

Information notice

Annual General Meeting



on Thursday 26 May 2011 at 2 p.m.

at Hotel Okura Amsterdam
Ferdinand Bolstraat 333,
1072 LH Amsterdam,
The Netherlands

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Agenda

1 | Opening and general introductory statements

2 | Presentation by the Chairman and the Chief Executive Officer, including report by the Board of Directors in respect of the:

1. Corporate governance statement
2. Policy on dividend
3. Report on the business and financial results of 2010

3 | Discussion of all Agenda items

4 | Vote on the resolutions in respect of the:

1. Adoption of the audited accounts for the financial year 2010
2. Approval of the result allocation, distribution and payment date
3. Release from liability of the Members of the Board of Directors
4. Appointment of Ernst & Young Accountants L.L.P. as co-auditor for the financial year 2011
5. Appointment of KPMG Accountants N.V. as co-auditor for the financial year 2011
6. Amendment of Articles 21, 22, 23 and 24 of the Company's Articles of Association
7. Adoption of the compensation and remuneration policy of the Members of the Board of Directors
8. Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights of existing Shareholders
9. Cancellation of shares repurchased by the Company
10. Renewal of the authorisation for the Board of Directors to repurchase shares of the Company

5 | Closing of the Meeting

Ways of participating in the Meeting

How to qualify for participation in the Meeting?

According to the current Dutch law, your depository bank or EADS Securities Department will attest on your behalf your status as a holder of EADS shares as of **Thursday 28 April 2011** (Registration Date), to qualify for participation in the Annual General Meeting. The shares will not be blocked from the Registration Date until the Meeting.

How to participate?

You can choose one of the following options:

1. To grant a power of attorney to the Chairman
2. To provide voting instructions
3. To grant a power of attorney to a specified person
4. To attend and to vote at the Annual General Meeting

You can express your choice:

- ▶ by using the voting form / attendance card request (the "Form") attached in printed version
- ▶ or by Internet

A. IN PAPER FORM

1. To grant a power of attorney to the Chairman

If you wish to grant to the Chairman a power of attorney to vote each resolution and amendments or new resolutions, if any, presented during this Meeting, you must shade box **1** on the Form.

2. To provide voting instructions

In order to provide voting instructions to Euroclear France SA, in the name of which your shares are registered in the shareholders' register of EADS, you must shade and fill out box **2** on the Form.

For each resolution, and amendment or new resolution if any presented during this Meeting, **you can express your choice as follows:**

- ▶ If you wish to vote **FOR**, shade the box **FOR**;
- ▶ If you wish to vote **AGAINST**, shade the box **AGAINST**;
- ▶ If you wish to vote **ABSTAIN**, shade the box **ABSTAIN**.

3. To grant a power of attorney to a specified person

If you wish to grant a power of attorney to a specified person to vote each resolution, and amendments or new resolutions, if any, presented during this Meeting, you must shade box **3** on the Form.

In this case, only the specified person will be admitted to the Meeting and only upon presentation of an attendance card and a valid proof of identity.

4. To attend and to vote at the Annual General Meeting

If you wish to attend and to vote at the Meeting, you must shade box **4** on the Form in order to receive an attendance card from Deutsche Bank AG.

In this case, you will be admitted to the Meeting only upon presentation of this attendance card and a valid proof of identity.

Whichever your choice is, whether **1**, **2**, **3** or **4**, just shade and fill out the appropriate items on the Form as indicated above. Then **date and sign** before returning it, as appropriate, to your depository bank which will submit the relevant instruction to Deutsche Bank AG.

Your Form or Document must be received:

- ▶ by your depository bank no later than the day indicated by your depository bank.

Any Form or Document received beyond the relevant date will be disregarded.

B. BY INTERNET

You will be offered the same four options as proposed in the paper Form if you choose to express your choice through the secure website Gisproxy, which is available until **Thursday 19 May 2011**.

The Internet procedure depends on the type of account in which you hold your EADS shares (pure registered, administrated registered or bearer shares) as of **Thursday 28 April 2011** (Registration Date):

▶▶ I hold pure registered shares

The login and password required to connect to the voting platform Gisproxy are the same as those that let you check your Registered account on the website *Planetshares - Myshares*. If you have these two items, you can connect to the voting platform Gisproxy and follow the instructions detailed on the screen.

If you forgot your login and/or your password, the login procedure will be identical to that provided for "I hold Administrated Registered shares", presented below.

▶▶ I hold administrated registered shares

You will find your login on the Form in the box at the right top. With this login, you can connect to the website Gisproxy and request a password. You will then receive by post from EADS Securities Department your password and your complete login without delay.

With this login and password, you can connect to the voting platform Gisproxy and follow the instructions detailed on the screen.

▶▶ I hold bearer shares

If you wish to have access to the voting platform Gisproxy, your shares must be transferred into registered form as soon as possible. In order to transfer your shares*, you need to complete the relevant form, which is available on our website www.eads.com (Investor Relations > Annual General Meeting 2011) or by contacting EADS Securities Department (Tel.: +33 1 57 43 35 00). This form must be transmitted to your depository bank which will contact EADS Securities Department in order to carry out the transfer of your shares.

Once the transfer has been completed, EADS Securities Department will send you the login and password without delay. With these two items, you can connect to the voting platform Gisproxy and follow the instructions detailed on the screen.

If your shares are transferred after **Thursday 28 April 2011**, the depository bank, which managed your shares, will have to provide evidence of your status as a holder of EADS shares on that date (a special form is available on our website www.eads.com or by contacting EADS Securities Department) to be eligible to vote electronically.

The voting platform Gisproxy is available at the following address: <https://gisproxy.bnpparibas.com/eads.pg>

For any question related to the Internet voting, please contact +33 1 57 43 35 00.

Annual General Meeting documentation

The Annual General Meeting documentation (*i.e.* agenda and text of proposed resolutions, Board report, 2010 audited financial statements and auditors' report) is available at the EADS headquarters in The Netherlands and at the EADS head offices at the following addresses:

- ▶ in **Germany**, Willy-Messerschmitt-Str. – Tor 1 85521 Ottobrunn;
- ▶ in **France**, 37, boulevard de Montmorency, 75016 Paris;
- ▶ in **Spain**, Avenida de Aragón 404, 28022 Madrid.

or at:

- ▶ Deutsche Bank AG, TSS/GES, Post IPO Services, 60262 Frankfurt am Main, Germany (fax :+49/69-910 38794 and E-mail: core.emfo@db.com);
- ▶ EADS Securities Department.

This documentation is also available on our website www.eads.com (Investor Relations).

EADS Securities Department:
BNP PARIBAS Securities Services
CTS Assemblées
9, rue du débarcadère
93761 Pantin Cedex, France
Tel.: +33 1 57 43 35 00
Fax: +33 1 55 77 95 01

* Your depository bank may charge you a fee for this transfer.

Text of the resolutions proposed by the Board of Directors

FIRST RESOLUTION

Adoption of the audited accounts for the financial year 2010

RESOLVED THAT the audited accounts for the accounting period from 1 January 2010 to 31 December 2010, as submitted to the Annual General Meeting by the Board of Directors, be and hereby are adopted.

SECOND RESOLUTION

Approval of the result allocation, distribution and payment date

RESOLVED THAT the net profit of €553 million, as shown in the income statement for the financial year 2010, shall be added to retained earnings and that a payment of a gross amount of €0.22 per share shall be made to the Shareholders from distributable reserves on 6 June 2011.

THIRD RESOLUTION

Release from liability of the Members of the Board of Directors

RESOLVED THAT the Members of the Board of Directors be and hereby are granted a release from liability for the performance of their duties during and with respect to the financial year 2010, to the extent that their activity has been reflected in the audited annual accounts for the financial year 2010 or in the report of the Board of Directors.

FOURTH RESOLUTION

Appointment of Ernst & Young Accountants L.L.P. as co-auditor for the financial year 2011

RESOLVED THAT the Company's co-auditor for the accounting period being the financial year 2011 shall be Ernst & Young Accountants L.L.P., whose registered office is at Boompjes 258, 3011 XZ Rotterdam, The Netherlands.

FIFTH RESOLUTION

Appointment of KPMG Accountants N.V. as co-auditor for the financial year 2011

RESOLVED THAT the Company's co-auditor for the accounting period being the financial year 2011 shall be KPMG Accountants N.V., whose registered office is at Fascinatio Boulevard 200, 3065 WB Rotterdam, The Netherlands.

SIXTH RESOLUTION

Amendment of Articles 21, 22, 23 and 24 of the Company's Articles of Association

RESOLVED THAT the following Articles of the Company's Articles of Association shall be amended to reflect changes of Dutch law to read in translation as follows and that both the Board of Directors and the Chief Executive Officer be and hereby are authorised, with powers of substitution, to implement this resolution:

"General Meetings of Shareholders

Article 21

4. *The Board of Directors shall be obliged to hold a general meeting of Shareholders within the statutory term after a written request to that effect by one or more Shareholders collectively representing at least one-tenth of the issued share capital. The request must contain a detailed list of the items to be discussed at the meeting*⁽¹⁾.

Article 22

The Board of Directors shall convene a general meeting of Shareholders by means of a notice published on the Company's website at least forty-two days before the day of the meeting⁽²⁾.

(1) In the original Dutch language:

"Artikel 21

4. Op schriftelijk verzoek van één of meer aandeelhouders, die alleen of gezamenlijk tenminste één tiende gedeelte van het geplaatste kapitaal vertegenwoordigen, aan de Raad van Bestuur, is deze verplicht binnen de wettelijk termijn na ontvangst van het verzoek, een algemene vergadering van aandeelhouders te doen houden. Het verzoek bevat een nauwkeurige opgave van de te behandelen onderwerpen."

(2) In the original Dutch language:

"Artikel 22

De oproeping tot de algemene vergadering van aandeelhouders geschiedt door de Raad van Bestuur tenminste tweeënveertig dagen voor de dag waarop de algemene vergadering plaatsvindt door middel van de publicatie van een oproeping op de website van de Vennootschap."

Article 23

1. The convening notice shall state the items as set out under Section 2:114 paragraph 1 of the Dutch Civil Code. Shareholders and all other persons who are entitled under the Dutch Civil Code to attend the general meeting of Shareholders may consult the documents for the meeting at the Company's offices and in Amsterdam and at such other locations as the Board of Directors shall determine. Free copies shall also be obtainable at these locations.
2. The discussion of items in respect of which this procedure has not been followed may still be separately announced in a corresponding manner at least forty-two days before the day of the general meeting of Shareholders.
3. The Board of Directors shall announce the date of the annual general meeting of Shareholders at least ten weeks before the meeting. Substantiated requests made by one or more Shareholders collectively representing at least the applicable statutory threshold, from time to time, to put items on the agenda for the annual general meeting of Shareholders, shall be effected by the Board of Directors, if such a request to the Board of Directors has been made at least eight weeks before the meeting, unless reasonableness and fairness require otherwise ⁽¹⁾.

Article 24

1. Each holder of one or more shares and all other persons who are entitled to do so by law shall have the power, either in person or by means of a written proxy, to attend the general meeting of Shareholders, to speak and to exercise the right to vote in accordance with Article 25 hereof*.

"Written proxy" as referred to in this Article 24 is understood to include a proxy that is recorded electronically. The Board of Directors shall facilitate the electronic submission of proxies, in such way as explained in the convening notice.

A Shareholder or a person who has the right to attend a meeting can see to it that he is represented by more than one proxy holder, provided that only one proxy holder can be appointed for each share.

If the Board of Directors so decides, each Shareholder is entitled, in person or by means of a written proxy, to attend the general meetings of Shareholders, to speak and to exercise the right to vote by electronic means and communication, all this in accordance with Section 2:117a of the Dutch Civil Code.

2. For the purposes and provisions of this Article, the persons who have the right to attend and to vote at general meetings of Shareholders are those who are on record in a register designated for that purpose by the Board of Directors on the twenty-eighth day prior to the day of a general meeting of Shareholders (the "**Registration Date**"), irrespective of who may be entitled to the shares at the time of that meeting.
4. As a prerequisite to attending the general meeting of Shareholders and to casting votes, the Board of Directors, or alternatively an entity or person so designated by the Board of Directors, shall be notified in writing by each holder of one or more shares (including both bearer shares and registered shares) and those who derive the aforementioned rights from these shares, not earlier than the Registration Date, of the intention to attend the meeting. Ultimately this notice must be received by the Board of Directors, or alternatively an entity or person so designated by the Board of Directors, on the day mentioned in the convening notice.
5. The Board of Directors can decide that in "writing" as referred to in the preceding paragraph of this article, the last but not one sentence, is understood to include a request that is recorded electronically.

* For further information on Article 25, please refer to EADS Articles of Association on our website www.eads.com (Our Company > Our Governance).

(1) In the original Dutch language:

"Artikel 23

1. Bij de oproeping worden de onderwerpen als bedoeld in Artikel 2:114 lid 1 van het Burgerlijk Wetboek vermeld. Aandeelhouders en alle andere personen die volgens het Burgerlijk Wetboek het recht hebben de algemene vergadering van aandeelhouders bij te wonen mogen voorafgaand aan de vergadering de documenten ten kantore der Vennootschap, alsmede te Amsterdam en op zodanige andere plaatsen zoals door de Raad van Bestuur zal worden bepaald, raadplegen. Aldaar zullen tevens kosteloos afschriften verkrijgbaar zijn.
2. De behandeling van onderwerpen, ten aanzien waarvan zulke niet is geschied, kan alsnog op overeenkomstige wijze afzonderlijk worden aangekondigd tenminste tweeënveertig dagen voor de dag der algemene vergadering van aandeelhouders.
3. De Raad van Bestuur zal de datum van de jaarlijkse algemene vergadering van aandeelhouders ten minste tien weken voor de vergadering aankondigen. Aan met redenen omklede verzoeken van één of meer aandeelhouders die tezamen tenminste de van tijd tot tijd geldende wettelijk minimum drempelwaarde vertegenwoordigen benodigd om onderwerpen op de agenda van de jaarlijkse algemene vergadering van aandeelhouders te plaatsen zal de Raad van Bestuur gevolg geven, mits een dergelijk verzoek ten minste acht (8) weken voor de vergadering is gedaan aan de Raad van Bestuur, tenzij redelijkheid en billijkheid anders eisen."

6. *In respect of each general meeting of Shareholders of the Company, the Board of Directors of the Company can decide, in accordance with Section 2:117b of the Dutch Civil Code, that votes cast by electronic means of communication or by post prior to a relevant general meeting of Shareholders, are considered equivalent to votes that are cast during a meeting. These votes may not be cast prior to the Registration Date ⁽¹⁾.*"

Such powers include without limitation the approval of share-related long-term incentive plans (such as stock options, performance and restricted share plans) and employee share ownership plans. Such powers may also include the granting of rights to subscribe for shares which can be exercised at such time as may be specified in or pursuant to such plans and the issue of shares to be paid up from freely distributable reserves.

SEVENTH RESOLUTION

Adoption of the compensation and remuneration policy of the Members of the Board of Directors

RESOLVED THAT the proposed compensation and remuneration policy for the Members of the Board of Directors, including the rights to subscribe for shares for the Executive Director, as included in the report of the Board of Directors, be and hereby is accepted and adopted.

NINTH RESOLUTION

Cancellation of shares repurchased by the Company

RESOLVED THAT the number of shares in the Company held by the Company, up to a maximum of 78,850 shares, be cancelled and both the Board of Directors and the Chief Executive Officer be and hereby are authorised, with powers of substitution, to implement this resolution in accordance with Dutch law.

EIGHTH RESOLUTION

Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights of existing Shareholders

RESOLVED THAT in accordance with the Articles of Association, the Board of Directors be and hereby is designated, subject to revocation by the General Meeting, to have powers to issue shares and to grant rights to subscribe for shares which are part of the Company's authorised share capital, provided that such powers shall be limited to 0.15% of the Company's authorised capital from time to time and to limit or exclude preferential subscription rights, in both cases for a period expiring at the Annual General Meeting to be held in 2012.

TENTH RESOLUTION

Renewal of the authorisation for the Board of Directors to repurchase shares of the Company

RESOLVED THAT the Board of Directors be and hereby is authorised, for a new period of 18 months from the date of this Annual General Meeting, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 10% of the Company's issued share capital and at a price not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out. This authorisation supersedes and replaces the authorisation given by the Annual General Meeting of 1 June 2010 in its seventh resolution.

(1) In the original Dutch language:

"Artikel 24

1. Iedere houder van een of meer aandelen en alle overige personen die op grond van de wet daartoe bevoegd zijn, hebben het recht om, hetzij in persoon, hetzij bij een schriftelijk gevolmachtigde, de algemene vergadering van aandeelhouders bij te wonen, daarin het woord te voeren en het recht tot het uitbrengen van hun stem uit te oefenen in overeenstemming met Artikel 25 van deze statuten.

Een 'schriftelijke volmacht' als bedoeld in dit Artikel 24 wordt geacht mede een elektronisch vastgelegde volmacht te omvatten. De Raad van Bestuur zal de elektronische indiening van volmachten mogelijk maken op de wijze zoals uiteengezet in de oproeping.

Een aandeelhouder of een vergadergerechtigde kan zich doen vertegenwoordigen door meer dan één gevolmachtigde, met dien verstande dat voor ieder aandeel slechts één volmacht kan worden verleend.

Indien de Raad van Bestuur dit bepaalt, is iedere aandeelhouder bevoegd om, in persoon of bij een schriftelijk gevolmachtigde door middel van een elektronisch communicatiemiddel aan de algemene vergadering van aandeelhouders deel te nemen, daarin het woord te voeren en het stemrecht uit te oefenen via elektronische communicatiemiddelen, een en ander in overeenstemming met Artikel 2:117a Burgerlijk Wetboek.

2. Voor de toepassing van dit Artikel hebben als vergader- en stemgerechtigden te gelden zij die op de achtentwintigste dag voorafgaand aan de dag van de algemene vergadering van aandeelhouders (de "Registratiedatum") als zodanig zijn ingeschreven in het door de Raad van Bestuur aangewezen register, ongeacht wie ten tijde van de algemene vergadering de rechthebbende op de aandelen is.

4. Als voorwaarde voor het bijwonen van de algemene vergadering van aandeelhouders en het uitbrengen van stemmen dient de Raad van Bestuur, of anderszins een entiteit of persoon die voor die doeleinden door de Raad van Bestuur is aangewezen, schriftelijk worden geïnformeerd, doch niet eerder dan de Registratiedatum, door iedere houder van één of meer aandelen (waaronder zowel aandelen aan toonder als aandelen op naam worden verstaan) alsook diegenen die voornoemde rechten aan deze aandelen ontlenen, van de intentie om de vergadering bij te wonen. Een dergelijke mededeling dient uiterlijk op de dag zoals vermeld in de oproeping door de Raad van Bestuur, of anderszins een entiteit of persoon die voor die doeleinden door de Raad van Bestuur is aangewezen, te worden ontvangen.

5. De Raad van Bestuur kan bepalen dat "schriftelijk" als bedoeld in het vorige lid van dit artikel, de op één na laatste zin, mede omvat een verzoek dat op elektronische wijze is ingediend.

6. De Raad van Bestuur van de Vennootschap kan, overeenkomstig Artikel 2:117b van het Burgerlijk Wetboek, met betrekking tot iedere algemene vergadering van aandeelhouders van de Vennootschap besluiten dat stemmen die voorafgaand aan de betreffende algemene vergadering van aandeelhouders door middel van elektronische communicatiemiddelen of per post zijn uitgebracht gelijk worden gesteld met stemmen die tijdens een vergadering worden uitgebracht. Dergelijke stemmen mogen niet voorafgaand aan de Registratiedatum worden uitgebracht."

Presentation of the resolutions proposed by the Board of Directors

FIRST RESOLUTION

Adoption of the audited accounts for the financial year 2010

We recommend that this Annual General Meeting (AGM) approve the audited accounts for 2010.

For more information on the audited accounts for 2010, see Section 5 “Financial and other Highlights” of the Board report.

SECOND RESOLUTION

Approval of the result allocation, distribution and payment date

We recommend that this AGM resolve that the net profit of €553 million, as shown in the income statement for the financial year 2010, shall be added to retained earnings and that a payment of a gross amount of €0.22 per share shall be made to the Shareholders from distributable reserves on 6 June 2011.

As from 1 June 2011, EADS' shares will be traded ex-dividend on the Frankfurt, Paris and Spanish Stock Exchanges. The dividend payment will be made on 6 June 2011 to holders of EADS' shares as of 3 June 2011.

For more information on dividend policy, see Section 3.5 “Dividend Policy” of the Board report.

THIRD RESOLUTION

Release from liability of the Members of the Board of Directors

We recommend that this AGM discharge the Members of the Board from their responsibility for the conduct of the Company's business with respect to the financial year 2010.

FOURTH AND FIFTH RESOLUTIONS

Appointment of the co-auditors for the financial year 2011

We recommend that the Company's co-auditors for the financial year 2011 should be Ernst & Young Accountants L.L.P. whose registered office is at Boompjes 258, 3011 XZ Rotterdam, The Netherlands, and KPMG Accountants N.V. whose registered office is at Fascinatio Boulevard 200, 3065 WB Rotterdam, The Netherlands. Our proposal is thus to renew the appointment of the same co-auditors based on their respective qualifications, performance and independence. They are designated as co-auditors, jointly responsible for auditing the accounts for the financial year 2011. They will put forward a single audit opinion.

SIXTH RESOLUTION

Amendment of Articles 21, 22, 23 and 24 of the Company's Articles of Association

We recommend that this AGM approve the amendment of the Company's Articles of Association in order to comply with recent as well as anticipated changes in Dutch law which result in the following amendments:

- ▶ to modify the convocation date of general meetings of Shareholders to occur not later than 42 days prior to the meeting instead of 15 days; this will not result in a significant change to past practice of EADS, which was to convene general meetings at least one month in advance (Article 22);
- ▶ as a consequence, to modify the date of announcement of the AGM to ten weeks in advance instead of two months; furthermore, to amend the deadline for the Shareholders to request to put items on the agenda to eight weeks in advance instead of six and to refer, for such a request to be valid, to the statutory thresholds then applicable under Dutch law (currently being shares representing 1% of the share capital or having a market value in excess of €50 million) (Article 23);
- ▶ to refer solely to the statutory term then applicable under Dutch law regarding the period in which a general meeting must be convened following a request by one or more Shareholders representing at least one-tenth of the issued share capital (Article 21);

- ▶ to change the way of convening general meetings of Shareholders to publication of a notice on EADS' website instead of a publication in the press; this could be complemented by a press release (Article 22);
- ▶ to set a "registration date" at 28 days prior to the date of the general meetings of Shareholders, meaning that solely the Shareholders at this date will be entitled to participate and to vote at general meetings, notwithstanding any subsequent transaction in shares in the Company (Article 24);
- ▶ to introduce electronic voting before general meetings of Shareholders, subject to certain conditions (please refer to the Section "Ways of participating" of the Information Notice) (Article 24).

SEVENTH RESOLUTION

Adoption of the compensation and remuneration policy of the Members of the Board of Directors

We recommend that the AGM adopt the compensation and remuneration policy for the Members of the Board of Directors, including the rights to subscribe for shares for the Executive Director, as described in the Board report (see in particular Section 4.5 "Remuneration report").

For a report on the remuneration of the Members of the Board of Directors during the year 2010, see Note 11 to the Company Financial Statements; and Notes 35 and 36 to the Consolidated Financial Statements (IFRS).

EIGHTH RESOLUTION

Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights of existing Shareholders

We recommend that this AGM approve the renewal of the authorisation to the Board to issue shares and to grant rights to subscribe for shares of the Company up to 0.15% of the authorised share capital, *i.e.* 4.5 million shares equivalent to 0.55% of the issued share capital, and to limit or exclude preferential subscription rights, for a period expiring at the AGM to be held in 2012, including specific powers to approve Employee Share Ownership Plans (ESOP), since the previous authorisation expires at the end of this AGM. The Company anticipates implementing an ESOP in 2011, which would have to be approved by the Board.

NINTH RESOLUTION

Cancellation of shares repurchased by the Company

We recommend that this AGM approve the cancellation of the shares repurchased by the Company up to a maximum amount of 78,850 shares, to compensate the dilution effect resulting from the issuance of shares following the exercise of stock options under the 2002 stock option plan.

TENTH RESOLUTION

Renewal of the authorisation for the Board of Directors to repurchase shares of the Company

We recommend that this AGM approve the renewal of the authorisation to the Board to repurchase shares of the Company, for a new 18-month period by any means, including derivative products, on any stock exchange or otherwise. Although Dutch law allows companies to repurchase up to 50% of their share capital, EADS restricts itself to repurchase of up to 10% in accordance with its previous practice and general market practice.

This authorisation will supersede and replace the authorisation granted by the AGM on 1 June 2010.

The purposes of the share buy-back programme to be implemented by EADS will be determined on a case-by-case basis by the Board of Directors based on need. However, the main purpose of the programme is the reduction of share capital by cancellation of all or part of the repurchased shares, to avoid the dilution effect related to certain share capital increases reserved for employees of the EADS Group and/or in the context of the exercise of stock options.

For additional information on EADS' share buy-back programmes including their purposes, characteristics and status, the reader should refer to EADS' website at www.eads.com (Investor Relations) and to the Registration Document posted thereon (see in particular Section 3.3.7.5 "Description of the share repurchase programme to be authorised by the Annual Shareholders' Meeting to be held on 26 May 2011").

Executive Summary

1. General Overview

With consolidated revenues of €45.8 billion in 2010, EADS is Europe's premier aerospace and defence company and the second largest aerospace and defence company in the world. In terms of market share, EADS is among the top two manufacturers of commercial aircraft, civil helicopters, commercial space launch vehicles and missiles, and a leading supplier of military aircraft, satellites and defence electronics.

In 2010, it generated approximately 73% of its total revenues in the civil sector and 27% in the defence sector.

EADS organises its businesses into the following four operating Divisions: (i) Airbus (including Airbus Commercial and Airbus Military), (ii) Eurocopter, (iii) Astrium and (iv) Cassidian (formerly Defence & Security).

2. Main Events for 2010

2010 was a year of substantial progress for EADS, with a strengthening recovery in the commercial aircraft market, reflected in Airbus new orders and deliveries, and a new agreement reached with launch customer nations which secures the future of the Company's A400M programme. In the face of pressure on government budgets and a slower recovery in the commercial helicopter market, EADS' Divisions took further steps to strengthen their competitive position, investing in new products and capacity and driving efficiency programmes. The Company's initiative to boost engagement among its 120,000 employees showed first improvements in 2010, as demonstrated by the results of the second annual employee engagement survey.

Revenues in 2010 reached a new high with €45.8 billion. They increased by 7% thanks to growth from both volume and mix effects across core business which more than offset a negative foreign exchange impact of around €500 million.

For the full year 2010, EADS reported an EBIT* of €1.2 billion. The EBIT* before one-off of around €1.3 billion benefited from the underlying performance in Airbus legacy programmes and other core business activities. On 31 December 2010, the order book of EADS reached €448.5 billion. The net cash position of €11.9 billion is higher than anticipated, thanks to better performance and higher order intake.

In 2010, the order intake amounted to €83.1 billion, driven by the improved momentum in commercial aviation. Institutional markets including helicopters, defence and public budgets have to be monitored.

In its 10th anniversary year, the Group achieved significant milestones on a number of key programmes. The launch customer nations and EADS have concluded negotiations on the overall A400M discussions. Following the approval in France and Germany, negotiations on the export levy facility (ELF) scheme are to be finalised with some launch customer nations and are targeted for completion in 2011. In the meantime, the programme is delivering results with four development aircraft flying. The A400M maturity gate milestone was passed in February 2011, which clears the way for the start of series production. Civil certification is planned for 2011.

Manufacturing of the first A350 XWB began, while the A330 Multi-Role Tanker Transport (MRTT) received civil and military certification. Deliveries of the A380 increased, as did deliveries on the helicopter programmes NH90 and Tiger. The Ariane 5 launcher completed its 41st consecutive successful take-off. Finally, the Company executed a successful rebranding of EADS and its Divisions in September 2010, which reflects the unity and the strength of the Group.

To adapt to changes in the market environment, Eurocopter and Astrium drove transformation programmes (respectively called Shape and Agile). These programmes aim to prepare the business for sustainable future growth in a more competitive marketplace.

In 2008, EADS launched a Group-wide cost savings programme referred to as "Power8 Plus", with the goal of achieving €650 million in gross annual savings for Airbus and an additional €350 million for the rest of the Group by the end of 2012. EADS is also currently working on a further integration and cost savings programme referred to

* EBIT pre-goodwill impairment and exceptionals.

as "Future EADS". In addition, all Divisions are running their transformation and cost cutting plans to adapt to their new competitive environment and EADS is working on further other cost saving initiatives for effect up to the end of 2014 to improve the competitiveness, compensate inflation and achieve profitability targets.

Following the financial crisis, the global economy returned to growth faster than expected in 2010, with emerging markets driving the recovery. Continued financial market volatility shows how fragile economic recovery remains in developed markets, with the capital markets questioning the ability of sovereign nations to repay their debts. Also, despite some short-term exchange rate improvement in 2010, persistent US dollar weakness has continued to disadvantage European Union companies with a cost base mainly in euros still whereas US manufacturers continue to derive benefit from more attractively priced exports.

In contrast to 2009, the commercial aviation business experienced a significant recovery in passenger demand and a return to profitability in 2010. However, there were significant regional differences, with Asian Pacific carriers contributing nearly half of the profit, while European airlines narrowly avoided a loss. Aircraft manufacturers succeeded in maintaining solid order books built over the preceding years through careful backlog management. Emerging markets were also driving additional demands that did not exist in the past. Defence and institutional activities which are normally more resilient to downturns were put under scrutiny, especially in Europe as well as in the US whereas in areas such as the Middle-East, defence spending has increased.

While European defence budgets are expected to experience cuts over the coming years, the impact on industry is still unclear. The need for some European Union countries to reduce public sector spending but still maintain defensive capabilities has driven governments to look for ways to mitigate the impact on defence budgets. Compromises need to be found between maintaining procurement budgets on one hand and considering adaptations of the operational budgets on the other. Export of already domestic sales to avoid cuts in current contracts is also an option which has already been adopted by some European Union players.

Governments may pursue further outsourcing of defence related services to industry players to strive for better value for tax payer's money. Additionally, sustained growth in security spending both from government and private sectors has been driven by the need to respond effectively to emergency response requirements such as large-scale natural disasters, fires, flooding and earthquakes, as well as asymmetric terrorist threats.

Airbus generated revenues of €30 billion in 2010, representing an increase of 7% compared to 2009. In 2010, Airbus achieved a new company record of 510 commercial aircraft deliveries

to 94 customers (including 19 new ones). Deliveries included 401 A320 family aircraft, 91 A330/A340s and 18 A380s. Airbus Military delivered 20 light and medium military transport aircraft (CN235 and C295). Airbus outperformed its order intake target by recording a total of 644 gross commercial aircraft orders, thereof 452 A320 family aircraft and 32 new orders for the A380. The A350 XWB continued winning key strategic campaigns during 2010, boosting total orders for the family to 583 and the number of customers to 36 by year end. In 2010, Airbus launched the A320neo (new engine option), offering 15% less fuel burn compared to the current A320. The A400M accomplished more than 1,000 flight hours in over 300 test flights with four development aircraft, while moving ahead towards an imminent start of series production. The A330 MRTT also passed a milestone achieving civil and military certification in 2010. Delivery of the first two MRTTs to the Royal Australian Air Force (RAAF) is in the final stages.

Eurocopter generated revenues of €4.8 billion in 2010, representing an increase of 6% compared to 2009. 527 helicopters were delivered to customers in 2010 and new net orders totalled 346 helicopters. These orders, well balanced between civil (51%) and military activities (49%), included key Super Puma family contracts for Malaysia and Mexico and strategic Ecureuil orders in Russia and the US. Support and service activities were robust and accounted for 36% of revenues in 2010. Despite another challenging year for the industry, Eurocopter remained a leader on the worldwide civil and parapublic market with a 50% market share. 2010 was also a year of progress for Eurocopter's military programmes: 28 NH90 and 15 Tiger helicopters were delivered in 2010, twice as many as in 2009. The Tiger proved its operational reliability in Afghanistan with the French forces, while three new customers took delivery of their first NH90 helicopter during the year. A key innovation milestone was achieved in 2010 with the successful first flight of the X3 demonstrator, a new generation of high-speed helicopter. Eurocopter continued to expand its global footprint during the year.

At **Astrium**, revenues in 2010 rose by 4% to €5 billion despite a difficult economic climate. New orders amounted to €6 billion, taking the order book to €15.8 billion at the end of the year. The Ariane 5 launcher continued to prove its reliability by completing six launches in one year, including three in two months. The Ariane 5 achieved its 41st successful launch in a row. Astrium is currently preparing the next generation of launcher, through the Ariane 5 ME (Mid-life Evolution) programme. During 2010, Astrium delivered 10 satellites to customers and signed contracts for eight new satellites: three for telecommunication and five for Earth observation. Within its defence activities, the M51 ballistic missile acceptance launch was successfully carried out. In services, orders almost tripled compared to 2009.

Revenues at **Cassidian** increased by 11% to €5.9 billion, driven by growth in Eurofighter, an increase in contributions

from the newer security segments and missile businesses growth. Profitability increased slightly, despite higher self-funded research and development for future business and a charge resulting from the UK's cancellation of the FiReControl security contract. Regarding unmanned aircraft systems (UAS), 2010 was marked by the successful first flight of the Euro Hawk and completion of a series of four test flights for the Barracuda demonstrator, which demonstrated the ability to fly in civil airspace. Cassidian accomplished the delivery of the complete second batch of 35 DRAC systems, while also progressing with its self-funded Talarion programme. At Cassidian Systems, the Saudi Arabian border surveillance programme successfully passed test cases for the Northern border in 2010. With this programme, Cassidian confirms its competitive position as lead systems integrator for global security projects. The Division

also expanded its security capabilities through the extension of Tetra networks in India and Bulgaria. Cassidian Electronics was awarded a new order for the development of the next generation of radar for the Eurofighter aircraft.

EADS continues to pursue the Vision 2020 goal of balancing revenues from the Airbus commercial aviation business with revenues from other Divisions. To prepare the future of the Company, EADS is investing in further research and development, with a particular focus on eco-efficiency, and exploring new growth opportunities on global markets.

In 2010, EADS proved its resilience to the economic crisis and is now emerging stronger. 2010 was a year of progress that helped pave the way for the development of EADS in its second decade.

3. Corporate Governance

3.1 Management and Control

BOARD OF DIRECTORS MEETINGS

The Board of Directors met 12 times during 2010 and was regularly informed of developments through business reports from the Chief Executive Officer, including rolling forecasts as well as strategic and operational plans. The average attendance rate at such meetings was 80%.

Throughout 2010, the Board of Directors monitored the progress of significant aircraft programmes, such as the A350 XWB, A380, NH90 and the Tiger helicopter. It was kept informed about the A380 Qantas engine incident and reviewed the status of the programme management improvement initiative throughout the Group. The Board of Directors approved the launch of the A320 with a new engine option (neo), as well as the US Tanker bid. It was also involved in the A400M contract negotiations.

Along with the objectives set forth in the Vision 2020, the Board also focused on cash management, the savings from improvement and efficiency programmes, compliance in key business processes and last but not least, employee engagement.

The Board of Directors also addressed: EADS' strategy (including the competitive environment), the Group's financial results and forecasts, a thorough review of the Enterprise Risk Management results and system, investor relations and

financial communication policy, as well as legal risks. The Board of Directors approved a change in the Company's Executives remuneration structure and system. It also focused on succession planning. Finally, it decided to replace the 2010 employee share ownership plan by a free share plan for every eligible EADS employee, in celebration of EADS' 10th anniversary.

BOARD SELF-ASSESSMENT

The Board of Directors carries out a yearly self-assessment of its performance, with an assessment also conducted by independent consultants every three years (like in early 2010). The Corporate Secretary conducted the most recent self-assessment in early 2011, which explored the role of the Board of Directors, its operations, how well it fulfils its mission, and the documentation and processes that influence its performance. The Directors concluded that as the Board gains in maturity its work as a team has grown increasingly efficient, allowing it to explore new domains and tackle relevant matters in the best interest of the Group.

With regard to teamwork, Directors unanimously find that discussions are uninhibited and that differing views are both encouraged and constructive. Moreover, the working relationship between the Board of Directors and the Members of the Executive Committee is considered productive.

The Directors feel that the Board agenda is flexibly managed and allows them to fulfil their duty; attention to compliance permeates the work of the Board of Directors. They find that the Board of Directors is given more time to address longer term questions than in the past. The Board of Directors devoted a full day meeting to strategy for the second time in 2010, on an industrial site. This practice is considered beneficial and will be continued. Overall, the Board of Directors considers that it assembles a very international and varied set of skills, with competencies centred on business and finance; it believes that its renewal in 2012 will be an opportunity to fine-tune its composition, which may improve gender diversity.

With regard to Committees, their work is very thorough and professional, and the interaction of the Audit Committee and the Remuneration and Nomination Committee with the rest of the Board of Directors is satisfactory.

Finally, the chairmanships of the Board and the Committees are recognised as very competent and dedicated. Since the last assessment, in 2010, the time and quality of strategic reviews (including the competitive landscape), the discussion of financial strategy, and the ability to anticipate and respond to significant questions are widely recognised improvements.

3.2 Dutch Corporate Governance Code

In accordance with Dutch law and with the provisions of the Dutch corporate governance Code as amended at the end of 2008 (the “**Dutch Code**”), which includes a number of non-mandatory recommendations, the Company either applies the provisions of the Dutch Code or, if applicable, explains and gives sound reasons for their non-application.

While EADS, in its continuous efforts to adhere to the highest standards, applies most of the current recommendations of the Dutch Code, it has, in accordance with the “apply or explain” principle, provided the explanations in paragraph 4.2 “Dutch corporate governance Code” of its Board report which is part of the documentation for the General Meeting.

3.3 Compliance Programme

The EADS Group Chief Compliance Officer (CCO) is in charge of the design and implementation of the EADS Ethics and Compliance Programme, which supports the Group’s commitment to adhering to the highest ethical and compliance standards in order to sustain the Group’s global competitiveness.

The EADS Ethics and Compliance Programme seeks to ensure that Group business practices conform to applicable laws and regulations as well as to ethical business principles

endorsed by the Group. It also seeks to promote a culture of integrity and transparency, together with a commitment to social responsibility and sustainable development. A key programme element consists of the Group Ethics Code, “Integrity & Transparency” (updated in 2010 and available on www.eads.com), which seeks to guide the daily behaviour of all EADS employees.

In 2010, programme progress reports were presented twice to the Board of Directors and the Audit Committee.

3.4 Remuneration

3.4.1 REMUNERATION POLICY

3.4.1.1 Non-executive Members of the Board

Each non-executive Member of the Board receives an annual fixed fee of €80,000, as well as a fee for participation in Board meetings of €5,000 per meeting attended. The Chairman of the Board receives an annual fixed fee of €180,000 for carrying out this role, as well as a fee for participation in Board meetings of €10,000 per meeting attended.

The Chairmen of each of the Board Committees receive an additional annual fixed fee of €30,000. The Members of each of the Board Committees receive an additional annual fixed fee of €20,000 for each Committee membership. Committee chairmanship and Committee membership annual fees are cumulative if the concerned non-executive Members of the Board belong to two different Committees.

Non-executive Members of the Board are not entitled to variable remuneration or grants under EADS Long-Term Incentive Plans (LTIP).

3.4.1.2 Chief Executive Officer

The Chief Executive Officer (the sole Executive Member of the Board) does not receive fees for participation in Board meetings or any dedicated compensation as Member of the Board. Rather, the remuneration policy for the Chief Executive

Officer for 2010 (as well as the other Members of the Executive Committee) is designed to balance short-term operational performance with the mid- and long-term objectives of the Company and consists of the following main elements:

Remuneration Element	Main drivers	Performance measures	% of total target remuneration/% of vesting
Base salary	Reward market value of job/position	Individual performance	EADS CEO and Airbus CEO ⁽²⁾ : 45% of total target remuneration
			Other Members of the Executive Committee: 50% of total target remuneration
Annual variable remuneration	Reward annual performance based on achievement of company performance measures and individual/team objectives, including financial and non-financial targets and behaviours	Collective part (50% of target variable remuneration): EBIT* (50%), Cash (25%) and Capital Employed (25%) achievement ⁽³⁾	EADS CEO and Airbus CEO ⁽²⁾ : 55% of total target remuneration (range from 0% to 175% ⁽⁴⁾)
		Individual part (50% of target variable remuneration): achievement of annual individual objectives	Other Members of the Executive Committee: 50% of total target remuneration (range from 0% to 175% ⁽⁴⁾)
Long-term incentive plan	Reward long-term company performance on financial targets	The number of performance units which will vest is based on 3 year absolute average earnings per share at EADS level	Vested performance units will range from 50% to 150% of initial grant ⁽¹⁾

- (1) In case of absolute negative results during the performance period, the Board of Directors can decide to review the vesting of the performance units including the 50% portion which is not subject to performance conditions (additional vesting condition).
 (2) Starting in 2011, the Airbus CEO's base salary and annual variable remuneration will each constitute 50% of his total target remuneration as for all other EADS Executive Committee Members, except for the EADS CEO.
 (3) Starting in 2011, the performance measures for the collective part of the annual variable remuneration will be EBIT* (50%) and Cash (50%) only. Capital Employed will no longer be used.
 (4) Starting in 2011, the spread of the achievement level may vary between 0 and 200%.

Annual Variable Remuneration

Each year, variable remuneration in cash can be earned based on the achievement of specific and challenging targets, and is calculated on the basis of two equal components:

- Collective Financial Targets (representing 50% of the annual variable remuneration) to reward company performance at Group level or Division level (if applicable). EBIT*, Cash and Capital Employed are the financial indicators chosen to measure company performance in 2010 (EBIT* weighted at 50%, Cash weighted at 25% and Capital Employed weighted at 25%). Starting in 2011, only EBIT* and Cash (weighted 50% each) will be used for collective performance measurement;
- Individual Targets (representing 50% of the annual variable remuneration) to reward individual performance measured against the achievement of individual/team objectives, which also comprise non-financial indicators that are relevant to the Company's long-term value creation and behavioral objectives.

Based on the level of performance, the collective as well as the individual achievement can vary from 0% to 175% (0% to

200% starting in 2011) of the target variable remuneration. On target achievement at 100% for both individual and collective financial targets would indicate meeting personal and company performance targets.

Long-Term Incentive Plans (LTIP)

The EADS LTIP consists of performance units and restricted units, and is a general tool for talent retention and promotion of long-term value creation.

Performance units are rights to receive a payment in cash based on the value of the EADS share on the respective vesting dates. They are granted to Group executives based on their hierarchical level. Vesting of these units is conditional upon mid-term business performance. The average vesting period is four years and three months.

Restricted units are also rights to receive a payment in cash based on the value of the EADS share on the respective vesting dates. They are granted to selected individuals to reward personal performance and potential. Vesting of these units is subject to continued employment of the relevant individual in the Group.

* EBIT pre-goodwill impairment and exceptionals.

Should the performance criteria be met and/or provided that the executive is still employed by the Company or any of its Group companies, the vesting of the performance and restricted units entitles the executives/selected individuals to four payments in cash, between three and a half and five years (average four years and three months); each payment representing 25% of the vested units.

A minimum of 50% of performance units will vest; 100% in case of on-target performance achievement; up to a maximum of 150% in case of overachievement of performance criteria. In case of absolute negative results (cumulative EBIT* of EADS Group) during the performance period, the Board can decide to review the vesting of the performance units including the 50% portion which is not subject to performance conditions (additional vesting condition).

In addition, and in order to strengthen the alignment of EADS top management with long-term growth objectives, the Board has approved mandatory share ownership rules. Executive Committee Members must purchase and hold EADS shares equal to a minimum of 20% of the number of vested units. They will have to hold this number of EADS shares until the end of their mandate as an Executive Committee Member.

In November 2010, the Board approved the granting of 2,891,540 performance units on target and 977,780 restricted units to 1,711 EADS executives and selected non-executives.

The proposed 2011 LTIP would be a performance and restricted unit plan, with the same general principles as described above. The plan would offer the granting of about 4,000,000 (or more) performance and restricted units on target. This number of allocations will be strongly dependent on the number of beneficiaries and on the evolution of the share price used as calculation basis at grant date (face value methodology). The value of each unit would be based on an average price of the EADS share at the respective dates of vesting. The grant value of the performance units granted to the Chief Executive Officer will not represent more than 50% of his total target remuneration.

EADS has taken into account the market trend, which is moving from stock options or other equity plans to cash unit plans. The size of the annual EADS LTIP grant will be adjusted to reflect the face value policy decided by the Board of Directors for the different EADS executive categories at target level.

In addition, the Chief Executive Officer (as well as the other Members of the Executive Committee) is entitled to pension and other benefits as described below.

3.4.2 REMUNERATION OF THE MEMBERS OF THE BOARD

The amounts of the various components constituting the remuneration granted to the Chief Executive Officer and to non-executive Directors during 2010, together with additional information such as the number of performance units and details of the pension benefits entitlements of the Chief Executive Officer, are set out in “Notes to the Company Financial Statements – Note 11: Remuneration”.

They are summarised below as well:

3.4.2.1 Total remuneration and related compensation costs

The total remuneration and related compensation costs of the Members of the Board of Directors and former Directors related to 2010 and 2009 can be summarised as follows:

Non-executive Members of the Board of Directors (in €)	2010	2009
Fixed Fees ⁽¹⁾	1,170,000	1,075,000
Fees	520,000	455,000

(1) The Fixed Fees related to 2009 were paid in 2010; the Fixed Fees related to 2010 will be paid in 2011.

Executive Members of the Board of Directors (in €)	2010	2009
Base Salary	900,000	900,000
Annual Variable Pay (related to reporting period including part paid by EADS NV)	1,732,500	(1,141,250 waived at CEO's request)

* EBIT pre-goodwill impairment and exceptionals.

The cash remuneration of the non-executive Members of the Board of Directors related to 2010 was as follows:

2010 (in €)	Fixed Fees ⁽²⁾	Fees for participation in meetings	Total
Directors			
Bodo Uebber	210,000	120,000	330,000
Rolf Bartke	100,000	50,000	150,000
Dominique D'Hinnin	120,000	60,000	180,000
Juan Manuel Eguigaray Ucelay	80,000	60,000	140,000
Arnaud Lagardère	100,000	20,000	120,000
Hermann-Josef Lamberti	130,000	45,000	175,000
Lakshmi N. Mittal ⁽¹⁾	80,000	40,000	120,000
Sir John Parker	130,000	45,000	175,000
Michel Pébereau	100,000	35,000	135,000
Wilfried Porth	120,000	45,000	165,000
Total	1,170,000	520,000	1,690,000

(1) All Fees will be paid in 2011.

(2) The Fixed Fees related to 2009 were paid in 2010; the Fixed Fees related to 2010 will be paid in 2011.

The cash remuneration of the Executive Member of the Board of Directors related to 2010 was as follows:

2010 (in €)	Base Salary	Annual Variable Pay related to 2010
Directors		
Louis Gallois	900,000	1,732,500

For the first time since his appointment in 2006, the annual total target remuneration of the Executive Member of the Board of Directors (CEO) will increase. This 10% increase from €2,000,000 to €2,200,000 (€990,000 Base Salary/€1,210,000 Annual Variable Remuneration on target), will apply in 2011, subject to approval at the next Annual General Meeting.

Given the improvement in the Group's results and other milestones achieved, the Board has recommended that under the current circumstances, all Directors accept their remuneration related to 2010. For the CEO, this includes the annual variable remuneration to which he is entitled in respect of 2010.

3.4.2.2 Long-Term Incentive Plan

The table below gives an overview of the performance units granted to the Chief Executive Officer in 2010 pursuant to the LTIP:

	Unit plan: number of performance units ⁽¹⁾	
	Granted in 2010	Vesting dates
Louis Gallois	54,400	Vesting schedule is made up of 4 payments over 2 years: (i) 25% expected in May 2014; (ii) 25% expected in November 2014; (iii) 25% expected in May 2015; (iv) 25% expected in November 2015.

(1) Vesting of all performance units granted to the Chief Executive Officer is subject to performance conditions.

3.4.2.3 Pension benefits

The 12 Members of the Executive Committee have pension promises as part of their employment agreements. The general policy is to give them annual pensions of 50% of their annual base salary upon reaching five years of service in the Executive Committee of EADS at the age of 60 or 65.

These rights can gradually increase to 60% after a second term, usually after ten years of service in the EADS Executive Committee. However, in order to reach this 60% replacement

ratio the respective Member of the Executive Committee must also have 12 years of seniority within the Group.

These pension schemes have been implemented through collective executive pension plans in France and Germany. These pension promises have also separate rules e.g. for minimum length of service and other conditions to comply with national regulations.

For the Chief Executive Officer, the amount of the pension defined benefit obligation (*i.e.* the book cash value) amounted to €2.3 million as of 31 December 2010, while the amount of current service and interest cost related to his pension promise accounted for the fiscal year 2010 represented an expense of €0.6 million. This obligation has been accrued in the consolidated financial statements.

Non-executive Members of the Board do not receive pension benefits.

3.4.2.4 Termination indemnity

As part of his mandate contract, the Chief Executive Officer is entitled to a termination indemnity when the departure results from a decision by the Company in case of change in control or change in the Company's strategy. Payment of the termination indemnity is also subject to performance conditions as fixed and assessed by the Board of Directors. The termination indemnity, if applicable, would amount to a maximum of 18 months of annual total target remuneration.

However this termination indemnity rule is not applicable, since the Chief Executive Officer has reached the age of 65 and is able to retire immediately.

Non-executive Members of the Board do not have a termination indemnity.

3.4.2.5 Non-competition clause

A non-competition clause is included in the contract of the Chief Executive Officer. This clause is applicable for a one-year period, starting at the end of the mandate contract, and is renewable for one year at the Company's initiative.

The Chief Executive Officer will receive compensation based on 50% of the last target annual monthly salary in consideration of the non-competition clause. The monthly salary is defined as base salary and 1/12 of the annual variable remuneration last paid.

3.4.2.6 Other benefits

The Chief Executive Officer is entitled to a company car. The value of his company car as at 31 December 2010 is €24,120 (excluding VAT).

3.4.3 EMPLOYEE SHARE OWNERSHIP PLAN

EADS supports employee share ownership. Since its creation, EADS has regularly offered qualifying employees the opportunity to purchase EADS shares on favourable terms through Employee Share Ownership Plans (ESOP).

In 2010, the normal ESOP plan was replaced by a worldwide 10 Years EADS – Special Anniversary Free Share Plan for about 118,000 employees in 29 countries. Each eligible employee (including the Chief Executive Officer) was granted 10 free shares in EADS. This exceptional free share grant was implemented in order to:

- » Celebrate the initial public offering of EADS-ten years ago;
- » Strengthen the employee's sense of belonging to EADS;
- » Pursue the Group's employee shareholding development policy.

Non-executive Members of the Board were not eligible for free shares.

Future ESOP

The Company intends to implement an ESOP in 2011, subject to approval by the Board of Directors. The 2011 ESOP is expected to be a share matching plan whereby the Company would match a certain number of directly acquired shares with a grant of free shares. The total offering would be up to approximately 3.2 million shares of the Company, *i.e.* up to 0.39% of its issued share capital, open to all qualifying employees (including the Chief Executive Officer).

Non-executive Members of the Board are not eligible to participate in Future ESOP in 2011.

3.4.4 POLICY FOR LOANS AND GUARANTEES GRANTED

EADS' general policy is not to grant any loan to the Members of the Board of Directors. Unless the law provides otherwise, the Members of the Board of Directors shall be reimbursed by the Company for various costs and expenses, like reasonable costs of defending claims. Under certain circumstances, such as an act or failure to act by a Member of the Board of Directors that can be characterised as intentional, intentionally reckless, or seriously culpable, there will be no entitlement to this reimbursement. The Company has also taken out liability insurance (D&O – Directors & Officers) for the persons concerned.

4. Financial and Other Highlights

EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

ACCOUNTING FOR THE A400M PROGRAMME

EADS resumed the percentage of completion method based on milestones for the A400M programme from January 2010 onwards, *i.e.* A400M related contract revenues and contract costs are recognised as revenues and expenses respectively by reference to the stage of completion of the A400M contract activity at the reporting date.

Overall the A400M flight test programme continues to progress better than expected. The ongoing technical progress of the A400M programme - reflected in the first flight of the fourth test aircraft on 20 December 2010, a successful test flight programme logging more than 1,000 flight test hours by the end of December 2010 as well as the first paratrooper jump through the ramp and paratrooper doors - resulted in the recognition of A400M related revenues of €1,043 million including also a partial utilisation of the A400M loss provision (€157 million).

On 5 November 2010, EADS/Airbus/AMSL concluded the negotiations with OCCAR and the seven A400M launch customer nations with an agreement further detailing the principle agreement ("A400M Understanding") reached in March 2010. The revised OCCAR agreement is subject to ratification by each launch customer nation before final adoption. While the overall economics of the "A400M

Understanding" remain unchanged, the government payments are now more back-loaded than previously expected.

Negotiations on the related export levy facility (ELF) scheme are to be finalised with some nations in line with the "A400M Understanding" (following approval in France and Germany) as well as negotiations with certain suppliers. The full receipt of the €1.5 billion ELF is conditional to the finalisation of the ELF contract negotiations with all OCCAR nations targeted for completion in 2011.

The A400M loss provision as at 31 December 2010 amounting to €2,344 million (prior year-end: €2,464 million) has been updated based on the best estimate of EADS' management, reflecting the current status of the elements of the ongoing negotiations between AMSL and OCCAR/the launch customer nations as of 31 December 2010 as well as the expected total costs of the A400M programme updated in December 2010 with reference to 174 firm aircraft orders. As previously stated, a further reassessment of the revenue assumptions could have a significant impact on future results.

During 2010, the international market interest in the A400M airlifter has increased, especially reflected during the RIAT and Farnborough Air Show 2010 by various delegations.

4.1 Revenues

In 2010, EADS' revenues increased 7% to €45.8 billion (FY 2009: €42.8 billion) thanks to growth from both volume and mix effects across core businesses, reduced by a negative foreign exchange impact of around €500 million. Physical deliveries remained at a high level with 510 aircraft at Airbus Commercial, 527 helicopters at Eurocopter

and the 41st consecutive successful Ariane 5 launch.

The percentage-of-completion methodology was resumed on the A400M programme based on the allocation of internal milestones. This has resulted in revenues of around €1 billion being booked on the programme with zero margin due to the associated provision utilisation.

4.2 EBIT pre-goodwill Impairment and Exceptionals

EADS uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges thereon. In the following, EBIT pre-goodwill impairment and exceptionals is earmarked as EBIT*.

EADS' reported EBIT* stood at €1,231 million (FY 2009: €-322 million). It benefited from good underlying performance

in all core business activities in the Divisions, especially the Airbus legacy programmes. As expected, A380 continues to weigh significantly on the EBIT*. Compared to 2009, EBIT* was weighed down by the deterioration of hedge rates (FY 2009: ~€1 = \$1.26 versus FY 2010: ~€1 = \$1.35); however, 2009 was impacted by the A400M programme charge of €1.8 billion. In 2010, EADS has further refined its natural hedging strategy, impacting reported EBIT* and other financial result but with no impact on EBIT* before one-off and Net Income.

* EBIT pre-goodwill impairment and exceptionals.

EBIT* before one-off (adjusted EBIT*) – an indicator capturing the underlying business margin by excluding non-recurring charges or profits caused by movements in provisions or foreign exchange impacts – stood at €1.3 billion (FY 2009: €2.2 billion) for EADS and at around €280 million for Airbus Commercial.

Net Income amounted to €553 million (FY 2009: €-763 million), or earnings per share of €0.68 (earnings per share FY 2009:

€-0.94). The finance result amounts to €-371 million (FY 2009: €-592 million). The interest result of €-99 million (FY 2009: €-147 million) mainly reflects lower interest expenses. Meanwhile, the other financial result improved considerably by around €170 million year-on-year to €-272 million (FY 2009: €-445 million) driven mainly by lower unwinding of discounted provisions in 2010 than in 2009. The unwinding of discount mainly decreases due to lower outstanding provisions.

» Table 1 – EBIT* and Revenues by Division

by Division (in € million)	EBIT*			Revenues		
	FY 2010	FY 2009	Change	FY 2010	FY 2009	Change
Airbus Division ⁽¹⁾	305	(1,371)	-	29,978	28,067	+7%
Airbus Commercial	291	386	-25%	27,673	26,370	+5%
Airbus Military	21	(1,754)	-	2,684	2,235	+20%
Eurocopter	183	263	-30%	4,830	4,570	+6%
Astrium	283	261	+8%	5,003	4,799	+4%
Cassidian	457	449	+2%	5,933	5,363	+11%
Headquarters/Consolidation	(22)	55	-	(1,174)	(1,073)	-
Other Businesses	25	21	+19%	1,182	1,096	+8%
Total	1,231	(322)	-	45,752	42,822	+7%

(1) Following integration of former Military Transport Aircraft Division into Airbus Division, Airbus is reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and aerostructures but excludes the A400M activity. Airbus Military includes the former Military Transport Aircraft Division as well as all A400M activity. Eliminations are treated at the Division level.

4.3 Net Cash

EADS' net cash position amounted to €11.9 billion (year-end 2009: €9.8 billion) after a €553 million contribution to pension fund assets. It continues to be a solid foundation for the Group's operational needs as well as future growth.

Gross cash comprises "Non-current securities", "Current securities" and "Cash and cash equivalents". For the net cash calculation "Long-term financing liabilities" and "Short-term financing liabilities" are deducted from the gross cash.

Free cash flow before customer financing of €2,644 million (FY 2009: €991 million) is significantly above expectations thanks

to better operational and inventory management performance and stronger pre-delivery payments at Airbus Commercial than expected. The improvement compared to last year is driven by the working capital. At Airbus Commercial, inventory reduction is driven by delivery patterns. Due to a combination of appetite from lessors and banking market recovery, customer financing generated a positive contribution of around €60 million compared to a 2009 outflow of €400 million. Investing activities consumed around €2.3 billion, mainly as investment ramps up on the A350 XWB programme. Free cash flow after customer financing amounted to €2,707 million (FY 2009: €585 million).

4.4 Order Intake and Order Book

The Group's order intake of €83.1 billion was significantly higher than one year ago (FY 2009: €45.8 billion), driven by the higher level of commercial aircraft orders at Airbus. Net orders of 574 aircraft include 32 A380s and 78 A350 XWB. By the end of December 2010, EADS' order book stood at a record €448.5 billion (year-end 2009: €389.1 billion), reflecting the improved commercial aircraft momentum.

The Airbus Commercial order book also benefited from a positive revaluation impact of around €25 billion due to the strengthening value of the US dollar against the euro at the end of December 2010 compared to the end of December 2009. The defence order book stood at €58.3 billion (year-end 2009: €57.3 billion).

* EBIT pre-goodwill impairment and exceptionals.

► Table 2 – Order Intake and Order Book by Division

by Division (in € million)	Order intake ⁽²⁾			Order book ⁽²⁾		
	FY 2010	FY 2009	Change	31 December 2010	31 December 2009	Change
Airbus Division ⁽¹⁾	68,223	23,904	+185%	400,400	339,722	+18%
Airbus Commercial	68,210	23,461	+191%	378,907	320,321	+18%
Airbus Military	152	637	-76%	22,819	20,686	+10%
Eurocopter	4,316	5,810	-26%	14,550	15,064	-3%
Astrium	6,037	8,285	-27%	15,760	14,653	+8%
Cassidian	4,312	7,959	-46%	16,903	18,796	-10%
Headquarters/Consolidation	(1,409)	(1,080)	-	(1,639)	(1,120)	-
Other Businesses	1,668	969	+72%	2,519	1,952	+29%
Total	83,147	45,847	+81%	448,493	389,067	+15%

(1) Following integration of former Military Transport Aircraft Division into Airbus Division, Airbus is reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and aerostructures but excludes the A400M activity. Airbus Military includes the former Military Transport Aircraft Division as well as all A400M activity. Eliminations are treated at the Division level.

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

4.5 Workforce Information

As of 31 December 2010, the EADS workforce was composed of 121,691 employees. The number of employees compared to 2009 increased slightly in all Divisions. No major changes in consolidation or Division affiliation affected the headcount evolution in the course of 2010.

In 2010, the workforce consisted of 96.6% full time employees. Depending on country and hierarchy level, the average contractual working time is between 35 and 40 hours a week.

In 2010, 5,047 employees worldwide entered employment with EADS (5,663 in 2009). At the same time, 3,213 employees left EADS (3,308 in 2009).

In total, 94.1% of EADS' active workforce is located in Europe on more than 100 sites.

4.6 Dividend Policy

EADS' dividend policy is determined by the Board of Directors, which may consider a number of factors, including the Group's financial performance, future cash needs as well as the dividends paid by other international companies in the same sector. EADS cannot guarantee the amount of dividends that may be paid in respect of any financial year.

Based on an earnings per share of €0.68, the EADS Board of Directors proposes payment on 6 June 2011 of a dividend

of a gross amount of €0.22 per share to the Annual General Meeting of Shareholders (exceptionally, due to the significant loss incurred in 2009, no dividend payment was made in 2010). The record date should be 3 June 2011.

It is the Group ambition to gradually improve profitability in the mid-term which is the key indicator for a better dividend distribution in the future.

Financial Statements – Summary

The Financial Statements 2010 are available on EADS website www.eads.com (Investor Relations).

1. EADS N.V. Consolidated Financial Statements (IFRS)

EADS N.V. Consolidated Income Statements (IFRS) for the years ended 31 December 2010 and 2009

(in € million)	2010	2009
Revenues	45,752	42,822
Cost of sales	(39,528)	(38,383)
Gross margin	6,224	4,439
Selling expenses	(1,024)	(924)
Administrative expenses	(1,288)	(1,272)
Research and development expenses	(2,939)	(2,825)
Other income	171	170
Other expenses	(102)	(102)
Share of profit from associates accounted for under the equity method	127	115
Other income from investments	18	19
Profit (loss) before finance costs and income taxes	1,187	(380)
Interest income	316	356
Interest expense	(415)	(503)
Other financial result	(272)	(445)
Total finance costs	(371)	(592)
Income taxes	(244)	220
Profit (loss) for the period	572	(752)
<u>Attributable to:</u>		
Equity owners of the parent (Net income (loss))	553	(763)
Non-controlling interests	19	11
Earnings per share	€	€
Basic	0.68	(0.94)
Diluted	0.68	(0.94)

**EADS N.V. Consolidated Statements of Financial Position (IFRS)
 at 31 December 2010 and 2009**

(in € million)	2010	2009
Assets		
Non-current assets		
Intangible assets	11,299	11,060
Property, plant and equipment	13,427	12,508
Investment property	77	78
Investments in associates accounted for under the equity method	2,451	2,514
Other investments and other long-term financial assets	2,386	2,210
Non-current other financial assets	871	1,607
Non-current other assets	1,104	1,176
Deferred tax assets	4,250	2,656
Non-current securities	5,332	3,983
	41,197	37,792
Current assets		
Inventories	20,862	21,577
Trade receivables	6,632	5,587
Current portion of other long-term financial assets	111	230
Current other financial assets	1,575	2,043
Current other assets	1,712	1,698
Current tax assets	234	267
Current securities	5,834	4,072
Cash and cash equivalents	5,030	7,038
	41,990	42,512
Total assets	83,187	80,304
Equity and liabilities		
Equity attributable to equity owners of the parent		
Capital stock	816	816
Share premium	7,645	7,683
Retained earnings	46	(501)
Accumulated other comprehensive income	446	2,646
Treasury shares	(112)	(109)
	8,841	10,535
Non-controlling interests	95	106
Total equity	8,936	10,641
Non-current liabilities		
Non-current provisions	8,213	8,137
Long-term financing liabilities	2,870	2,867
Non-current other financial liabilities	8,624	6,175
Non-current other liabilities	9,264	9,091
Deferred tax liabilities	1,195	751
Non-current deferred income	315	266
	30,481	27,287
Current liabilities		
Current provisions	5,766	5,883
Short-term financing liabilities	1,408	2,429
Trade liabilities	8,546	8,217
Current other financial liabilities	1,234	1,200
Current other liabilities	25,772	23,547
Current tax liabilities	254	220
Current deferred income	790	880
	43,770	42,376
Total liabilities	74,251	69,663
Total equity and liabilities	83,187	80,304

EADS N.V. Consolidated Statements of Cash Flows (IFRS) for the years ended 31 December 2010 and 2009

(in € million)	2010	2009
Profit (loss) for the period attributable to equity owners of the parent (Net income (loss))	553	(763)
Profit for the period attributable to non-controlling interests	19	11
<i>Adjustments to reconcile profit (loss) for the period to cash provided by operating activities:</i>		
Interest income	(316)	(356)
Interest expense	415	503
Interest received	332	382
Interest paid	(278)	(331)
Income tax expense (income)	244	(220)
Income taxes (paid) received	(140)	4
Depreciation and amortisation	1,582	1,826
Valuation adjustments	(366)	(254)
Results on disposals of non-current assets	(75)	(31)
Results of companies accounted for by the equity method	(127)	(115)
Change in current and non-current provisions	334	1,767
Change in other operating assets and liabilities:	2,819	15
► Inventories	705	(1,961)
► Trade receivables	(345)	(478)
► Trade liabilities	(40)	192
► Advance payments received	1,698	2,925
► Other assets and liabilities	738	(257)
► Customer financing assets	169	(306)
► Customer financing liabilities	(106)	(100)
Cash provided by operating activities	4,996	2,438
Investments:		
► Purchases of intangible assets, Property, plant and equipment	(2,250)	(1,957)
► Proceeds from disposals of intangible assets, Property, plant and equipment	45	75
► Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	(38)	(21)
► Proceeds from disposals of subsidiaries (net of cash)	12	13
► Payments for investments in associates, other investments and other long-term financial assets	(190)	(136)
► Proceeds from disposals of associates, other investments and other long-term financial assets	91	43
► Dividends paid by companies valued at equity	41	27
Disposals of non-current assets/disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	0	103
Change of securities	(3,147)	(821)
Contribution to plan assets for pensions	(553)	(173)
Cash (used for) investing activities	(5,989)	(2,847)
Increase in financing liabilities	99	1,114
Repayment of financing liabilities	(1,160)	(208)
Cash distribution to EADS N.V. shareholders	0	(162)
Dividends paid to non-controlling interests	(7)	(4)
Changes in capital and non-controlling interests	(48)	17
Change in treasury shares	(3)	(5)
Cash (used for) provided by financing activities	(1,119)	752
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	104	(50)
Net (decrease) increase in cash and cash equivalents	(2,008)	293
Cash and cash equivalents at beginning of period	7,038	6,745
Cash and cash equivalents at end of period	5,030	7,038

EADS N.V. Consolidated Statements of Comprehensive Income (IFRS) for the years ended 31 December 2010 and 2009

(in € million)	2010	2009
Profit (loss) for the period	572	(752)
Currency translation adjustments for foreign operations	119	(279)
Effective portion of changes in fair value of cash flow hedges	(2,983)	2,948
Net change in fair value of cash flow hedges transferred to profit or loss	(201)	(1,456)
Net change in fair value of available-for-sale financial assets	12	136
Actuarial gains (losses) on defined benefit plans	(127)	(594)
Unrealised gains (losses) from investments accounted for using the equity method ⁽¹⁾	(161)	33
Tax on income and expense recognised directly in equity	1,096	(381)
Other comprehensive income, net of tax	(2,245)	407
Total comprehensive income of the period	(1,673)	(345)
<u>Attributable to:</u>		
Equity owners of the parent	(1,679)	(354)
Non-controlling interests	6	9

(1) Other comprehensive income recognised for investments accounted for using the equity method are presented separately. Comparative information has been adjusted accordingly.

2. Company Financial Statements

Balance Sheet of the Company Financial Statements

(in € million)	At 31 December 2010	At 31 December 2009
Assets		
Fixed assets		
Goodwill	4,354	4,354
Financial fixed assets	7,960	9,578
Non-current securities	5,172	3,809
	17,486	17,741
Non-fixed assets		
Receivables and other assets	4,874	4,383
Securities	5,756	4,045
Cash and cash equivalents	3,199	5,377
	13,829	13,805
Total assets	31,315	31,546
Liabilities and stockholders' equity		
Stockholders' equity ⁽¹⁾		
Issued and paid up capital	816	816
Share premium	7,645	7,683
Revaluation reserves	(989)	1,389
Legal reserves	3,532	3,116
Treasury shares	(112)	(109)
Retained earnings	(2,604)	(1,597)
Result of the year	553	(763)
	8,841	10,535
Non-current liabilities		
Financing liabilities	2,194	1,941
	2,194	1,941
Current liabilities		
Financing liabilities	29	0
Other current liabilities	20,251	19,070
	20,280	19,070
Total liabilities and stockholders' equity	31,315	31,546

(1) The balance sheet is prepared before appropriation of the net result.

Income Statement of the Company Financial Statements

(in € million)	2010	2009
Income from investments	463	(953)
Other results	90	190
Net result	553	(763)

Useful Information

How to attend the meeting

Hotel Okura Amsterdam,
Ferdinand Bolstraat 333,
1072 LH Amsterdam, The Netherlands
Tel.: +31 (0) 20 678 71 11

By car

Hotel Okura is located at about 30 minutes from Amsterdam-Schiphol international airport, right next to the RAI Congress Center.

From all directions, follow Ring Amsterdam (A10). Exit RAI (S109) and turn right at the traffic lights, direction RAI/

Centrum (S109). Follow direction Zuid (S109). After passing the roundabout, take the second street on your right (Scheldestraat). After 500 metres, Hotel Okura appears on your right hand side.

Parking at the Hotel Okura Amsterdam.

By public transport

From Schiphol Airport

- ▶ **First itinerary:** Take the train (direct rail link of 15 minutes) to Centraal Station – in the main arrival plaza – and then see the hereafter indications.
- ▶ **Second itinerary:** Take a stop train, direction Lelystad Centrum, Hilversum or Utrecht Centraal to the first stop (Zuid Station), and then, follow the hereafter indications.
- ▶ **Third itinerary:** Take a stop train, direction Hilversum or Almere Oostvaarders to the RAI station, and then, follow the hereafter indications.

From Centraal Station – CS

Take the tram number 25, direction President Kennedylaan, to the eleventh stop (Cornelis Troostplein). Go down the street. After 200 metres, Hotel Okura appears on your left hand side. Walking time: 3 minutes.

From RAI Station

Walk in the direction of Europa Boulevard. Go straight away to Europaplein and then to Scheldestraat. After 500 metres, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 10 minutes.

From Amstel Station

Take the tram number 12, direction Station Sloterdijk, to the fifth stop (Scheldestraat), or bus number 65, direction Station Zuid, to the seventh stop (Scheldestraat). Walk in Churchillaan for 100 metres, and then turn left in Ferdinand Bolstraat. After 100 metres, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 3 minutes.

From Zuid Station

Take the bus number 65, direction KNSM Eiland, to the fourth stop (Scheldestraat). Walk in Churchillaan for 100 metres, and then turn left in Ferdinand Bolstraat. After 100 metres, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 3 minutes.

www.eads.com



Shareholders Information

Toll-free number from:

France: 0 800 01 2001

Germany: 00 800 00 02 2002

Spain: 00 800 00 02 2002

Phone: +33 1 45 30 85 82

E-mail box: ir@eads.com



European Aeronautic Defence and Space Company EADS N.V.

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