

TECHNOLOGY ADVANCES

New technology development had a particular emphasis on eco-efficiency. During the 2009 Paris Air Show, the Bluecopter helicopter technology demonstrator was unveiled, featuring a fuel-efficient, low-emission propulsion system.

EADS has increased support for second-generation biofuel development, working with universities and start-up companies as well as certification bodies. Aviation industry bodies anticipate that biofuels could power 30% of commercial aviation by 2030.

Within the production process, EADS is leading the implementation of large-scale Added Layer Manufacturing, which reduces waste by forging specific steel parts rather than cutting them from steel sheets.

In the past five years, EADS' R&T budget has expanded significantly. In part, this has been supported by growth in external and public funding, such as government grants and tax incentives.

Patent filings are now running at more than 1,000 a year – up from 792 in 2006. As a result, EADS is the number one submitter of aerospace patents in the industry. For 2009, there was a focus on patent quality and coverage in emerging countries. Patent licenses are now being actively marketed.

RECOGNISING ACHIEVEMENT

In September 2009, the second EADS Hall of Fame awards presentation was held, celebrating the technical achievements of employees across the Group. Advances in fuel cell technology, work on the International Space Station's Automated Transfer Vehicle and expertise in lean manufacturing were some of technologies highlighted during the ceremony. The awards, held every two years, are recognised as a celebration of the workforce's contribution to the spirit of innovation.

This contribution is growing with expansion in the number of technical experts. The programme was introduced in 2006 and there are now 1,250 designated experts.

IMPROVEMENT PROGRAMMES

EADS' Black Belt lean processes training programme passed a milestone in 2009, with 300 qualified "black belts". These individuals are realising valuable efficiencies in EADS' processes, totalling an estimated €60 million to date.

The PHENIX programme, launched in 2008 in order to streamline product design and manufacturing processes and tools, continued to generate savings.

OUTLOOK

In 2010, the Corporate Technical Office aims to continue driving breakthrough technologies in strategic fields such as eco-efficiency, and to extend its leading position in aerospace patents.

Eco-efficiency

Eco-efficiency is at the heart of EADS' business strategy. EADS is developing a portfolio of environmentally friendly products that protect the environment or monitor the Earth's eco-systems.



Large photo: Eurocopter unveiled its Bluecopter demonstrator in 2009 at the Paris Air Show, featuring a fuel-efficient low-emission propulsion system.

Small photo: Astrium is developing new technologies for the solar arrays used on its satellites.



EADS aims to be at the forefront of eco-efficient innovation, making low emissions a source of competitive advantage for its aircraft while minimising the environmental impact of its activities across the entire product lifecycle.

Making the ACARE (Advisory Council for Aeronautics Research in Europe) research goals for aviation the benchmark of its progress, EADS is investing in eco-efficient technologies that by 2020 would reduce aircraft noise by 50%, carbon dioxide emissions by 50% and nitrogen oxide emissions by 80%. EADS also aims to reduce energy consumption, water discharge, waste and emissions of carbon dioxide and volatile organic compounds from its industrial operations in similar proportions.

Several new research milestones were achieved in 2009 and the number of sites covered by an Environmental Management System certified against ISO 14001 significantly increased to 72 (representing more than 95% of employees).

"GREENER AND CLEANER" PRODUCTS

EADS is developing new technologies specifically to improve environmental efficiency. Airbus' latest aircraft offer significant improvements in emissions per passenger. The A380 double-decker burns less than three litres of fuel per passenger per 100 km, and the A350 XWB will also have low fuel consumption and associated CO₂ emissions.

Sustainable bio-fuels are also likely to offer huge benefits in terms of CO₂, and are forecast to make a major contribution to the Air Transport Action Group (ATAG) goal of halving CO₂ emissions by 2050 (baseline 2005). Airbus actively promotes the use of bio-fuels specifically for aviation, including appropriate research, ground and flight testing, as necessary to accelerate qualification and allow large-scale commercial use by 2030.

Airbus has also established a company called TARMAC-AEROSAVE for environmentally friendly and safe dismantling of aircraft and subsequent recycling of their constituent parts.

Highlighting advances made in helicopter design, Eurocopter unveiled its Bluecopter demonstrator at the Paris Air Show during June 2009, which includes a fuel-efficient low-emission propulsion system.

The space sector is also helping the fight against climate change. Astrium satellites monitor the Earth's eco-systems, for example, measuring Amazonian deforestation. Astrium has also developed new technologies for transferring solar energy from space to Earth.

CLEANER OPERATIONS

Integration of eco-efficient criteria for selecting new investments, infrastructures or industrial processes or purchasing is being pursued as part of the overall Group roadmap towards an eco-efficient enterprise. An exercise to measure EADS' carbon footprint through direct and indirect emissions has been initiated. In order to monitor the progress against Group-wide eco-efficiency goals, corporate guidelines and web-based worldwide reporting tools were established during 2009.

REACH regulation (Registration, Evaluation, Authorisation and Restriction of Chemical substances) that governs the use of hazardous chemicals is being managed through dedicated international working groups.

OUTLOOK

During 2010, EADS will pursue its path towards Vision 2020's eco-efficiency targets. The Group will address the environmental impacts of the company's activities and products throughout their lifecycle. Additionally, it will seize green business opportunities by developing breakthrough technologies, products and services.

Sourcing

The Sourcing function drove EADS' longer-term goal of sourcing up to 40% from outside Europe, while also fostering efficiency and successfully mitigating the recession's impact on the supply chain.



Large photo: Better coordination of procurement between Divisions is enabling smarter buying in areas such as Aerostructures and Systems & Equipment.

Small photo: Following further integration of procurement activities, Sourcing will concentrate on operational excellence in 2010.



EADS' procurement activities moved towards further integration in 2009, with Airbus' Chief Procurement Officer (CPO) also appointed as Head of EADS Corporate Sourcing, and with the merger of general procurement activities across EADS.

With a procurement spend equivalent to 70% of EADS' revenues and growing, greater integration offers significant benefits in terms of purchasing efficiencies, cost containment and coordination of strategic actions across EADS.

Significant progress was made towards the Vision 2020 goals of 40% sourcing outside Europe and increasing natural hedging by buying in US dollars.

GREATER INTEGRATION

A Group-wide shared services organisation was established, charged with creating synergies and extracting savings from the annual €8 billion spend on general procurement. This new organisation, EADS General Procurement (EGP), includes professional services, product development, IT, travel, investment, facility management and maintenance. EGP aims to contribute significantly to the savings targets of the Future EADS integration programme.

Beyond this, two new procurement boards (Aerostructures and Systems & Equipment) were created. These boards enable smarter buying through coordination between Divisions on strategy and discussion of supplier performance.

GLOBAL PROCUREMENT

EADS continued its effort to increase procurement from strategic countries, mainly in Asia. In China, EADS country sourcing offices and Airbus procurement quality teams were merged.

Procurement from India and China grew quickly, though from a low base, with increasing amounts in higher value-added fields, including aerostructures. EADS teams visited the two countries, accompanied by some of the Group's major procurement partners, in order to meet potential suppliers.

Natural hedging increased. More than 50% of US dollar revenues are naturally hedged through sourcing in US dollars. The proportion is higher in new programmes like the Airbus A350.

RESPONSIBLE SOURCING

The Procurement Compliance Organisation was established to cascade EADS' responsible sourcing principles down the supply chain. In particular, these include human rights, labour standards and guidelines on environmental sustainability and anti-corruption.

MONITORING THE CRISIS

Sourcing actively monitored the impact of the recession in order to anticipate any supplier difficulties and avoid interruptions to the supply chain. The few cases of insolvent suppliers were handled proactively in line with corporate guidelines.

OUTLOOK

During 2010, Sourcing will focus on internal operational excellence and improving supply chain performance. Strategic objectives include increasing US dollar natural hedging and global sourcing, aligning key suppliers' strategies and fostering innovation sourcing.

Procurement performance will be monitored through a set of common key performance indicators that focus on implementation of strategy and development towards Vision 2020 targets.

The new procurement compliance organisation will drive responsible sourcing practices internally and in the supply chain. Suppliers will receive greater instruction on EADS' corporate responsibility requirements. EGP will implement improvement projects in order to achieve its efficiency objectives.

Ethics and Compliance

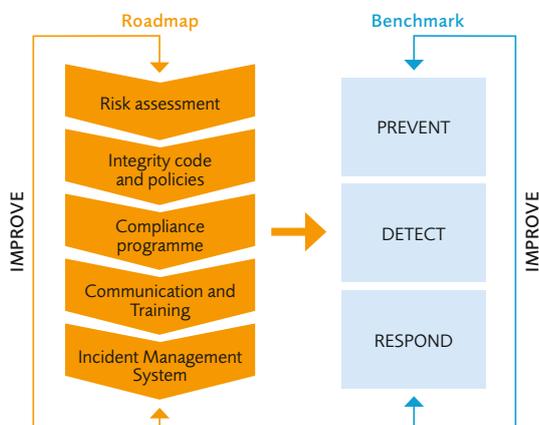
The aerospace industry has special responsibilities. EADS is committed to ethical conduct and transparency to maintain sustainable competitive advantage.



Large photo: The compliance organisation is expanding, increasing its presence both at Group level and within Divisions.

Small illustration: A roadmap has been designed in line with best practices to implement an ethics and compliance programme.

ETHICS AND COMPLIANCE PROGRAMME



EADS continues to expand its compliance organisation in order to ensure that activities across the Group meet the terms of international laws and regulations, as well as EADS' stated ethical principles and best practices, in line with stakeholders' expectations.

EADS' Board of Directors is seeking to make business ethics a source of competitive advantage at a time when ethical standards increasingly play a decisive role in the market. An important illustration is the new Federal Acquisition Regulation rule, effective since 2009, which applies to US government acquisitions. It requires adoption of a code of business ethics and conduct, and an ongoing business ethics awareness and compliance programme.

The EADS compliance organisation is also leading initiatives to establish consistently high global standards for business ethics in the aerospace and defence sector, so fostering a level playing field.

STRENGTHENING THE COMPLIANCE ORGANISATION

Dedicated compliance officers were appointed to all Divisions during the year, tasked with both helping management to ensure compliance in business conduct, and promoting the Group's ethics programme. New heads of compliance were appointed at EADS North America and to supervise the supply chain.

A roadmap has been designed to further strengthen the compliance organisation, benchmarked against the United States Federal Sentencing Guidelines and other international references. Progress reports to the Board of Directors in January and November 2009 showed that objectives were consistently met.

FOCUSING ON KEY RISKS

A compliance risk map was compiled that identified EADS' biggest areas of risk.

The export compliance organisation was streamlined in order to mitigate export control risks. The Export Compliance Council, which oversees the relevant activities and sets policy, was formalised in 2009. It includes both national and divisional heads of export compliance.

Additionally, also in 2009, business ethics was systematically incorporated into the merger and acquisition due diligence process.

PROMOTING INTERNATIONAL STANDARDS

EADS took part in several initiatives to promote global standards. EADS CEO Louis Gallois was one of 24 CEOs who signed a collective letter to UN secretary-general Ban Ki-Moon calling on governments to implement the UN Convention against Corruption more effectively.

The Group also participated actively in drawing up the Global Principles of Business Ethics for the Aerospace and Defence Industry, a common set of standards for ethical conduct. These were agreed upon in October 2009 by the Aerospace and Defence Industries Association of Europe, and the Aerospace Industries Association, its US counterpart.

OUTLOOK

During 2010, the compliance organisation will continue to increase its effectiveness across the Group. In particular, it will focus on the international extended enterprise, as well as seeking to extend its impact to the Group's suppliers.

An alert system will be introduced to enable employees to address ethical and compliance concerns in strict confidentiality and without fear of retaliation.

Finally, a set of key performance indicators will be introduced to improve monitoring of the compliance organisation's performance by the Board's Audit Committee.

Glossary

➤ ACARE

Advisory Council for Aeronautics Research in Europe: a European research organisation founded by government and industry that aims to make Europe's commercial aviation more affordable, cleaner, safer and quieter.

ASYMMETRIC WARFARE

A conflict between combatants possessing significantly different levels of military power, or practicing different methods of warfare – for example, conflict between conventional forces and terrorist groups.

ATAG

Air Transport Action Group: a global coalition of air transport industry companies and trade associations that have united to drive aviation infrastructure improvements in an environmentally-responsible manner.

ATV

Automated Transfer Vehicle: the space cargo vehicle that will supply the International Space Station with scientific equipment, spares and fuel, together with supplies of food, air and water.

➤ BLACK BELT

The qualification given to EADS employees who have completed a course in “lean” management techniques, designed to improve management of industrial programmes.

BLUECOPTER

The Eurocopter technology demonstrator that showcases “green” technologies, including a fuel-efficient, low-emission propulsion system.

➤ CARBON FIBRE REINFORCED PLASTIC

A very strong, light composite material, this is increasingly used to make lightweight aircraft bodies.

CO₂

Carbon dioxide: a greenhouse gas identified as contributing to climate change. According to estimates, aviation is responsible for 2% of man-made CO₂ emissions world-wide. EADS is investing in technologies to reduce aircraft CO₂ emissions by 50% by 2020.

COMSATBw1

The first satellite in the German Armed Forces SatComBw military communications programme, for which Astrium is responsible for the space segment and in-orbit delivery. The second satellite, ComSatBw2, was delivered in March 2010.

CORPORATE BUSINESS ACADEMY

EADS' corporate university for employees with management potential, based at Domaine de Villepreux, near Bordeaux, in France.

CORPORATE GOVERNANCE

The control and monitoring of a company to ensure that management acts in the interests of stakeholders, no undue risks are taken and relevant legislation is complied with.

CYBER-SECURITY

The protection of data and systems in networks that are connected to the internet.

➤ EADS INNOVATION WORKS

The global organisation that operates EADS' research and technology laboratories, providing the new technologies needed for product development.

EBIT

Earnings Before Interest and Taxes: EADS uses EBIT pre-goodwill impairment and exceptional items as a key indicator of its economic performance.

ECO-EFFICIENCY

Term used to describe the management philosophy of creating economic value while minimising environmental impact.

ENVIRONMENTAL MANAGEMENT SYSTEM

An environmental management system helps to identify and manage significant environmental impacts, increasing efficiency, ensuring compliance with environmental legislation and providing benchmarks for improvement.

ERM

Enterprise Risk Management: a common process applied across EADS and all its business. It is supervised by the EADS Board of Directors and operated by management and other personnel. It is designed to identify potential events that may affect EADS, to manage risks within company tolerance and provide reasonable assurance regarding the achievement of EADS' objectives.

ESA

European Space Agency: the organisation that develops Europe's space programme and ensures that it provides benefits to the continent's citizens.

➤ FUTURE EADS

EADS programme aimed at improving integration of support functions across the Group, to deliver efficiency gains and cash savings.

➤ GDP

Gross Domestic Product: a basic measure of a country's economic output, or the market value of all goods and services produced by a country in a year.

➤ HEDGE

A hedge is a form of financial insurance that offers protection against adverse future currency movements. EADS uses hedges to minimise the impact of fluctuations mainly in the value of the dollar.

➤ IATA

International Air Transport Association: the airline industry's global trade association.

ICAO

International Civil Aviation Organisation: a United Nations specialised agency that works to achieve the safe, secure and sustainable development of civil aviation.

IMAZON

Amazon institute of people and the environment – is a non-profit research institution whose mission is to promote sustainable development in the Amazon.

ISO

International Organization for Standardization: a network of national standards institutes that sets standards for the benefit of business and the wider community.

➤ LEAN MANUFACTURING

A methodology that seeks to minimise the resources required for production by eliminating waste, so reducing costs, lead times and inventory requirements.

LONG-RANGE AIRCRAFT

An aircraft capable of exceeding 3,000 nautical miles, with a full payload at normal cruising conditions.

LUH

Light Utility Helicopter: EADS is prime contractor to the US Army for its Light Utility Helicopter programme, providing the UH-72A Lakota helicopter for administrative, logistic and medical evacuation purposes, as well as to support army training.

➤ MRTT

Multi-Role Tanker Transport: Airbus Military's tanker aircraft, based on the A330, used for air-to-air refuelling of military aircraft.

➤ NO_x

Nitrogen oxides: a group of gases identified as contributing to climate change. In line with industry targets, EADS is investing in technologies to reduce aircraft NO_x emissions by 80% by 2020.

➤ PHENIX

The EADS programme that is streamlining product design, and manufacturing processes and tools.

POWER8

An Airbus cost reduction programme that has introduced a new organisational structure, leaner processes and better cash management.

POWER8 PLUS

The extension of the Power8 cost reduction programme that includes all EADS Divisions.

➤ R&T

Research and technology – all activities in the field of research and generic technologies not directly attributable to products, and designed to maintain or expand knowledge of the technological base.

RAMP-UP

An aerospace industry term describing a new production programme's increasing level of activity.

REACH

Registration, Evaluation, Authorisation and Restriction of Chemical substances: the European Commission regulation designed to improve the identification of hazardous chemicals and their subsequent replacement with less harmful substances.

➤ SHAPE PROGRAMME

Eurocopter's improvement programme designed to increase efficiency and to reduce costs.

SHARED SERVICES

Support functions that an organisation's different subsidiaries share in order to increase efficiency and to reduce costs.

SINGLE-AISLE AIRCRAFT

An aircraft with one aisle, such as the Airbus A320 family.

SKYNET 5

The UK Ministry of Defence satellite-based military communications system, manufactured and operated by EADS.

➤ UAV

Unmanned Aerial Vehicle: a reusable aircraft that flies without a human crew; generally used for military purposes.

➤ VISION 2020

The EADS management's strategic vision for guiding the Group's development until 2020.

Addresses

EADS HEADQUARTERS

European Aeronautic Defence and Space Company EADS N.V.

Mendelweg 30
2333 CS Leiden
The Netherlands
Tel +31 71 524 56 00

HEAD OFFICES

In France:

EADS
37, boulevard de Montmorency
75781 Paris cedex 16
France
Tel +33 1 42 24 24 24

In Germany:

EADS
81663 Munich
Germany
Tel +49 89 607 0

In Spain:

EADS
Avenida de Aragón 404
28022 Madrid
Spain
Tel +34 915 85 70 00

EADS UK

EADS UK Limited

111, The Strand
WC2R OAG London
United Kingdom
Tel +44 207 845 84 00

EADS NORTH AMERICA

EADS North America, Inc.

1616 North Ft. Myer Drive,
Suite 1600
Arlington, VA 22209
USA
Tel +1 703 236 33 00

AIRBUS

Airbus

1, rond-point Maurice Bellonte
31707 Blagnac cedex
France
Tel +33 5 61 93 33 33

Airbus Military

Avenida de Aragón 404
28022 Madrid
Spain
Tel +34 915 85 70 00

Premium AEROTEC

Haunstetter Str. 225
86179 Augsburg
Germany
Tel +49 821 801 0

Aerolia

13, rue Marie Louise Dissart
31027 Toulouse cedex 3
France
Tel +33 5 81 91 40 00

EADS EFW

Grenzstrasse 1
01109 Dresden
Germany
Tel +49 351 8839 0

EUROCOPTER

Eurocopter

Aéroport International de
Marseille-Provence
13725 Marignane cedex
France
Tel +33 4 42 85 85 85

ASTRIUM

Astrium

6, rue Laurent-Pichat
70516 Paris cedex 16
France
Tel +33 1 77 75 80 00

Astrium Satellites

31, rue des Cosmonautes
31402 Toulouse cedex 4
France
Tel +33 5 62 19 62 19

Astrium Space Transportation

66, route de Verneuil
78133 Les Mureaux cedex
France
Tel +33 1 39 06 12 34

Airbus-Allee 1

28199 Bremen
Germany
Tel +49 421 539 0

Astrium Services

6, rue Laurent-Pichat
75216 Paris cedex 16
France
Tel +33 1 77 75 80 00

DEFENCE & SECURITY**Defence & Security**

Landshuter Strasse 26
85716 Unterschleissheim
Germany
Tel +49 89 3179 0

**EADS Military
Air Systems**

Rechliner Strasse
85077 Manching
Germany
Tel +49 84 59 81 0

Eurofighter

Am Söldnermoos 17
85399 Hallbergmoos
Germany
Tel +49 811 80 0

**Defence and
Communications Systems**

Landshuter Strasse 26
85716 Unterschleissheim
Germany
Tel +49 89 3179 0

Defence Electronics

Wörthstrasse 85
89077 Ulm
Germany
Tel +49 731 392 0

MBDA

11, Strand
London WC2N 5RJ
United Kingdom
Tel +44 20 7451 60 00

OTHER BUSINESSES**EADS Sogerma**

Aéroport International
20, avenue Georges Barrès
33700 Mérignac
France
Tel +33 5 56 55 40 00

**ATR Avions de Transport
Régional**

1, allée Pierre Nadot
31712 Blagnac cedex
France
Tel +33 5 62 21 62 21

**EADS STRATEGY
AND MARKETING
ORGANISATION**

Tel +33 1 42 24 24 24
Fax +33 1 42 24 26 19

**Representative
offices****Europe****Ankara, Turkey**

Tel +90 312 439 89 64
Fax +90 312 439 70 07

Athens, Greece

Tel +30 210 69 83 871
Fax +30 210 69 83 870

Brussels, Belgium

Tel +32 25 04 78 12
Fax +32 25 04 78 28

London, United Kingdom

Tel +44 207 845 83 94
Fax +44 207 845 84 01

Moscow, Russia

Tel +7 495 797 53 67
Fax +7 495 797 53 66

Oslo, Norway

Tel +47 22 00 95 50
Fax +47 22 00 95 51

Rome, Italy

Tel +39 06 45 23 2901
Fax +39 06 45 23 4006

Warsaw, Poland

Tel +48 22 627 05 28
Fax +48 22 627 05 35

Africa**Algiers, Algeria**

Tel +33 1 42 24 24 70
Fax +33 1 42 24 26 86

Centurion, South Africa

Tel +27 12 6868 900
Fax +27 12 6868 911

Tripoli, Libya

Tel +218 21 335 1026
Fax +218 21 335 1257

Middle East**Abu Dhabi, UAE**

Tel +971 2 681 28 78
Fax +971 2 681 10 27

Cairo, Egypt

Tel +20 2 279 486 71
Fax +20 2 279 573 17

Doha, Qatar

Tel +974 411 0752
Fax +974 411 0784

Muscat, Oman

Tel +968 24 601 922
Fax +968 24 602 845

Riyadh, Saudi Arabia

Tel +966 1 88 07 421
Fax +966 1 88 07 410

North America**Ottawa, Canada**

Tel +1 613 230 39 02
Fax +1 613 230 14 42

Latin America**Mexico City, Mexico**

Tel +52 55 47 77 51 00
Fax +52 55 47 77 32 74

Santiago de Chile, Chile

Tel +56 23 33 43 33
Fax +56 23 33 47 77

São Paulo, Brazil

Tel +55 11 3093 2800
Fax +55 11 3093 2801

Asia**Bangalore, India**

Tel +91 80 4031 2530
Fax +91 80 4031 2531

Bangkok, Thailand

Tel +662 610 4300
Fax +662 610 4301

Beijing, China

Tel +86 10 646 1 1266
Fax +86 10 646 1 0409

Hanoi, Vietnam

Tel +844 39 43 68 85
Fax +844 39 43 68 72

Jakarta, Indonesia

Tel +62 21 57 97 36 17
Fax +62 21 57 97 36 16

Kuala Lumpur, Malaysia

Tel +60 3 2163 0233
Fax +60 3 2163 0211

New Delhi, India

Tel +91 11 4580 1103
Fax +91 11 4580 1124

Seoul, South Korea

Tel +82 2 798 49 25
Fax +82 2 798 49 27

Singapore, Singapore

Tel +65 67 37 50 77
Fax +65 67 33 58 15

Sydney, Australia

Tel +61 2 88 64 05 08
Fax +61 2 88 64 05 01

Taipei, Taiwan

Tel +886 2 2712 15 94
Fax +886 2 2712 10 89

Tokyo, Japan

Tel +81 3 5573 84 00
Fax +81 3 5573 84 01

Shareholder Information

Visit our website at:

www.eads.com



FINANCIAL CALENDAR:

Full Year 2009 results release:

9 March 2010

First Quarter 2010 results release:

14 May 2010

Annual General Meeting:

1 June 2010, Amsterdam,
The Netherlands

Shareholders' Information meeting:

29 June 2010, Paris, France

Half Year 2010 results release:

30 July 2010

Nine-Month 2010 results release:

12 November 2010

INVESTOR RELATIONS CONTACT:

Toll-free telephone numbers:

France: 0 800 01 2001

Germany: 00 800 00 02 2002

Spain: 00 800 00 02 2002

Shareholders from other countries can contact us at:

+33 1 45 30 85 82

An e-mailbox is dedicated to answering shareholders' enquiries:

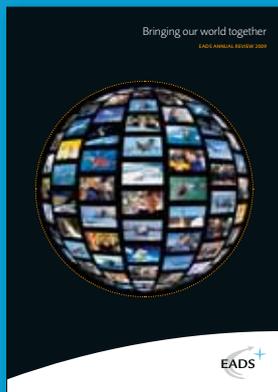
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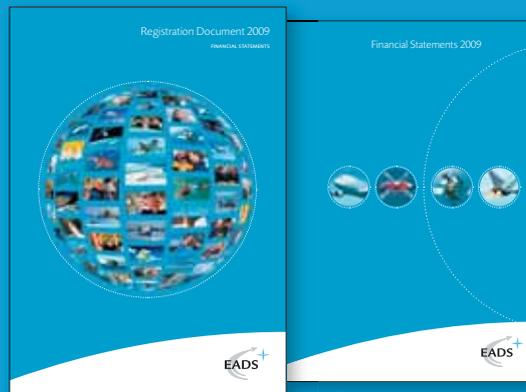
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WWW.EADS.COM



European Aeronautic Defence
and Space Company EADS N.V.
Mendelweg 30
2333 CS Leiden
The Netherlands

In France
37, boulevard de Montmorency
75781 Paris cedex 16 – France

In Germany
81663 Munich – Germany

In Spain
Avenida de Aragón 404
28022 Madrid – Spain