2014

ANNUAL REPORT

REGISTRATION DOCUMENT

AIRBUS GROUP

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Airbus Group N.V. (the **"Company"** and together with its subsidiaries the **"Group"**) is a Dutch company, which is listed in France, Germany and Spain. The applicable regulations with respect to public information and protection of investors, as well as the commitments made by the Company to securities and market authorities, are described in this Registration Document (the **"Registration Document"**).

The Group has been rebranded as Airbus Group as of 2 January 2014. The Company's legal name change into Airbus Group N.V. was submitted to the Company's Annual General Meeting of Shareholders (the **"AGM"**) on 27 May 2014 and was approved.

In addition to historical information, this Registration Document includes forward-looking statements. The forward-looking statements are generally identified by the use of forward-looking words, such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "project", "predict", "will", "should", "may" or other variations of such terms, or by discussion of strategy. These statements relate to the Company's future prospects, developments and business strategies and are based on analyses or forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements represent the view of the Company only as of the dates they are made, and the Company disclaims any obligation to update forward-looking statements, except as may be otherwise required by law. The forward-looking statements in this Registration Document involve known and unknown risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted or suggested herein. These include changes in general economic and business conditions, as well as the factors described under "Risk Factors" below.

This Registration Document was prepared in accordance with Annex 1 of EC Regulation 809 / 2004, filed in English with, and approved by, the *Autoriteit Financiële Markten* (the "AFM") on 16 April 2015 in its capacity as competent authority under the *Wet op het financieel toezicht* (as amended) pursuant to Directive 2003 / 71 / EC. This Registration Document may be used in support of a financial transaction as a document forming part of a prospectus in accordance with Directive 2003 / 71 / EC only if it is supplemented by a securities note and a summary approved by the AFM.

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RISK
FACTORS

Risk Factors

The Company is subject to many risks and uncertainties that may affect its financial performance. The business, results of operation or financial condition of the Company could be materially adversely affected by the risks described below. These are not the only risks the Company faces. Additional risks and uncertainties not presently known to the Company or that it currently considers immaterial may also impair its business and operations.

1. Financial Market Risks

Global Economic and Sovereign Debt Concerns

As a global company, the Company's operations and performance depend significantly on market and economic conditions in Europe, the US, Asia and the rest of the world. Market disruptions and significant economic downturns may develop quickly due to, among other things, crises affecting credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices (including oil), currency exchange rates or interest rates, inflation or deflation, sovereign debt and bank debt rating downgrades, restructurings or defaults, or adverse geopolitical events (including those in the Middle East, Ukraine, Africa and other regions). Any such disruption or downturn could affect the Company's activities for short or extended periods and have a negative effect on the Company's future results of operation and financial condition.

European financial markets have, in recent years, experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to reduce their budget deficits and refinance or repay their sovereign debt obligations as they come due. The European Central Bank and euro-zone policy makers have so far succeeded to stabilise the euro-zone and the European banks. However, austerity measures as well as lower credit supply to the real economy have slowed down economic activity and as a result consumer prices are far below the target levels. The European Central Bank launched an expansive monetary policy in order to fight against deflationary trends, induce economic growth and complement structural reforms. The policy includes negative rates and an open-ended quantitative easing programme of about € 1.1 trillion which triggered a weakening of the euro. Political hurdles remain a drag to overcome the EU sovereign debt crisis and on medium term economic prospects despite signs of recovery. The asset quality and the equity buffer of most European banks have been assessed as appropriate by the European Central Bank.

The Federal Reserve Bank stopped completely its purchases of government bonds and mortgage backed securities in October 2014 which provides the basis for an increase of refinancing rates in the near future. The strong labour market, the recovery of the housing prices, and low energy cost support the recovery of the US economy. However, a further strengthening of the US dollar may reduce the growth dynamic in the US. This and the contained inflation might delay the beginning of a rate hike cycle. Medium term concerns about the increasing budget deficit and the sustainability of sovereign debt will likely have to be addressed over the next several years through a combination of tax increases, agreed budget cuts or budget sequestration in defence and entitlement spending, combined with an increase in the debt ceiling to finance further borrowing. This could negatively affect economic growth in the US and worldwide, the creditworthiness of US Treasury securities and the exchange rate of the US dollar against other major currencies (in particular euro or pound sterling), which may in turn adversely impact the Company's sales in the defence sector, the market value of the Company's investments or the exchange rates at which the Company is able to hedge its foreign currency exposure.

The reduction of monetary easing by the Federal Reserve Bank and the expected increase of US treasury yields impact financial markets of emerging countries, in particular those with high current account deficits. Contagion effects to other emerging market countries are also likely. The continued reallocation of investments to the US might further weaken emerging market currencies mainly against the US dollar and deteriorates the refinancing conditions for issuers from emerging countries including our customers in these countries. Market interventions of emerging markets' central banks to avoid the weakening of their local currency, such as hiking their refinancing rates or the purchase of their local currency against foreign currency reserves, are limited. The mixture from tightening refinancing conditions and weaker emerging market currencies might affect the economic growth in emerging markets which in turn might also lower global growth expectations.

If economic conditions were to deteriorate, or if more pronounced market disruptions were to occur, there could be a new or incremental tightening in the credit markets, low liquidity, and extreme volatility in credit, currency, commodity and equity markets. This could have a number of effects on the Company's business, including:

- requests by customers to postpone or cancel existing orders for aircraft (including helicopters) or decision by customers to review their order intake strategy due to, among other things, lack of adequate credit supply from the market to finance aircraft purchases or change in operating costs or weak levels of passenger demand for air travel and cargo activity more generally;
- an increase in the amount of sales financing that the Company must provide to its customers to support aircraft purchases, thereby increasing its exposure to the risk of customer defaults despite any security interests the Company might have in the underlying aircraft;
- further reductions in public spending for defence, homeland security and space activities, which go beyond those budget consolidation measures already proposed by governments around the world;
- financial instability, inability to obtain credit or insolvency of key suppliers and subcontractors, thereby impacting the Company's ability to meet its customer obligations in a satisfactory and timely manner;
- continued de-leveraging as well as mergers, rating downgrades and bankruptcies of banks or other financial institutions, resulting in a smaller universe of counterparties and lower availability of credit, which may in turn reduce the availability of bank guarantees needed by the Company for its businesses or restrict its ability to implement desired foreign currency hedges;
- default of investment or derivative counterparties and other financial institutions, which could negatively impact the Company's treasury operations including the cash assets of the Company; and
- decreased performance of the Group's cash investments due to low and partly negative interest rates.

The Company's financial results could also be negatively affected depending on gains or losses realised on the sale or exchange of financial instruments; impairment charges resulting from revaluations of debt and equity securities and other investments; interest rates; cash balances; and changes in fair value of derivative instruments. Increased volatility in the financial markets and overall economic uncertainty would increase the risk of the actual amounts realised in the future on the Company's financial instruments differing significantly from the fair values currently assigned to them.

Foreign Currency Exposure

A significant portion of the Company's revenues is denominated in US dollars, while a major portion of its costs is incurred in euro, and to a lesser extent, in pounds sterling. Consequently, to the extent that the Company does not use financial instruments to hedge its exposure resulting from this foreign currency mismatch, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies. The Company has therefore implemented a long-term hedging portfolio to help secure the rates at which a portion of its future US dollar-denominated revenues (arising primarily at Airbus) are converted into euro or pound sterling, in order to manage and minimise this foreign currency exposure.

There are complexities inherent in determining whether and when foreign currency exposure of the Company will materialise, in particular given the possibility of unpredictable revenue variations arising from order cancellations, postponements or delivery delays. The Company may also have difficulty in fully implementing its hedging strategy if its hedging counterparties are unwilling to increase derivatives risk limits with the Company, and is exposed to the risk of non-performance or default by these hedging counterparties. The exchange rates at which the Company is able to hedge its foreign currency exposure may also deteriorate, as the euro could appreciate against the US dollar for some time as it has been the case in the past and as the higher capital requirements for banks result in higher credit charges for uncollateralised derivatives. Accordingly, the Company's foreign currency hedging strategy may not protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling, in particular over the long term, which could have a negative effect on its results of operation and financial condition. In addition, the portion of the Company's US dollar-denominated revenues that is not hedged in accordance with the Company's hedging strategy will be exposed to changes in exchange rates, which may be significant.

When effectively hedged, the Company recognises fair value changes of the derivative portfolio in equity until instruments' maturity. If the US dollar appreciates against the euro compared to the rate at which the Company has hedged its future US dollar denominated revenues the mark to market of the derivative portfolio becomes negative. Hence, the Company's equity is accordingly reduced which could eventually result into restrictions of equity otherwise available for dividend distribution or share buy-backs. Currency exchange rate fluctuations in those currencies other than the US dollar in which the Company incurs its principal manufacturing expenses (mainly the euro) may affect the ability of the Company to compete with competitors whose costs are incurred in other currencies. This is particularly true with respect to fluctuations relative to the US dollar, as many of the Company's products and those of its competitors (*e.g.*, in the defence export market) are priced in US dollars. The Company's ability to compete with competitors may be eroded to the extent that any of the Company's principal currencies appreciates in value against the principal currencies of such competitors.

The Company's consolidated revenues, costs, assets and liabilities denominated in currencies other than the euro are translated into the euro for the purposes of compiling its financial statements. Changes in the value of these currencies relative to the euro will therefore have an effect on the euro value of the Company's reported revenues, costs, earnings before interest and taxes, pre-goodwill impairment and exceptionals ("**EBIT***"), other financial result, assets and liabilities.

See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities" for a discussion of the Company's foreign currency hedging strategy. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.2.5 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements" for a summary of the Company's accounting treatment of foreign currency hedging transactions.

Sales Financing Arrangements

In support of sales, the Company may agree to participate in the financing of selected customers. As a result, the Company has a portfolio of leases and other financing arrangements with airlines and other customers. The risks arising from the Company's sales financing activities may be classified into two categories: (i) credit risk, which concerns the customer's ability to perform its obligations under a financing arrangement, and (ii) aircraft value risk, which primarily relates to unexpected decreases in the future value of aircraft. Measures taken by the Company to mitigate these risks include optimised financing and legal structures, diversification over a number of aircraft and customers, credit analysis of financing counterparties, provisioning for the credit and asset value exposure, and transfers of exposure to third parties. No assurances may be given that these measures will protect the Company from defaults by its customers or significant decreases in the value of the financed aircraft in the resale market.

The Company's sales financing arrangements expose it to aircraft value risk, because it generally retains security interests in aircraft for the purpose of securing customers' performance of their financial obligations to the Company, and/or because it may guarantee a portion of the value of certain aircraft at certain anniversaries from their delivery to customers. Under adverse market conditions, the market for used aircraft could become illiquid and the market value of used aircraft could significantly decrease below projected amounts. In the event of a financing customer default at a time when the market value for a used aircraft has unexpectedly decreased, the Company would be exposed to the difference between the outstanding loan amount and the market value of the aircraft, net of ancillary costs (such as maintenance and remarketing costs, etc.). Similarly, if an unexpected decrease in the market value of a given aircraft coincided with the exercise window date of an asset value guarantee with respect to that aircraft, the Company would be exposed to losing as much as the difference between the market value of such aircraft and the guaranteed amount, though such amounts are usually capped. The Company regularly reviews its exposure to asset values and adapts its provisioning policy in accordance with market findings and its own experience. However, no assurances may be given that the provisions taken by the Company will be sufficient to cover these potential shortfalls. Through the Airbus Asset Management department or as a result of past financing transactions, the Company is the owner of used aircraft, exposing it directly to fluctuations in the market value of these used aircraft.

In addition, the Company has outstanding backstop commitments to provide financing related to orders on Airbus' and ATR's backlog. While past experience suggests it is unlikely that all such proposed financing actually will be implemented, the Company's sales financing exposure could rise in line with future sales growth depending on the agreement reached with customers. Despite the measures taken by the Company to mitigate the risks arising from sales financing activities as discussed above, the Company remains exposed to the risk of defaults by its customers or significant decreases in the value of the financed aircraft in the resale market, which may have a negative effect on its future results of operation and financial condition.

Counterparty Credit

In addition to the credit risk relating to sales financing as discussed above, the Company is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments and cash investments. However, the Group has policies in place to avoid concentrations of credit risk and to ensure that credit risk exposure is limited.

Counterparties for transactions in cash, cash equivalents and securities as well as for derivative transactions are limited to highly rated financial institutions, corporates or sovereigns. The Company's credit limit system assigns maximum exposure lines to such counterparties, based on a minimum credit rating threshold as published by Standard & Poor's, Moody's and Fitch

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

Ratings. Besides the credit rating, the limit system also takes into account fundamental counterparty data, as well as sector and maturity allocations and further qualitative and quantitative criteria such as credit risk indicators. The credit exposure of the Company is reviewed on a regular basis and the respective limits are regularly monitored and updated. The Company also seeks to maintain a certain level of diversification in its portfolio between individual counterparties as well as between financial institutions, corporates and sovereigns in order to avoid an increased concentration of credit risk on only a few counterparties.

However, there can be no assurance that the Company will not lose the benefit of certain derivatives or cash investments in case of a systemic market disruption. In such circumstances, the value and liquidity of these financial instruments could decline and result in a significant impairment, which may in turn have a negative effect on the Company's future results of operation and financial condition.

Moreover, the progressive implementation of new financial regulations (Basel III, EMIR, CRD4, Bank Restructuring Resolution Directive, Dodd Frank Act, Volcker Rules, etc.) will have an impact on the business model of banks (for example, the split between investment banking and commercial banking activities) and on the capital structure and cost of such banks' activities in relation to over-the-counter derivatives, and therefore on the funding consequences of central clearing and collateralisation of over-the-counter derivatives for corporations like the Company. This may ultimately increase the cost and reduce the liquidity of the Company's long-term hedges, for example, as banks seek to either pass-on the additional costs to their corporate counterparties or withdraw from low-profit businesses altogether.

Equity Investment Portfolio

The Company holds several equity investments for industrial or strategic reasons, the business rationale for which may vary over the life of the investment. Equity investments are either accounted for using the equity method (associated companies), if the Company has the ability to exercise significant influence, or at fair value. If fair value is not readily determinable, the investment is measured at cost.

The Company's principal investment in associates is still Dassault Aviation despite the disposal of 810,072 shares in 2014. The book value of this investment was €2.4 billion as of 31 December 2014. The Company is exposed to the risk of unexpected material adverse changes in the fair value of Dassault Aviation and that of other associated companies. For equity investments other than associates, which make up only a fraction of the Company's total assets, the Company regards the risk of negative changes in fair value or impairments on these investments as non-significant.

Treasury shares held by the Company are not considered to be equity investments. Additionally, treasury shares are not regarded as being exposed to risk, as any change in value of treasury shares is recognised directly in equity only when sold to the market and never affects net income. Treasury shares are primarily held to hedge the dilution risk arising from employee stock ownership plans and the exercise by employees of stock options.

Pension Commitments

The Company participates in several pension plans for both executive as well as non-executive employees, some of which are underfunded. For information related to these plans, see "Notes to the Consolidated Financial Statements (IFRS) — Note 25b: Provisions for retirement plans". Although the Company has recorded a provision in its balance sheet for its share of the underfunding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading the Company to record additional provisions in respect of such plans.

Necessary adjustments of such provisions are driven by (i) the discount factor (dependent in part on interest rates) and the inflation rate applied to calculate the net present value of the pension liabilities, (ii) the performance of the asset classes which are represented in the pension assets, and (iii) additional cash injections contributed by the Company from time to time to the pension assets. The Company has taken measures to reduce potential losses on the pension assets and to better match the characteristics of the pension liabilities with those of the pension assets as a long-term objective. Nevertheless, any required additional provisions would have a negative effect on the Company's total equity (net of deferred taxes), which could in turn have a negative effect on its future financial condition.

Tax Issues

As a multinational group with operations in numerous jurisdictions and sales around the world, the Company is subject to tax legislation in a number of countries. It is the Company's priority target to adhere to the relevant tax regulations in these countries and to ensure tax compliance. The Company manages its business so as to create value from the synergies and commercial capacities of its different entities, and therefore endeavours to structure its operations and transactions in a tax-efficient manner. The structure of the Company's organisation and of the transactions it enters into are based on its own interpretations of applicable tax laws and regulations, generally relying on opinions received from internal or independent tax counsel, and, to the extent necessary, on rulings or specific guidance from competent tax authorities. There can be no assurance that the tax authorities will not seek to challenge such interpretations, in which case the Company or its affiliates could become subject to tax claims. Moreover, the tax laws and regulations that apply to the Company's business may be amended by the tax authorities — for example as a result of changes in fiscal circumstances or priorities — which could affect the overall tax efficiency of the Company.

For further information relating to financial market risks and the ways in which the Company attempts to manage these risks, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

2. Business-Related Risks

Commercial Aircraft Market Cyclicality

Historically, the market for commercial aircraft has shown cyclical trends, due in part to changes in passenger demand for air travel and cargo activity, which are in turn primarily influenced by economic or gross domestic product ("**GDP**") growth. Other factors, however, play an important role in determining the market for commercial aircraft, such as (i) the average age and technical obsolescence of the fleet relative to new aircraft, (ii) the number and characteristics of aircraft taken out of service and parked pending potential return into service, (iii) passenger and freight load factors, (iv) airline pricing policies, (v) airline financial health and the availability of outside financing for aircraft purchases, (vi) evolution of fuel price, (vii) deregulation and (viii) environmental constraints imposed upon aircraft operations. The market for commercial aircraft could continue to be cyclical, and downturns in broad economic trends may have a negative effect on its future results of operation and financial condition.

The commercial helicopter market could also be influenced by a number of factors listed above.

Terrorism, Pandemics and Other Catastrophic Events

As past terrorist attacks and the spread of pandemics (such as H1N1 flu) have demonstrated, terrorism and pandemics may negatively affect public perception of air travel safety and comfort, which may in turn reduce demand for air travel and commercial aircraft. The outbreak of wars, riots or political unrest in a given region may also affect the willingness of the public to travel by air. Furthermore, major airplane crashes may have a negative effect on the public's or regulators' perceptions of the safety of a given class of aircraft, form of design, airline or air traffic. As a result of terrorism, geopolitical instability, pandemics and other catastrophic events, an airline may be confronted with sudden reduced demand for air travel and be compelled to take costly security and safety measures. In response to such events, and the resulting negative impact on the airline industry or particular airlines, the Company may suffer from a decline in demand for all or certain types of its aircraft or other products, and the Company's customers may postpone delivery or cancel orders.

In addition to affecting demand for its products, the occurrence of catastrophic events could disrupt the Company's internal operations or its ability to deliver products and services to customers. Disruptions may be related to threats to physical security and infrastructure, information technology or cyber-attacks or failures, damaging weather or acts of nature and other crises. Any significant production delays, or any destruction, manipulation, theft or improper use of the Company's data, information systems or networks could have a significant adverse effect on the Company's future results of operation and financial condition as well as on the reputation of the Company and its products and services.

Dependence on Key Suppliers and Subcontractors

The Company is dependent on numerous key suppliers and subcontractors to provide it with the raw materials, parts, assemblies and systems that it needs to manufacture its products.

The Company relies upon the good performance of its suppliers and subcontractors to meet the obligations defined under their contracts. Supplier performance is continually monitored and assessed so that supplier development programmes can be launched if performance standards fall below expectations. No assurance can be given that these measures will fully protect the Company from non-performance of a supplier which could disrupt production and in turn may have a negative effect on its future results of operation and financial condition.

Changes to the Company's production or development schedules may impact suppliers so that they initiate claims under their contracts for financial compensation. However the robust, long-term nature of the contracts and a structured process to manage such claims, limits the Company's exposure. Despite these mitigation measures, there could still be a negative effect on the future results of operation and financial condition of the Company.

As the Company's global sourcing footprint extends, some suppliers (or their sub-tier suppliers) may have production facilities located in countries that are exposed to socio-political unrest or natural catastrophes which could interrupt deliveries. Country-based risk assessment is applied by the Company to monitor such exposures and to ensure that appropriate mitigation plans or fall-back solutions are available for deliveries from zones considered at risk. Despite these measures, the Company remains exposed to interrupted deliveries from suppliers impacted by such events which could have a negative effect on the future results of operation and financial condition of the Company.

Suppliers (or their sub-tier suppliers) may also experience financial difficulties requiring them to file for bankruptcy protection, which could disrupt the supply of materials and parts to the Company. However, financial health of suppliers is analysed prior to selection to minimise such exposure and then monitored during the contract period to enable the Company to take action to avoid such situations. In exceptional circumstances, the Company may be required to provide financial support to a supplier and therefore face limited credit risk exposure. If insolvency of a supplier does occur, the Company works closely with the appointed administrators to safeguard contractual deliveries from the supplier. Despite these mitigation measures, the bankruptcy of a key supplier could still have a negative effect on the future results of operation and financial condition of the Company.

Industrial Ramp-Up

As a result of the large number of new orders for aircraft recorded in recent years, the Company intends to accelerate its production in order to meet the agreed upon delivery schedules for such new aircraft (including helicopters). The Company's ability to further increase its production rate will be dependent upon a variety of factors, including execution of internal performance plans, availability of raw materials, parts (such as aluminium, titanium and composites) and skilled employees given high demand by the Company and its competitors, conversion of raw materials into parts and assemblies, and performance by suppliers and subcontractors (particularly suppliers of buyer-furnished equipment) who may experience resource or financial constraints due to ramp-up. Management of such factors is also complicated by the development of new aircraft programmes in parallel, across the three Divisions, which carry their own resource demands. Therefore, the failure of any or all of these factors could lead to missed delivery commitments, and depending on the length of delay in meeting delivery commitments, could lead to additional costs and customers' rescheduling or terminating their orders. Good progress has been made in 2014 and the supply chain is in general more stable. Specific areas of risk with suppliers of cabin equipment continue to be carefully managed.

Technologically Advanced Products and Services

The Company offers its customers products and services that are technologically advanced, the design and manufacturing of which can be complex and require substantial integration and coordination along the supply chain. In addition, most of the Company's products must function under demanding operating conditions. Even though the Company believes it employs sophisticated design, manufacturing and testing practices, there can be no assurance that the Company's products or services will be successfully developed, manufactured or operated or that they will perform as intended.

Certain of the Company's contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other products or services, to provide cancellation rights, or to reduce the price of subsequent sales to the same customer if its products fail to be delivered on time or to perform adequately. No assurances can be given that performance penalties or contract cancellations will not be imposed should the Company fail to meet delivery schedules or other measures of contract performance — in particular with respect to new development programmes such as the A350 XWB, A400M, EC175 or H160 and to modernisation programmes such as the A320neo and the A330neo. See "— Programme-Specific Risks" below.

In addition to the risk of contract cancellations, the Company may also incur significant costs or loss of revenues in connection with remedial action required to correct any performance issues detected in its products or services. For example, following the discovery of hairline cracks in the wing rib feet of certain in-service A380 aircraft in 2011, the Company recorded charges for estimated warranty and repair costs for delivered aircraft. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2012, 2013 and 2014". Moreover, to the extent that a performance issue is considered to have a possible impact on safety, regulators could suspend the authorisation for the affected product or service.

Any significant problems with the development, manufacturing, operation or performance of the Company's products and services could have a significant adverse effect on the Company's future results of operation and financial condition as well as on the reputation of the Company and its products and services.

Dependence on Public Spending and on Certain Markets

In any single market, public spending (including defence and security spending) depends on a complex mix of geopolitical considerations and budgetary constraints, and may therefore be subject to significant fluctuations from year to year and country to country. Due to the overall economic environment and competing budget priorities, several countries have reduced their level of public spending. This is especially true with respect to defence and security budgets, where certain countries have already implemented substantial reductions. Any termination or reduction of future funding or cancellations or delays impacting existing contracts may have a negative effect on the Company's future results of operation and financial condition. In the case where several countries undertake to enter together into defence or other procurement contracts, economic, political or budgetary constraints in any one of these countries may have a negative effect on the ability of the Company to enter into or perform such contracts.

Further, a significant portion of the Company's backlog is concentrated in certain regions or countries, including the US and Asia. Adverse economic and political conditions as well as downturns in broad economic trends in these countries or regions may have a negative effect on the Company's future results of operation and financial condition.

Availability of Government and Other Sources of Financing

Since 1992, the EU and the US have operated under an agreement that sets the terms and conditions of financial support that governments may provide to civil aircraft manufacturers. In late 2004, however, the US sought to unilaterally withdraw from this agreement, which eventually led to the US and the EU making formal claims against each other before the World Trade Organization ("**WTO**"). While both sides have expressed a preference for a negotiated settlement that provides for a level playing field when funding future aircraft developments, they have thus far failed to reach agreement on key issues. The terms and conditions of any new agreement, or the final outcome of the formal WTO proceedings, may limit access by the Company to risk-sharing-funds for large projects, may establish an unfavourable balance of access to government funds by the Company as compared to its US competitors or may in an extreme scenario cause the European Commission and the involved governments to analyse possibilities for a change in the commercial terms of funds already advanced to the Company.

In prior years, the Company and its principal competitors have each received different types of government financing of product research and development. However, no assurances can be given that government financing will continue to be made available in the future, in part as a result of the proceedings mentioned above. Moreover, the availability of other outside sources of financing will depend on a variety of factors such as market conditions, the general availability of credit, the Company's credit ratings, as well as the possibility that lenders or investors could develop a negative perception of the Company's long- or short-term financial prospects if it incurred large losses or if the level of its business activity decreased due to an economic downturn. The Company may therefore not be able to successfully obtain additional outside financing on favourable terms, or at all, which may limit the Company's future ability to make capital expenditures, fully carry out its research and development efforts and fund operations.

Competition and Market Access

The markets in which the Company operates are highly competitive. In some areas, competitors may have more extensive or more specialised engineering, manufacturing and marketing capabilities than the Company. In addition, some of the Company's largest customers may develop the capability to manufacture products or provide services similar to those of the Company. This would result in these customers supplying their own products or services and competing directly with the Company for sales of these products or services, all of which could significantly reduce the Company's revenues. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that the competitive pressures it faces in all business areas will not result in reduced revenues or market share.

In addition, the contracts for many aerospace and defence products are awarded, implicitly or explicitly, on the basis of home country preference. Although the Company is a multinational company which helps to broaden its domestic market, it may remain at a competitive disadvantage in certain countries, especially outside of Europe, relative to local contractors for certain products. The strategic importance and political sensitivity attached to the aerospace and defence industries means that political considerations will play a role in the choice of many products for the foreseeable future.

Major Research and Development Programmes

The business environment in many of the Company's principal operating business segments is characterised by extensive research and development costs requiring significant up-front investments with a high level of complexity. The business plans underlying such investments often contemplate a long payback period before these investments are recouped, and assume a certain level of return over the course of this period in order to justify the initial investment. There can be no assurances that the commercial, technical and market assumptions underlying such business plans will be met, and consequently, the payback period or returns contemplated therein achieved.

Successful development of new programmes also depends on the Company's ability to attract and retain aerospace engineers and other professionals with the technical skills and experience required to meet its specific needs. Demand for such engineers may often exceed supply depending on the market, resulting in intense competition for qualified professionals. There can be no assurances that the Company will attract and retain the personnel it requires to conduct its operations successfully. Failure to attract and retain such personnel or an increase in the Company's employee turnover rate could negatively affect the Company's future results of operation and financial condition.

Restructuring, Transformation and Cost Saving Programmes

In order to improve competitiveness, offset rising procurement costs and achieve profitability targets, among other things, the Company and its Divisions have launched several restructuring, transformation and cost saving programmes over the past several years. These include group-wide programmes, as well as Division- or Corporate-specific programmes such as the Airbus Defence and Space restructuring plan.

Anticipated cost savings under these programmes are based on estimates, however, and actual savings under these programmes may vary significantly. In particular, the Company's cost reduction measures are based on current conditions and do not take into account any future cost increases that could result from changes in its industry or operations, including new business developments, wage and cost increases or other factors. The Company's failure to successfully implement these planned cost reduction measures, or the possibility that these efforts may not generate the level of cost savings it expects going forward, could negatively affect its future results of operation and financial condition.

In addition to the risk of not achieving the anticipated level of cost savings from these programmes, the Company may also incur higher than expected implementation costs. In many instances, there may be internal resistance to the various organisational restructuring and cost reduction measures contemplated. Restructuring, closures, site divestitures and job reductions may also harm the Company's labour relations and public relations, and have led and could lead to work stoppages and/or demonstrations. In the event that these work stoppages and/or demonstrations become prolonged, or the costs of implementing the programmes above are otherwise higher than anticipated, the Company's future results of operation and financial condition may be negatively affected.

Acquisitions, Joint Ventures & Strategic Alliances

As part of its business strategy, the Company may acquire businesses and form joint ventures or strategic alliances. Acquisitions are inherently risky because of difficulties that may arise when integrating people, operations, technologies and products. There can be no assurance that any of the businesses that the Company acquires can be integrated successfully and as timely as originally planned or that they will perform well and deliver the expected synergies once integrated. In addition, the Company may incur significant acquisition, administrative and other costs in connection with these transactions, including costs related to integration of acquired businesses. While the Company believes that it has established appropriate and adequate procedures and processes to mitigate these risks, there is no assurance that these transactions will be successful.

Public-Private Partnerships and Private Finance Initiatives

Defence customers, particularly in the UK, increasingly request proposals and grant contracts under schemes known as public-private partnerships (“**PPPs**”) or private finance initiatives (“**PFIs**”). PPPs and PFIs differ substantially from traditional defence equipment sales, as they often incorporate elements such as:

- the provision of extensive operational services over the life of the equipment;
- continued ownership and financing of the equipment by a party other than the customer, such as the equipment provider;
- mandatory compliance with specific customer requirements pertaining to public accounting or government procurement regulations; and
- provisions allowing for the service provider to seek additional customers for unused capacity.

The Company is party to PPP and PFI contracts, for example through Paradigm with Skynet 5 and related telecommunications services, and in the AirTanker (FSTA) project. One of the complexities presented by PFIs lies in the allocation of risks and the timing thereof among different parties over the lifetime of the project.

There can be no assurances of the extent to which the Company will efficiently and effectively (i) compete for future PFI or PPP programmes, (ii) administer the services contemplated under the contracts, (iii) finance the acquisition of the equipment and the on-going provision of services related thereto, or (iv) access the markets for the commercialisation of excess capacity. The Company may also encounter unexpected political, budgetary, regulatory or competitive risks over the long duration of PPP and PFI programmes.

Programme-Specific Risks

In addition to the risk factors mentioned above, the Company also faces the following programme-specific risks (while this list does not purport to be exhaustive, it highlights the current risks believed to be material by management and could have a significant impact on the Group’s results and financial condition):

A350 XWB programme. In connection with the A350 XWB programme, after a successful certification campaign of A350-900 XWB and a first delivery to Qatar Airways, the Company faces the following main challenges: ensuring satisfaction of first operators and high quality support to its operations; maintaining supply chain performance and production ramp-up; managing production overcosts of the early aircraft and recurring costs beyond the initial ramp-up phase; maintaining customisation and head of versions ramp-up; and maintaining the development schedule of A350-1000 XWB to ensure entry in service as planned.

A380 programme. In connection with the A380 programme, the Company faces the following main challenges: secure order flow in order to maintain current rate of production in the long term; making continued improvements to lower the resources and costs associated with designing each customised “head of version” aircraft for new customers, in order to allow a higher number of head of version to be completed each year; and managing maturity in service.

A400M programme. In connection with the A400M programme, the Company faces the following main challenges: finalising the development, tests and associated documentation to enable progressively enhanced aircraft capabilities through standard operational clearance (SOC1 to 3); completing the final development of a full set of in-service support goods and services as well as providing high levels of service for integrated logistic support that deliver mission success to customers; pursuing further aircraft development (paratrooper systems, cargo and aerial delivery systems, defensive and protection military systems, air to air refueling); continuing production ramp-up; managing the contractual retrofit campaign; increasing export orders; and meeting the contractual time schedule for the next programme milestones. For further information, see “— Notes to the Consolidated Financial Statements (IFRS) — Note 6: Revenues and Gross Margin”.

A320neo programme. In connection with the A320neo programme, the Company faces the following main challenges: management of stress in the supply chain as a result of the industrial ramp-up; meeting the engine development status including performance targets, and its schedule; and ensuring the availability of skilled personnel for the programme. The programme progresses as planned and no new challenges emerged in 2014. The main focus will be the transition from 2015 to 2018 from A320ceo (current engine option) to A320neo (new engine option) as well as further ramp-up.

A330 programme. In connection with the long range programme, managing the order book beyond 2016 becomes more challenging due to competition from A350 XWB and Boeing 787. The Company has launched the A330neo with an aggressive development schedule based on A320neo experience.

NH90 and Tiger programmes. In connection with the NH90 and Tiger programmes, the Company faces the challenge of finalising the contract renegotiations with governments addressing requests to reduce contractually binding orders; and assuring support readiness in connection with multiple fleets entering into service.

EC175 programme. In connection with the EC175 programme produced in cooperation with Avic, the Company faces the following main challenges: after the certification by EASA and the delivery of the 3 first EC175 for Oil and Gas operations, the Company is proceeding with the industrial ramp-up, mastering the maturity plan of the aircraft and further certifications planned for 2015.

Lead systems integration. In connection with lead systems integration projects (in particular the Kingdom of Saudi Arabia border surveillance contract and Qatar National Security Shield), the Company faces the following main challenges: meeting the schedule and cost objectives taking into account the high number of sites, the complex local infrastructure to be delivered and the integration of COTS products (radars, cameras, sensors) interfaced into a complex system network; assuring an efficient project and staffing ramp-up; managing the rollout including subcontractors, training and customer organisational adaptation; repetitive changes in customer project organisation; lack of decision and delays in the procurement of Customer Furnished Items. In relation to a Command and Control System for the UAE, which was under development by Emiraje Systems LLC (in which the Company has a 49% shareholding), the customer has indicated its willingness to terminate the contract amicably. Settlement negotiations are underway and activities terminated.

3. Legal Risks

Dependence on Joint Ventures and Minority Holdings

The Company generates a substantial proportion of its revenues through various consortia, joint ventures and equity holdings. These arrangements include primarily:

- the Eurofighter and AirTanker consortia;
- three principal joint ventures: MBDA, ATR and Atlas Electronik; and
- investment in associates: Dassault Aviation.

The formation of partnerships and alliances with other market players is an integral strategy of the Company, and the proportion of sales generated from consortia, joint ventures and equity holdings may rise in future years. This strategy may from time to time lead to changes in the organisational structure, or realignment in the control, of the Company's existing joint ventures.

The Company exercises varying and evolving degrees of control in the consortia, joint ventures and equity holdings in which it participates. While the Company seeks to participate only in ventures in which its interests are aligned with those of its partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be competitors of the Company, and thus may have interests that differ from those of the Company.

In addition, in those holdings in which the Company is a minority partner or shareholder, the Company's access to the entity's books and records, and as a consequence, the Company's knowledge of the entity's operations and results, is generally limited as compared to entities in which the Company is a majority holder or is involved in the day-to-day management.

Product Liability and Warranty Claims

The Company designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. The Company is subject to the risk of product liability and warranty claims in the event that any of its products fails to perform as designed. While the Company believes that its insurance programmes are adequate to protect it from such liabilities, no assurances can be given that claims will not arise in the future or that such insurance coverage will be adequate.

Intellectual Property

The Company relies upon patent, copyright, trademark and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its intellectual property rights in technology and products used in its operations. Despite these efforts to protect its intellectual property rights, any of the Company's direct or indirect intellectual property rights could be challenged, invalidated or circumvented. Further, the laws of certain countries do not protect the Company's proprietary rights to the same extent as the laws in Europe and the US. Therefore, in certain jurisdictions the Company may be unable to protect its proprietary technology adequately against unauthorised third-party copying or use, which could adversely affect its competitive position.

In addition, although the Company believes that it lawfully complies with the intellectual property rights granted to others, it has been accused of infringement on occasion and could have additional claims asserted against it in the future. These claims could harm its reputation, cost it money and prevent it from offering certain products or services. Any claims or litigation in this area, whether the Company ultimately wins or loses, could be time-consuming and costly, injure the Company's reputation or require it to enter into licensing arrangements. The Company might not be able to enter into these licensing arrangements on acceptable terms. If a claim of infringement were successful against it, an injunction might be ordered against the Company, causing further damages.

Export Controls and Other Laws and Regulations

The export market is a significant market for the Company. In addition, many of the products the Company designs and manufactures for military use are considered to be of national strategic interest. Consequently, the export of such products outside of the jurisdictions in which they are produced may be restricted or subject to licensing and export controls, notably by the UK, France, Germany and Spain, where the Company carries out its principal military activities as well as by other countries where suppliers come from, notably, the US. There can be no assurance (i) that the export controls to which the Company is subject will not become more restrictive, (ii) that new generations of the Company's products will not also be subject to similar or more stringent controls or (iii) that geopolitical factors or changing international circumstances will not make it impossible to obtain export licenses for one or more clients or constrain the Company's ability to perform under previously signed contracts. Reduced access to military export markets may have a significant adverse effect on the Company's business, results of operation and financial condition.

Operating worldwide, the Company must comply with several sets of sanctions laws and regulations implemented by national/regional authorities and in particular by the EU and the US. Depending on geopolitical considerations including national security interests and foreign policy, new sanctions programs may be set up or the scope of existing ones may be widened, immediately impacting the Company's activities. The Company is also subject to a variety of other laws and regulations, including among others, those relating to commercial relationships, the use of its products and anti-bribery provisions. In addition, the Company's ability to market new products and enter new markets may be dependent on obtaining government certifications and approvals in a timely manner. Although the Company seeks to comply with all such laws and regulations, even unintentional violations or a failure to comply could result in administrative, civil or criminal liabilities including significant fines and penalties, suspension or debarment of the Company from government contracts for some period of time or suspension of the Company's export privileges, or preclude the Company from bidding on certain government contracts (even in the absence of a formal suspension or debarment).

In addition, the Company is sometimes subject to government inquiries and investigations of its business and competitive environment due, among other things, to the heavily regulated nature of its industry. In addition to the risk of an unfavourable ruling against the Company, any such inquiry or investigation could negatively affect the Company's reputation and its ability to attract and retain customers, which could have a negative effect on its business, results of operation and financial condition.

Legal and Regulatory Proceedings

The Company is currently engaged in a number of active legal and regulatory proceedings. See "— Information on the Group's Activities — 1.1.8 Legal and Arbitration Proceedings". The Company expects to continue to incur time and expenses associated with its defence, regardless of the outcome, and this may divert the efforts and attention of management from normal business operations.

Although the Company is unable to predict the outcome of these proceedings, it is possible that they will result in the imposition of damages, fines or other remedies, which could have a negative effect on the Company's business, results of operation and financial condition. An unfavourable ruling could also negatively impact the Company's stock price and reputation.

4. Industrial and Environmental Risks

Given the scope of its activities and the industries in which it operates, the Company is subject to stringent environmental, health and safety laws and regulations in numerous jurisdictions around the world. The Company therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations covering the protection of the natural environment as well as occupational health and safety, including costs to prevent, control, eliminate or reduce emissions into the environment, releases of air pollutants into the atmosphere, discharges to surface and subsurface water and soil, usage of certain substances and the content of the Company's products, the disposal and treatment of waste materials, and costs to comply with reporting or warning regulations. Moreover, new laws and regulations, the imposition of tougher licence requirements, increasingly strict enforcement or new interpretations of existing laws and regulations may cause the Company to incur increased capital expenditure and operating costs in the future in relation to the above, which could have a negative effect on its results of operation and financial condition.

If the Company fails to comply with these environmental, health and safety laws and regulations, even if caused by factors beyond its control, that failure may result in the assessment of civil or criminal penalties and fines against it. Regulatory authorities may require the Company to conduct investigations and undertake remedial activities, curtail operations or close installations or facilities temporarily to prevent imminent risks. In the event of an industrial accident or other serious incident, employees, customers and other third parties may file claims for personal injury, property damage or damage to the environment (including natural resources). Further, liability under some environmental laws relating to contaminated sites can be imposed retroactively, on a joint and several basis, and without any finding of non-compliance or fault. These potential liabilities may not always be covered by insurance, or may be only partially covered. The obligation to compensate for such damages could have a negative effect on the Company's results of operation and financial condition.

In addition, the various products manufactured and sold by the Company must comply with relevant environmental, health and safety and substances / preparations related laws and regulations in the jurisdictions in which they operate. Although the Company seeks to ensure that its products meet the highest quality standards, increasingly stringent and complex laws and regulations, new scientific discoveries, delivery of defective products or the obligation to notify or provide regulatory authorities or others with required information (such as under the EU regulation known as "REACH", which addresses the production and use of chemical substances) may force the Company to adapt, redesign, redevelop, recertify and/or eliminate its products from the market. Seizures of defective products may be pronounced, and the Company may incur administrative, civil or criminal liability. In the event of an accident or other serious incident involving a product, the Company may be required to conduct investigations and undertake remedial activities. Employees, customers and other third parties may also file claims for personal injury, property damage or damage to the environment (including natural resources). Any problems in this respect may also have a significant adverse effect on the reputation of the Company and its products and services.

1

Information on the Group's Activities

1.1 Presentation of the Group

1.1.1 Overview

Due to the nature of the markets in which the Company operates and the confidential nature of its businesses, any statements with respect to the Company's competitive position set out in paragraphs 1.1.1 through 1.1.6 below have been based on the Company's internal information sources, unless another source has been specified below.

With consolidated revenues of €60.7 billion in 2014, the Group is Europe's premier aerospace and defence company and one of the largest aerospace and defence companies in the world. In terms of market share, the Group 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 2014, it generated 82% of its total revenues in the civil sector (compared to 81% (adjusted) in 2013) and 18% in the defence sector (compared to 19% (adjusted) in 2013). As of 31 December 2014, the Group's active headcount was 138,622 employees.

Strategy

The new Strategy 2.0 is not a revolution, but rather a natural evolution from Vision 2020. Airbus Group aims for leadership of the commercial aeronautics, military aircraft and space markets. To do this, the Group is driving innovation, globalisation, services and value-chain optimisation, all of which will result in improved profitability and performance.

Internally, the Group needs to consolidate and adapt the way it works. Due to the current institutional budget downturn in our home markets, it is imperative to secure the profitability and competitive position of our defence and space business by improving the cost base and gaining access beyond home markets. Hence, the pooling of the Group's scattered defence activities in Airbus Defence and Space and streamlining the portfolio have been necessary steps, as well as the transformation programme launched in Airbus Helicopters.

Furthermore, to optimise the market recognition and value, and to continue the integration of the Group, the rebranding and renaming under a common Airbus brand for all key businesses have been important steps forward.

The 7 strategic paths of the Airbus Group Strategy are as follows:

1. strengthen market position and profitability while remaining a leader in commercial aeronautics;
2. preserve leading position in European defence, space and government markets by focusing on military aircraft, missiles, space and related services;
3. pursue incremental innovation potential within product programmes while preparing next-generation breakthroughs and developing necessary skills and competencies required to compete in the future;
4. focus on profitability, value creation and market position; no need to chase growth at any cost. Actively manage portfolio;
5. adapt to a more global world as well as attract and retain global talents;
6. focus services on and around the Group's platforms;
7. strengthen the value chain position.

Organisation of the Group's Businesses

Airbus Group organises its businesses into the following three operating Divisions: (i) Airbus, (ii) Airbus Defence and Space and (iii) Airbus Helicopters. The chart set out in "General Description of the Company and its Share Capital — 3.3.6 Simplified Group Structure Chart" illustrates the allocation of activities among these three Divisions.

Airbus

Airbus is one of the world's leading aircraft manufacturers, offering the most modern and efficient passenger aircraft on the more than 100-seat market. The Airbus commercial product line comprises aircraft that range in size from the 107-seat single-aisle A318 aircraft to the 525-seat A380 widebody aircraft.

Since it was founded in 1970 and up to the end of 2014, Airbus has received orders for 15,271 commercial aircraft from 376 customers around the world. In 2014, Airbus delivered 629 aircraft (compared to 626 deliveries in 2013) and received 1,796 gross orders (compared to 1,619 gross orders in 2013), or 48% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2014 was 1,456 aircraft (compared to 1,503 aircraft in 2013). As of 31 December 2014, Airbus' backlog of commercial orders was 6,386 aircraft (compared to 5,559 aircraft in 2013). See "— 1.1.2 Airbus".

In 2014, Airbus recorded total revenues of €42.2 billion – representing 69.6% of the Group's revenues.

Airbus Helicopters

Airbus Helicopters (formerly Eurocopter) is a global leader in the civil and military rotorcraft market, offering one of the most complete and modern ranges of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy rotorcraft, which are adaptable to all kinds of mission types based on customer needs.

Airbus Helicopters delivered 471 helicopters in 2014 (497 in 2013) and received 426 gross orders in 2014 (compared to 444 gross orders in 2013). Order Intake amounted to €5.5 billion (2013: €5.7 billion) including 402 net orders of Commercial Helicopters before backlog adjustment of -33 NH90. Civil contracts accounted for 52% of this order volume, with military sales representing the remaining 48%. At the end of 2014, Airbus Helicopters order book stood at 893 helicopters (2013: 995 helicopters). In 2014, Airbus Helicopters recorded total revenues of €6.5 billion, representing 10.7% of the Group's revenues. See "— 1.1.3 Airbus Helicopters".

Airbus Defence and Space

In 2014, the defence and space businesses of Airbus Military, Astrium and Cassidian have been combined into one new Division, Airbus Defence and Space. The new Division started operating at executive level on 1 January 2014, the fully integrated organisation was launched on 1 July 2014. The combination creates synergies in the Company's operations and product portfolio and a better focus on the research and development efforts. The new Division is Europe's number one defence and space enterprise, the second largest space business worldwide and among the top ten global defence enterprises. Airbus Defence and Space puts a strong focus on core businesses: Space, Military Aircraft, Missiles and related systems and services.

Airbus Defence and Space is composed of four Business Lines: Military Aircraft; Space Systems; Communications, Intelligence & Security (CIS); and Electronics. It brings together a wide portfolio to continue to meet the complex needs of its customers across the world, contribute to their defence and security, and enable their utilisation of space. In addition it secures Europe's independent access to space. Among its flagship products are the transport aircraft A400M, the military jet Eurofighter and, in the framework of the Airbus Safran Launchers joint venture, the Ariane launcher.

In 2014, Airbus Defence and Space recorded total revenues of €13.0 billion, representing 21.4% of the Group's revenues. See "— 1.1.4 Airbus Defence and Space".

Other Businesses

Other Businesses (not part of the Group's three Divisions) include turboprop manufacturer ATR, aerostructure and aircraft seat business Sogerma, which merged with Aerolia at the end of 2014 to become STELIA Group, US operating unit Airbus Group Inc. and Daher-Socata (remaining 30% stake sold in June 2014). In 2014, the recorded total revenues of Other Businesses amounted to €428 million. See "— 1.1.5 Other Businesses".

Investments

Among its significant investments, as of 31 December 2014, the Company held a 42.11% stake in Dassault Aviation, a major participant in the world market for military jet aircraft and business jets. See "— 1.1.6 Investments".

Summary Financial and Operating Data

The following tables provide summary financial and operating data for the Group for the past three years.

CONSOLIDATED REVENUES BY DIVISION FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013(1)	Year ended 31 December 2012(2)
Airbus	42,280	39,494	37,624
Airbus Helicopters	6,524	6,297	6,264
Airbus Defence and Space	13,025	13,121	13,520
Total Divisional revenues	**61,829**	**58,912**	**57,408**
Other – HQ / Consolidation(3)	(1,116)	(1,345)	(928)
Total	**60,713**	**57,567**	**56,480**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.
(3) "Other — HQ / Consolidation" comprises adjustments and eliminations for intercompany transactions, the Group's activities managed in the US and the holding function of the Group's Headquarters such as the newly acquired bank and other activities not allocable to the reportable segments.

CONSOLIDATED REVENUES BY GEOGRAPHICAL AREA FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012

	Year ended 31 December 2014		Year ended 31 December 2013[1]		Year ended 31 December 2012[2]	
	Amount in €bn	*In percentage*[3]	*Amount in €bn*	*In percentage*[3]	*Amount in €bn*	*In percentage*[3]
Europe	20.3	33.4%	20.3	35.3%	21.0	37.2%
North America	9.7	16.0%	8.7	15.1%	7.7	13.6%
Asia / Pacific	19.4	31.9%	19.3	33.4%	18.3	32.5%
Rest of the World[4]	11.3	18.7%	9.3	16.2%	9.5	16.7%
Total	**60.7**	**100%**	**57.6**	**100%**	**56.5**	**100%**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11.
(3) Percentage of total revenues after eliminations.
(4) Including the Middle East.

CONSOLIDATED ORDERS BOOKED FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012

	Year ended 31 December 2014		Year ended 31 December 2013[1]		Year ended 31 December 2012[2]	
	Amount in €bn	*In percentage*[3]	*Amount in €bn*	*In percentage*[3]	*Amount in €bn*	*In percentage*[3]
Orders booked[4]						
Airbus[5]	150.1	89.4%	199.2	91.9%	87.3	84.6%
Airbus Helicopters	5.5	3.3%	5.8	2.7%	5.4	5.2%
Airbus Defence and Space	12.2	7.3%	11.8	5.4%	10.5	10.2%
Total Divisional orders	**167.8**	**100%**	**216.8**	**100%**	**103.2**	**100%**
Other – HQ / Consolidation	(1.4)		(0.4)		(0.7)	
Total	**166.4**		**216.4**		**102.5**	

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.
(3) Before "Other — HQ / Consolidation".
(4) Without options.
(5) Based on catalogue prices for commercial aircraft activities.

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012[1]

	Year ended 31 December 2014		Year ended 31 December 2013[2]		Year ended 31 December 2012[3]	
	Amount in €bn	*In percentage*[4]	*Amount in €bn*	*In percentage*[4]	*Amount in €bn*	*In percentage*[4]
Airbus[5]	803.6	93.6%	625.6	91.8%	505.3	89.0%
Airbus Helicopters	12.2	1.4%	12.4	1.8%	13.0	2.3%
Airbus Defence and Space	43.1	5.0%	43.2	6.4%	49.2	8.7%
Total Divisional backlog	**858.9**	**100%**	**681.2**	**100%**	**567.5**	**100%**
Other – HQ / Consolidation	(1.4)		(0.6)		(1.0)	
Total	**857.5**		**680.6**		**566.5**	

(1) Without options.
(2) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(3) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.
(4) Before "Other — HQ / Consolidation".
(5) Based on catalogue prices for commercial aircraft activities.

Relationship between Airbus Group N.V. and the Group

Airbus Group N.V. itself does not engage in the core aerospace, defence or space business of its Group but coordinates related businesses, sets and controls objectives and approves major decisions for its Group. As the parent company, Airbus Group N.V. conducts activities which are essential to the Group activities and which are an integral part of the overall management of the Group. In particular, finance activities pursued by Airbus Group N.V. are in support of the business activities and strategy of the Group. In connection therewith, Airbus Group N.V. provides or procures the provision of services to the subsidiaries of the Group. General management service agreements have been put in place with the subsidiaries and services are invoiced on a cost plus basis.

For management purposes, Airbus Group N.V. acts through its Board of Directors, Executive Committee, and Chief Executive Officer in accordance with its corporate rules and procedures as described below under "Corporate Governance".

Within the framework defined by Airbus Group N.V., each Division, Business Unit and subsidiary is vested with full entrepreneurial responsibility.

1.1.2 Airbus

Introduction and Overview

Airbus is one of the world's leading aircraft manufacturers, offering the most modern and efficient passenger aircraft family on the more than 100-seat market. Airbus' comprehensive product line comprises highly successful families of aircraft ranging from 100 to more than 500 seats.

Since it was founded in 1970 and up to the end of 2014, Airbus has received orders for 15,271 commercial aircraft from 376 customers around the world. In 2014, Airbus delivered 629 aircraft (compared to 626 deliveries in 2013) and received 1,796 gross orders (compared to 1,619 gross orders in 2013), or 48% of the gross worldwide market share (in value terms) of aircraft with more than 100 seats. After accounting for cancellations, net order intake for 2014 was 1,456 aircraft (compared to 1,503 aircraft in 2013). As of 31 December 2014, Airbus' backlog of commercial orders was 6,386 aircraft (compared to 5,559 aircraft in 2013).

In 2014, Airbus recorded total revenues of € 42.2 billion representing 69.6% of the Group's revenues.

Strategy

Airbus' primary goal is to deliver strong results in a sustained manner, while commanding a further increased share of the worldwide commercial aircraft market over the long-term and expanding its customer services offering. To achieve these goals, Airbus is actively:

Building a Leaner, More Fully Integrated Company

In order to build a leaner, more fully integrated company and thereby bolster its competitiveness, Airbus is adapting its organisation to foster an entrepreneurial spirit and empower more teams, while maintaining harmonised processes across all sites. For series programmes, additional responsibilities and means have been delegated to plants for delivery at increased rates.

Developing the Most Comprehensive Line of Products in Response to Customer Needs

Airbus continuously seeks to develop and deliver new products to meet customers' evolving needs, while also improving its existing product line. For example, the A330neo (new engine option) is the newest evolution to the A330 family and the A320neo (new engine option) is one of many product upgrades to the A320 single-aisle aircraft family to maintain its position as the most advanced and fuel-efficient single-aisle aircraft family.

Airbus is also currently pursuing (i) development and production on the A350 XWB programme, (ii) the gradual expansion of relevant freighter applications with the A330-200F, and (iii) research on the development of new aircraft in the short-range, medium-range and long-haul segments.

Expanding its Customer Services Offering

Airbus seeks to remain at the forefront of the industry by expanding its customer services offering to meet customers' evolving needs. As a result, Airbus has developed a wide range of value-added and customised services which customers can select based on their own outsourcing policy and needs. This approach provides Airbus operators with solutions to significantly reduce their operating costs, increase aircraft availability and enhance the quality of their operations.

Market

Cyclicality and Market Drivers

The main factors affecting the commercial aircraft market include passenger demand for air travel, cargo activity, economic growth cycles, national and international regulation (and deregulation), the rate of replacement and obsolescence of existing fleets and the availability of aircraft financing sources. The performance, competitive posture and strategy of aircraft manufacturers, airlines, cargo operators and leasing companies as well as wars, political unrest, pandemics and extraordinary events may also precipitate changes in demand and lead to short-term market imbalances.

In recent years, China and India have emerged as significant new aircraft markets. According to internal estimates, they are expected to constitute the first and fourth most important markets by aircraft delivery value, respectively, in the next twenty years. As a result, Airbus has sought to strengthen its commercial and industrial ties in these countries. New aircraft demand from airlines in the Middle East has also become increasingly important, as they have rapidly executed strategies to establish a global presence and to leverage the benefits the region can deliver.

The no-frills / low-cost carriers also constitute a significant sector, and are expected to continue growing around the world, particularly in Asia, where emerging markets and continued deregulation should provide increased opportunities. While Airbus single-aisle aircraft continue to be a popular choice for these carriers, demand for Airbus' range of twin-aisle aircraft may also increase as some of these carriers develop or further develop their long-range operations.

Overall growth. The long-term market for passenger aircraft depends primarily on passenger demand for air travel, which is itself primarily driven by economic or GDP growth, fare levels and demographic growth. Measured in revenue passenger kilometres, air travel increased in every year from 1967 to 2000, except for 1991 due to the Gulf War, resulting in an average annual growth rate of 7.9% for the period. Demand for air transportation also proved resilient in the years following 2001, when successive shocks, including 9/11 and SARS in Asia, dampened demand. Nevertheless, the market quickly recovered.

More recently, the financial crisis and global economic difficulties witnessed at the end of 2008 and into 2009 resulted in only the third period of negative traffic growth during the jet age, and a cyclical downturn for airlines in terms of traffic (both passenger and cargo), yields and profitability. Preliminary figures released at the end of 2014, by the International Civil Aviation Organisation (ICAO), confirmed that some 3.2 billion passengers made use of the global air transport network for their business and tourism needs in 2014. The annual passenger total is up approximately 5% compared to 2013.

In the long term, Airbus believes that air travel remains a growth business. Based on internal estimates, Airbus anticipates a growth rate of 4.7% annually during the period 2013-2033. If the actual growth rate equals or exceeds this level, Airbus expects that passenger traffic, as measured in revenue passenger kilometres, would more than double in the next fifteen years.

Cyclicality. Despite an overall growth trend in air travel, aircraft order intake can vary significantly from year to year, due to the volatility of airline profitability, cyclicality of the world economy, aircraft replacement waves and occasional unforeseen events which can depress demand for air travel. However, new product offerings and growth across the market has resulted in good levels of order activity in recent years. In the last four years, order totals comfortably exceeded record Airbus deliveries thus strengthening both order book and backlog totals.

Despite some cyclicality in air traffic, Airbus aims to secure stable delivery rates from year to year, supported by a strong backlog of orders and a regionally diverse customer base. At the end of 2014, Airbus' commercial backlog stood at 6,386 aircraft, representing more than ten years of production at current rates. Through careful backlog management, close monitoring of the customer base and a prudent approach to production increases, Airbus has successfully increased annual deliveries for 13 years running, even through the economic crisis of 2008-2009.

Regulation / Deregulation. National and international regulation (and deregulation) of international air services and major domestic air travel markets affect demand for passenger aircraft as well. In 1978, the US deregulated its domestic air transportation system, followed by Europe in 1985. The more recently negotiated "Open Skies Agreement" between the US and Europe, which became effective in 2008, allows any European or US airline to fly any route between any city in the EU and any city in the US. Other regions and countries are also progressively deregulating, particularly in Asia. This trend is expected to continue, facilitating and in some cases driving demand. In addition to providing greater market access (which may have formerly been limited), deregulation may allow for the creation and growth of new airlines or new airline models, as has been the case with the no-frills / low-cost airline model, which has increased in importance throughout major domestic and intra-regional markets since deregulation (*e.g.*, in the US and Europe).

Airline network development: "hub" and "point-to-point" networks. Following deregulation, major airlines have sought to tailor their route networks and fleets to continuing changes in customer demand. Accordingly, where origin and destination demand prove sufficiently strong, airlines often employ direct, or "point-to-point" route services. However, where demand between two destinations proves insufficient, airlines have developed highly efficient "hub and spoke" systems, which provide passengers with access to a far greater number of air travel destinations through one or more flight connections.

The chosen system of route networks in turn affects aircraft demand, as hubs permit fleet standardisation around both smaller aircraft types for the short, high frequency and lower density routes that feed the hubs (between hubs and spokes) and larger aircraft types for the longer and higher density routes between hubs (hub-to-hub), themselves large point-to-point markets. As deregulation has led airlines to diversify their route network strategies, it has at the same time therefore encouraged the development of a wider range of aircraft in order to implement such strategies (although the trend has been towards larger-sized aircraft within each market segment as discussed below).

Airbus, like others in the industry, believes that route networks will continue to grow through expansion of capacity on existing routes and through the introduction of new routes, which will largely be typified by having a major hub city at least at one end of the route. These new route markets are expected to be well served by Airbus' latest product offering, the A350 XWB. In addition, the A380 has been designed primarily to meet the significant demand between the major hub cities, which are often among the world's largest urban centres (such as London, Paris, New York and Beijing). Airbus has identified 42 major hub cities in its current market analysis, with this number expected to grow to over 90 by 2033. Airbus believes that it is well positioned to meet current and future market requirements given its complete family of products.

Alliances. The development of world airline alliances has reinforced the pattern of airline network development described above. According to data from Ascend, a UK-based aviation industry consultancy, just over one-third of the world's jetliner seats being flown today are operated by just 14 airlines as of January 2015. In the 1990s, the major airlines began to enter into alliances that gave each alliance member access to the other alliance members' hubs and routings, allowing airlines to concentrate their hub investments while extending their product offering and market access.

Market Structure and Competition

Market segments. According to a study conducted by Airbus, a total of 16,800 passenger aircraft with more than 100 seats were in service with airlines worldwide at the beginning of 2014. Currently, Airbus competes in each of the three principal market segments for aircraft with more than 100 seats.

"Single-aisle" aircraft, such as the A320 family, have 100-210 seats, typically configured with two triple seats per row divided by one aisle, and are used principally for short-range and medium-range routes.

"Twin-aisle" or "wide-body" aircraft, such as the A330 / A350 XWB families, have a wider fuselage with more than 210 seats, typically configured with eight seats per row and with two aisles. The A330 / A350 XWB families are capable of serving all short- to long-range markets.

"Very large aircraft", such as the A380 family, are designed to carry more than 400 passengers, non-stop, over very long-range routes with superior comfort standards and with significant cost-per-seat benefits to airlines, although such aircraft can also be used over shorter ranges in high-density (including domestic) markets.

Freight aircraft, which form a fourth, related segment, are often converted ex-passenger aircraft. See "— 1.1.6 Investments — Aerostructures, Aircraft Conversion and Floor Panels — EFW".

Airbus also competes in the corporate, VIP business jet market with the ACJ, an A319-based Corporate Jetliner, and the A318 Elite. As well as these, other members of the Airbus family can serve the business jet market in private, corporate shuttle and in government / VIP roles.

Geographic differences. The high proportion of single-aisle aircraft in use in both North America and Europe reflects the predominance of domestic short-range and medium-range flights, particularly in North America due to the development of hubs following deregulation. In comparison with North America and Europe, the Asia-Pacific region uses a greater proportion of twin-aisle aircraft, as populations tend to be more concentrated in fewer large urban centres. The tendency towards use of twin-aisle aircraft is also reinforced by the fact that many of the region's major airports limit the number of flights, due either to environmental concerns or to infrastructure constraints that limit the ability to increase flight frequency. These constraints necessitate higher average aircraft seating capacity per flight. However, Airbus believes that demand for single-aisle aircraft in Asia will grow over the next 20 years, particularly as domestic markets in China and India and low-cost carriers continue to develop in the region. Aircraft economics will also help to drive aircraft size, with airlines looking to reduce the cost per seat through higher density aircraft cabins and the use of larger aircraft types and variants where possible.

Competition. Airbus has been operating in a duopoly since Lockheed's withdrawal from the market in 1986 and Boeing's acquisition of McDonnell Douglas in 1997. As a result, the market for passenger aircraft of more than 100 seats is now effectively divided between Airbus and Boeing. According to the manufacturers' published figures for 2014, Airbus and Boeing, respectively, accounted for 47% and 53% of total commercial aircraft deliveries, 50% and 50% of total net orders (in units), and 52% and 48% of the total year-end backlog (in units), an industry record. Airbus commercial aircraft deliveries (629 in 2014) were the 13th year in a row of increased production at Airbus.

Nevertheless, the high technology and high value nature of the business makes aircraft manufacturing an attractive industry in which to participate, and besides Boeing, Airbus faces aggressive international competitors who are intent on increasing their market share. Regional jet makers Embraer and Bombardier, coming from the less than 100-seat commercial aircraft market, continue to develop larger airplanes (such as the new 100- to 149-seat C-Series launched by Bombardier). Additionally, other competitors from Russia, China and Japan will enter the 70- to 150-seat aircraft market over the next few years.

Customers

As of 31 December 2014, Airbus had 376 customers and a total of 15,271 Airbus aircraft had been ordered, of which 8,885 aircraft had been delivered to operators worldwide. The table below shows Airbus' largest commitments in terms of total gross firm orders by customer for the year 2014.

Customer	Firm orders(1)
SMBC Aviation Capital	115
CALC	100
American Airlines	78
Hong Kong Aviation Capital	70
Vietjet Air	63
Air Lease Corporation	60
Air Asia X	55

(1) Options are not included in orders booked or year-end backlog.

Products and Services

The Family Concept — Commonality across the Fleet

Airbus' aircraft families promote fleet commonality. This philosophy takes a central aircraft and tailors it to create derivatives to meet the needs of specific market segments, meaning that all new-generation Airbus aircraft share the same cockpit design, fly-by-wire controls and handling characteristics. Pilots can transfer among any aircraft within the Airbus family with minimal additional training. Cross-crew qualification across families of aircraft provides airlines with significant operational flexibility. In addition, the emphasis on fleet commonality permits aircraft operators to realise significant cost savings in crew training, spare parts, maintenance and aircraft scheduling. The extent of cockpit commonality within and across families of aircraft is a unique feature of Airbus that, in management's opinion, constitutes a sustainable competitive advantage.

In addition, technological innovation has been at the core of Airbus' strategy since its creation. Each product in the Airbus family is intended to set new standards in areas crucial to airlines' success, such as cabin comfort, cargo capacity performance, economic performance, environmental impact and operational commonality. Airbus innovations often provide distinct competitive advantages, with many becoming standard in the aircraft industry.

A320 family. With more than 11,514 aircraft sold and 6,385 delivered and currently in service, Airbus' family of single-aisle aircraft, based on the A320, includes the A318, A319 and A321 derivatives, as well as the corporate jets family (ACJ318, ACJ319, ACJ320 and ACJ321). Each aircraft in the A320 family shares the same systems, cockpit, operating procedures and cross-section.

At 3.95 metres diameter, the A320 family has the widest fuselage cross-section of any competing single-aisle aircraft. This provides a roomy passenger cabin, a high comfort level and a spacious under floor cargo volume. The A320 family incorporates digital fly-by-wire controls, an ergonomic cockpit and a lightweight carbon fibre composite horizontal stabiliser. The use of composite material has also been extended to the vertical stabiliser. The A320 family's competitor is the Boeing 737 series.

Airbus continues to invest in improvements for the A320 family, including the A320neo (new engine option). A320neo improvements result in a per seat fuel burn saving of 20% compared to current engine option (ceo) aircraft, along with additional range, reduced engine noise and lower emissions. The first A320neo performed its first flight in September 2014. This activity kicked off the neo flight test and certification programme, which is to include some 3,000 flight hours across 8 aircraft. This new engine option will be available for the A321, A320 and A319 aircraft models, with an entry-into-service targeted for Q4 2015 with the A320neo, to be followed by the A321neo and the A319neo. The A320neo family has won 3,621 firm orders from 70 customers since the launch in December 2010.

Airbus has enhanced its A320 family jetliners with fuel-saving sharklets, which are available as an option on new–build A320ceo aircraft, standard on the A320neo product line, and offered as a retrofit for in-service A319s and A320s from 2015. The sharklets bring 4% savings in overall fuel consumption on long route sectors to A320 aircraft.

In 2014, Airbus received 1,545 gross orders for the A320 family of aircraft (1,321 net), and delivered 490 aircraft.

A320 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity(1)	Range (km)	Length (metres)	Wingspan (metres)
A318	2003	107	5,750	31.4	34.1
A319	1996	124	6,850(2)	33.8	35.8
A320	1988	150	6,100(2)	37.6	35.8(3)
A321	1994	185	5,950	44.5	35.8(3)

(1) Two-class layout.
(2) Range with sharklets.
(3) Wingspan with sharklets.

A330 family. With 1,467 aircraft sold and 1,154 delivered and currently in service, the A330 family covers all market segments with one twin-engine aircraft type and is designed to carry between 250 and 300 passengers. The A330 family offers high levels of passenger comfort as well as large under-floor cargo areas. The competitors of the A330 family are the Boeing 767, 777 and 787 aircraft series.

Airbus now offers further enhanced performance by increasing the maximum take-off weight (MTOW) capability up to 242 metric tonnes. This 242 tonnes capability will be first applied to the larger A330-300 model and subsequently to the A330-200. Entry-into-service of the 242 tonnes A330-300 is aimed for 2015.

Airbus officially launched the A330neo (new engine option), comprising the A330-800neo and A330-900neo versions, in July 2014. The A330neo aircraft incorporate latest generation Rolls-Royce Trent 7000 engines. The first delivery is scheduled for Q4 2017.

The A330-200F is the only new generation cargo aircraft available today that meets operational needs in the mid-size, long-haul segment. The lower-weight A330-300 version is tailored for regional and domestic operations in high growth areas such as Asia and China.

In 2014, Airbus received 174 gross orders for the A330 family of aircraft (154 net), and delivered 108 aircraft to customers. Airbus received 120 net orders for the A330neo from 6 customers.

A330 FAMILY TECHNICAL FEATURES (CURRENT VERSION)

Model	Entry-into-service	Passenger capacity(1)	Maximum range (km)	Length (metres)	Wingspan (metres)
A330-200	1998	246	13,100	59.0	60.3
A330-300	1994	300	11,300	63.7	60.3

(1) Two-class layout.

A380. The double-deck A380 is the world's largest commercial aircraft flying today. Its cross-section provides flexible and innovative cabin space, allowing passengers to benefit from wider seats, wider aisles and more floor space, tailored to the needs of each airline. Carrying 525 passengers in a comfortable three-class configuration and with a range of 8,400 nm / 15,700 km, the A380 offers superior economic performance, lower fuel consumption, less noise and reduced emissions. The A380's competitor is the Boeing 747-8.

In 2014, Airbus received 20 gross orders for the A380 (13 net), and delivered 30 aircraft, including 3 new operators: Asiana Airlines, Qatar Airways and Etihad Airways.

A380 TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity(1)	Maximum range (km)	Length (metres)	Wingspan (metres)
A380-800	2007	525	15,700	73.0	79.8

(1) Three-class layout.

A350 XWB family. The A350 XWB is an all-new family of wide-body aircraft, designed to accommodate between 276 and 369 passengers. The A350 XWB features A380 technology, a wider fuselage than that of competing new generation aircraft, and a greater use of composite material. The A350 XWB's main competitors are the Boeing 787 and 777 aircraft series.

In 2014, Airbus received 57 gross orders for the A350 XWB (-32 net), for a total of 780 firm orders from 40 customers.

The first A350 XWB has been delivered on 22 December 2014 to launch customer Qatar Airways.

A350 XWB FAMILY TECHNICAL FEATURES

Model	Entry-into-service	Passenger capacity	Maximum range (km)	Length (metres)	Wingspan (metres)
A350-900	2014	315	14,350	66.8	64.7
A350-1000	2017	369	14,800	73.7	64.7

Customer Services

Airbus Customer Services' prime role is to help its customers operate their Airbus fleet safely and profitably and to the satisfaction of passengers. As a result of its continued growth, Airbus' customer base has increased consistently over the past years reaching 8,000 aircraft in-service operated by 400 airlines. The Airbus fleet is maintained by 80 Maintenance and Repair Organizations and partially owned by 100 leasing companies.

A worldwide network of more than 4,700 people covers all areas of support from technical engineering / operational assistance and spare parts supply, to crew and personnel training. Hundreds of technical specialists provide Airbus customers with advice and assistance to Airbus customers 24 hours a day, 7 days a week. There are more than 250 representatives positioned around the world in more than 150 stations close to the airlines they serve, and an international network of support centres, training centres and spares' warehouses.

Beyond the core customer support activities, Airbus Customer Services department has developed a wide range of modular and customised services driven by the unique added value that an aircraft manufacturer can bring. These services are clustered around five main domains of activity: aircraft services, material services, upgrade services, Training and Flight Ops services and e-solutions. Innovative and integrated solutions have been developed in these domains, such as the Flight Hour Services Component programme (FHS Component) and Tailored Support Package (FHS TSP), which provide integrated engineering / maintenance and component packages to enable customers to reduce their investments and support costs while increasing operational reliability.

Part of Airbus' growth strategy in the area of customer services consists of industrialised development. One great achievement of this strategy implementation is the creation of a 100% Airbus subsidiary company named SATAIR Group in January 2014: a world leading supplier of aircraft parts and service solutions for aircraft maintenance. The merger of the state-of-the-art service & support portfolios manager Satair and Airbus Material Management enhances availability of product and service for airlines' daily operation.

Customer Finance

Airbus favours cash sales, and does not envisage customer financing as an area of business development. However, Airbus recognises the commercial need for manufacturers to assist customers in arranging financing of new aircraft purchases, and in certain cases to participate in financing those aircraft for the airline.

Extension of credit or assumption of exposure is subject to corporate oversight and monitoring, and follows strict standards of discipline and caution. Airbus' dedicated customer finance team has accumulated decades of expertise in aircraft finance. When Airbus finances a customer, the financed aircraft generally serve as collateral, with the engine manufacturer participating in the financing. These elements assist in reducing the risk borne by Airbus. Airbus' customer financing transactions are designed to facilitate subsequent sell-down of the exposure to the financial markets, third-party lenders or lessors.

In 2014, Airbus continued to benefit from market appetite for both aircraft financing and sale and leaseback lessor opportunities. The markets, however, remain unpredictable and Airbus continues to allow for potential additional financing exposure. Management believes, in light of its experience, that the level of provisioning protecting Airbus from default costs is adequate and consistent with standards and practice in the aircraft financing industry. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations".

Asset Management

The Airbus Asset Management Division was established in 1994 to manage and re-market used aircraft acquired by Airbus, originally as a result of customer bankruptcies, and subsequently in the context of certain buy-back commitments. The Division operates with a dedicated staff and manages a fleet comprised of used Airbus aircraft across the range of models. Through its activities, the Asset Management Division helps Airbus to respond more efficiently to the medium- and long-term fleet requirements of its customers.

Its key roles comprise commercial and risk management of the Airbus used aircraft portfolio, as well as the enhancement of all Airbus products' residual value. Most of the aircraft are available to customers for cash sale, while some can also be offered on operating lease whereby the Airbus Asset Management team then focuses on the sell down of the aircraft with lease attached.

At the end of 2014, the Airbus Asset Management portfolio contained 41 aircraft. Across the year 2014 the Airbus Asset Management Division succeeded to place 29 used aircraft.

The Asset Management Division also provides a full range of remarketing services, including assistance with entry-into-service, interior reconfiguration and maintenance checks.

Production

Industrial Organisation

Each task in the building of Airbus aircraft (from design to production) is allocated to a designated plant. The Airbus plants are typically organised around different aircraft components and sections, in component delivery teams. Each component delivery team is either in charge of one aircraft programme, or organised by manufacturing technology clusters depending on the optimum solution for each plant. Every plant is organised with production, engineering, quality, supply chain, manufacturing, engineering and logistics capabilities to ensure a seamless production flow of operations.

A transversal "Industrial Strategy & Systems" Centre of Competences is in charge of ensuring that harmonised and standardised processes, methods and tools are developed and implemented across the plants, in order to increase efficiency, based on best practices.

Following production by the respective plants, the various aircraft sections are transferred between the network of sites and the final assembly lines using dedicated transport means, such as the "Beluga" Super Transporters. To support the A380 production flow, Airbus has also integrated road, river and sea transport. Programme management is then responsible for the final assembly line activities. The programme management works closely with the plants to secure delivery of aircraft sections to the final assembly lines on time, cost and quality.

A new Airbus A320 family final assembly line is currently under construction in Mobile, Alabama (US). Aircraft assembly is planned to begin in 2015, with first delivery of a Mobile-assembled aircraft expected in 2016.

Engineering

Airbus Engineering is a global organisation that develops complete aircraft and aircraft components and conducts research that can be applied to the next generation of aircraft. The "Centres of Competence" that make up Airbus Engineering operate transnationally, with most engineers employed in France, Germany, the UK and Spain. A growing population of experienced aerospace engineers worldwide are employed at five further engineering centres in Wichita (Kansas, US), Mobile (Alabama, US), Moscow (Russia), Bangalore (India) and Beijing (China).

A key part of the Airbus engineering organisation is the architect and integration centre, which ensures, together with a team of senior aircraft architects and the programme chief engineers, that a consistent and multi-disciplinary approach is applied during aircraft development.

In 2014, Airbus has successfully achieved the Type Certification and EIS of the A350-900 XWB. The A320neo has successfully completed its first flight and the A330neo has been launched. The Research & Technology portfolio has been adapted to balance incremental innovations for existing aircraft and keeping breakthrough technologies. Airbus Engineering has also been a major contributor to a number of international initiatives dedicated to reducing the impact of aviation on the environment. The main target of these initiatives is to reduce both noise and CO_2 emissions of Airbus aircraft. The Airbus Engineering change project continuously improves the way-of-working and increases efficiency.

1.1.3 Airbus Helicopters

Introduction and Overview

Airbus Helicopters is a global leader in the civil and military rotorcraft market, offering one of the most complete and modern ranges of helicopters and related services. This product range currently includes light single-engine, light twin-engine, medium and medium-heavy rotorcraft, which are adaptable to all kinds of mission types based on customer needs.

Airbus Helicopters delivered 471 helicopters in 2014 (497 in 2013) and received 426 gross orders in 2014 (compared to 444 gross orders in 2013). Order Intake amounted to €5.5 billion (2013: €5.7 billion) including 402 net orders of Commercial Helicopters before backlog adjustment of -33 NH90. Civil contracts accounted for 52% of this order volume, with military sales representing the remaining 48%. At the end of 2014, Airbus Helicopters order book stood at 893 helicopters (2013: 995 helicopters).

As a result of the 2014 activity, Airbus Helicopters retained its lead by delivering nearly one out of every two civil rotorcraft provided worldwide.

In 2014, Airbus Helicopters recorded total revenues of €6.5 billion, representing 10.7% of the Group's revenues.

Strategy

Airbus Helicopters' strategy is to continue driving improvement initiatives via its company-wide transformation plan, which places customer satisfaction and quality at the core of its operations, along with increasing industrial competitiveness – all while ensuring the highest levels of aircraft safety.

A Commitment to Innovation

The enhancement of Airbus Helicopters' existing product range marked an unprecedented achievement in 2014: the certification and service introduction of three new aircraft. They consist of the 7-metric-ton-category EC175 (certification in January, first three deliveries in December); the medium-sized EC145 T2 (certification in April, first delivery in July); and the company's EC135 T3/P3 versions (certification in October, first delivery in December).

Development also continued on the new H160 medium-weight helicopter, which marked its first power-on milestone during 2014. The H160 – which is on track for its initial flight in 2015, with service entry planned in 2018 – will be the first new rotorcraft developed under Airbus Helicopters' name, and as such will embody the new Airbus Helicopters brand. It is a 5- to 6-ton twin-engine helicopter tailored for a wide range of applications – including oil and gas operations, emergency medical services, public services, business and private aviation.

In addition, the company's Helionix® digital avionics suite began flying on two in-service aircraft – the EC145 T2 and EC175 – offering new technological advancements for customers. This represents an industry first for a rotorcraft manufacturer's own development and integration of such an advanced system.

Focusing on customers

Airbus Helicopters also marked significant progress with its transformation plan in 2014 by further enhancing customer support and services, with safety as the top priority. This was underscored by indictators of increasing fleet availability for customers and operators, backed by 98 percent of planned spare parts ordered delivered on time.

Airbus Helicopters also established an extended warranty offer to include three years or 2,000 flight hours, with the first year of labor included. Taking effect on 1 January 2015, this initiative is aligned with the company-wide transformation and demonstrates the priority placed on customer satisfaction.

Delivering safety

Safety continues to be a top-level priority for Airbus Helicopters, which advanced this company-wide effort in several ways during 2014 – encompassing industry-leading efforts to propose and promote changes to enhance airworthiness, increase survivability and promote standardisation of operator fleet safety-related capabilities.

In a related step, Airbus Helicopters released the rotorcraft industry's first Flight Crew Operations Manual (FCOM), which outlines best practices and recommendations for EC225 helicopters used in Oil and Gas missions. The company also broadened the incorporation of Vision 1000 cockpit records across the Airbus Helicopters product line – to be included on all of new aircraft deliveries in 2015.

Market Drivers

According to market forecasts produced by Airbus Helicopters, the Teal Group and Honeywell, between 9,500 to 11,500 civil helicopters and 6,000 (Teal Group excluding China and Russia) to 9,000 military helicopters are expected to be built globally over 10 years. This forecast, particularly with respect to the military sector, relies to a large extent on large US development programmes.

Helicopters sold in the civil and parapublic sector, where Airbus Helicopters is a leader, provide transport for private owners and corporate executives, offshore oil operations, diverse commercial applications and state agencies, including coast guard, police, medical and fire-fighting services. Airbus Helicopters believes that the demand over the next 10 years will be driven by large replacement needs from advanced economies and by growth from emerging economies. Airbus Helicopters' market data indicates that in 2014, worldwide deliveries of civil and parapublic turbine helicopters over a 1.3t MAUW stood at 736 units.

Demand for military helicopters is mainly driven by budgetary and strategic considerations, and the need to replace ageing fleets. Airbus Helicopters believes that the advanced age of current fleets, the emergence of a new generation of helicopters equipped with integrated systems and the on-going introduction of combat helicopters into many national armed forces will contribute to increased military helicopter procurement over the next few years. Recent large-scale military programmes, such as those conducted by the US, Russia, China, India, South Korea, Saudi Arabia, Brazil and most western European countries have confirmed this trend. Nevertheless, demand from the military sector has historically been subject to large year-to-year variations due to evolving strategic considerations, and short-term growth potential may be limited due to increasing budgetary constraints on public spending in some regions like Europe, while other regions like Asia or Latin America are expected to continue growing. According to Airbus Helicopters' market data, worldwide deliveries of military turbine helicopters stood at ~870 units in 2014.

Competition

Airbus Helicopters' primary competitors in the civil and parapublic sector are Agusta-Westland, Sikorsky and Bell Helicopter. The civil and parapublic sector has grown more competitive in recent years, with Sikorsky and Agusta-Westland having increased their market share in the heavy and medium helicopter classes, while Bell has increased its market share in the light helicopter classes.

The military sector is highly competitive and is characterised by competitive restrictions on foreign manufacturers' access to the domestic defence bidding process, sometimes to the virtual exclusion of imports. Airbus Helicopters maintained its share of the global market for military helicopters in unit and value (11% in unit in 2013 and 2014), and will focus on campaigns in 2015.

Airbus Helicopters' main competitors in the military sector are Agusta-Westland in Europe, and Sikorsky, Boeing and Bell Helicopter in the US Military sales accounted for 48% of Airbus Helicopters' revenues in 2014.

Customers

More than 3,000 operators currently fly Airbus Helicopters' rotorcraft in over 150 countries. Airbus Helicopters' principal military clients are Ministries of Defence ("MoDs") in Europe, Asia, the US and Latin America. In the civil and parapublic sector, Airbus Helicopters has a leading market share in Europe, the US and Canada.

With 44% of the worldwide market share based on deliveries, the versatility and reliability of Airbus Helicopters products have made them the preferred choice of the most prominent civil and parapublic customers. The world's largest offshore operators (such as Bristow, CHC, Era and PHI) use Airbus Helicopters rotorcraft for passenger transport and offshore oil industry support. In the emergency medical services market segment, Airbus Helicopters rotorcraft dominate the fleets of large operators such as Air Methods in the US and ADAC in Germany. Agencies with high serviceability requirements, including police and armed forces, also rely on Airbus Helicopters products.

Products and Services

Airbus Helicopters offers a complete range of helicopters that covers nearly the entire civil and military market spectrum, which it updates continuously with leading-edge technologies. This product range includes light single-engine, light twin-engine, medium and medium-heavy helicopters, and is based on a series of new-generation platforms designed to be adaptable to both military and civil applications. In addition, products share multiple technical features as part of a family concept approach.

The following table sets forth Airbus Helicopters' existing product line, consisting of optimised products for different mission types:

Helicopter Type	Primary Missions
Light Single Engine	
EC120 "Colibri"	Corporate / Private, Commercial Pax Transport & Multipurpose, Civil & Military Training
Single Engine ("Ecureuil" family)	
AS350 "Ecureuil" / AS550 "Fennec"	Public Services(1), Military Utility(2) & Armed Reconnaissance, Corporate / Private, Commercial Pax Transport & Aerial Work
EC130	Commercial Pax Transport & Multipurpose, Emergency Medical, Tourism, Corporate / Private
Light Twin Engine	
AS355NP / AS555	Public Services(1), Commercial Pax Transport & Multipurpose, Corporate / Private
EC135 / EC635 / EC135 T3/P3	VIP, Military Utility & Armed Reconnaissance, Emergency Medical, Public Services(1)
EC145 / LUH (UH-72) / EC645 / EC145 T2	VIP, Military Utility(2), Emergency Medical, Public Services(1)
Medium ("Dauphin" family)	
AS365 "Dauphin" / AS565 "Panther"	Military Naval Warfare Mission & Maritime Security, Public Services(1) (in particular Coast Guard & SAR), Oil & Gas, Commercial Pax Transport & Multipurpose
EC155	Corporate / Private, VIP, Oil & Gas, Public Services(1)
EC175	Corporate / Private, VIP, SAR, Emergency Medical, Public Services(1), Oil & Gas
Medium-Heavy	
AS332 "Super Puma" / AS532 "Cougar"	Civil Utility, Military Transport / SAR, Oil & Gas
EC225 / EC725	SAR, Combat-SAR, Military Transport, Oil & Gas, VIP, Public Services(1)
NH90 (TTH / NFH)	SAR, Military Transport, Naval
Attack	
Tiger	Combat, Armed Reconnaissance / Escort

(1) Public Services includes homeland security, law enforcement, fire-fighting, border patrol, coast guard and public agency emergency medical services.
(2) Civil Utility includes different kinds of commercial activities such as aerial works, electrical new gathering (ENG), passenger and cargo transport.

Civil Range

Airbus Helicopters' civil range includes light single-engine, light twin-engine, medium and medium-heavy helicopters, which are adaptable to all mission types based on customer needs. To maintain and strengthen its competitive edge in the civil sector, Airbus Helicopters is pursuing a fast-paced product range renewal. This entails upgrades of existing platforms as well as development for the next generation of helicopters.

The newest products in this range are the EC175, EC145 T2 and EC135 T3, each of which performed its first flight and entered commercial service in 2014.

For its next-generation helicopter family, Airbus Helicopters is actively working on development of the H160 – the successor to the current Dauphin family, which is to perform its first flight in 2015. Benefitting from innovative features and technology, the H160 will offer significantly improved performance, lower fuel consumption and noise emissions.

Military Range

Airbus Helicopters' military range comprises platforms derived from its commercial range (such as the EC725 derived from the EC225) as well as purely military platforms developed for armed forces (the NH90 and the Tiger).

Designed for modern multi-mission capabilities and cost effectiveness throughout its lifecycle, the NH90 has been developed as a multi-role helicopter for both tactical transport (TTH) and naval (NFH) applications. The programme, mainly financed by the governments of France, Germany, Italy and the Netherlands, has been jointly developed by Airbus Helicopters, Agusta-Westland of Italy and Fokker Services of the Netherlands as joint partners in NATO Helicopter Industries ("NHI") in direct proportion to their countries' expressed procurement commitments. Airbus Helicopters' share of NHI is 62.5%. There were 53 NH90 deliveries in 2014, for a cumulative total of 232 deliveries as of the end of 2014.

The Tiger combat attack helicopter programme includes four variants based on the same airframe: the HAP (turreted gun, rockets and air-to-air missile), 40 of which have been ordered by France and 6 by Spain; the UHT (antitank missile, air-to-air missile, axial gun and rockets), 80 of which have been ordered by

Germany; the ARH (antitank missile, turreted gun and rockets), 22 of which have been ordered by Australia; and the HAD (antitank missile, air-to-air missile, turreted gun, rockets and upgraded avionics and engines), 24 and 40 of which have been ordered by Spain and France, respectively. During 2014, Airbus Helicopters completed the Tiger helicopter programme's main development contract, enabling deliveries of the first three Block 2 Tiger HAD fire support and destruction version to France, along with two of the HAD/E variant to Spain. Overall in 2014, 12 Tigers were delivered, for a cumulative total of 120 deliveries by year-end. The Tiger fleet has accumulated more than 67,700 flight hours.

Customer Services

With more than 3,000 operators in over 150 countries, Airbus Helicopters has a large fleet of some 12,000 in-service rotorcraft to support. As a result, customer service activities to support this large fleet generated 42% of Airbus Helicopters' revenues for 2014.

Airbus Helicopters' customer service activities consist primarily of maintenance, repairs, spare parts supply, training and technical support. In order to provide efficient worldwide service, Airbus Helicopters has established an international network of subsidiaries, authorised distributors and service centres.

Production

Airbus Helicopters' industrial activities in Europe are conducted in four primary locations, two in France, one in Germany and one in Spain. The French sites are Marignane, in southern France, and La Courneuve, near Paris. The German site is located in Donauwörth, and the Spanish site is located in Albacete.

In the US, Airbus Helicopters, Inc. has two industrial sites: Grand Prairie, Texas and Columbus, Mississippi. Grand Prairie serves as the company's headquarters and main facility and also serves as the Airbus Helicopters Training facility for North America. The Columbus facility is dedicated to the assembly and delivery of the UH-72A Lakota and AS350.

In Australia, Australian Aerospace assembles, upgrades and maintains NH90 and Tiger for the country's armed forces; while a rotary-wing centre of excellence in Helibras — Itajuba, Brazil produces, assembles and maintains EC725 helicopters acquired by the Brazilian armed forces.

1.1.4 Airbus Defence and Space

Introduction and Overview

Airbus Defence and Space combines the activities of the former Divisions Astrium, Cassidian and the Airbus entity Airbus Military. The new Division, which was launched in January 2014, develops and engineers cutting-edge products in the field of defence and space, enabling governments, institutions and commercial customers alike to protect resources and people while staying connected to the world. Airbus Defence and Space solutions guarantee sovereignty in foreign affairs and defence matters.

Airbus Defence and Space comprises four Business Lines: Military Aircraft; Space Systems; Communications, Intelligence & Security (CIS); and Electronics.

- Military Aircraft designs, develops, delivers and supports military aircraft, and is the leading fixed-wing military aircraft centre in Europe and one of the market leaders for combat, mission, transport and tanker aircraft worldwide. Key products include the Eurofighter, the A400M, the A330 MRTT and the C295/CN235 as well as the development of Unmanned Aerial Systems.
- Space Systems covers the full range of civil and defence space systems. Its satellite system solutions for telecommunications, earth observation, navigation and science include spacecraft, ground segments and payloads. As the European prime contractor for launchers, orbital systems and space exploration, its key systems include Ariane launchers in the framework of a joint venture with Safran, the French deterrence force and the European participation to the International Space Station ISS (COLUMBUS research laboratory, space cargo vehicle ATV and operations).
- Communications, Intelligence & Security (CIS) is the new "one-stop-shop" for satellite and terrestrial communications, intelligence and security services and solutions. The customer base encompasses both the government sector – notably defence and security forces – and the commercial sector, including transportation (maritime, airport, metro), energy (oil, gas and electricity), mining and agriculture. Key services and solutions include: military and commercial satellite communication services, Professional Mobile Radio communications, emergency response centres (such as 9-1-1/112), border surveillance systems, command & control (C4I) systems, cyber security solutions and services and observation-satellite-based geo-information services.
- Electronics provides high-performance equipment for system integrators that serve both Airbus Defence and Space within the Airbus Group as well as external customers worldwide. Products are mainly for the civil, defence and security markets and cover ground, maritime, airborne and space applications. Key products include radars and IFF systems, electronic warfare equipment, avionics, space platform electronics, space payload electronics as well as optronic sensors.

The integration of the formerly separated defence and space businesses inside the new Division is accompanied by a comprehensive change programme called COMPETE, which drives synergies and savings across the whole organisation.

In 2014, Airbus Defence and Space recorded total revenues of €13.0 billion, representing 21.4% of the Group's revenues.

Strategy

The strategic goal of Airbus Defence and Space is to be a global market leader in Space, Military Aircraft and Missiles and related services. Airbus Defence and Space aims to preserve its leading position in European defence and space and to build an international footprint in selected countries, delivering benchmark financial performance and sustainable growth. While currently reshaping its portfolio to focus on core capabilities, Airbus Defence and Space is ready to play a proactive and leading role in shaping the future of defence and space industries in Europe and beyond.

Space. Airbus Defence and Space has taken a significant step towards future competitiveness in launchers with the creation of the joint venture with Safran. This company, Airbus Safran Launchers, will assume full industrial responsibility for developing and producing the next-generation European launcher, Ariane 6. As a leading manufacturer of satellites for telecommunications, earth observation, navigation and science, as well as of orbital systems and propulsion, Airbus Defence and Space is continuously investing in innovation to ensure its future positioning in these core segments. In addition, the ability to provide related equipment and services through its space electronics, geo-intelligence and government communications programme lines enables Airbus Defence and Space to offer fully integrated space solutions to its customers.

Military Aircraft. Airbus Defence and Space is capitalising on its strong market position in transport, mission and combat aircraft and related services. In heavy transport the focus will be on completing the development and delivering the A400M airlifter to its launching customers while ramping up sales campaigns in order to address the significant demand expected for this aircraft worldwide. For light & medium transport, Airbus derivatives – including the highly successful A330 MRTT (multi-role tanker transport) – and the Eurofighter combat aircraft, further export opportunities will be pursued while investing in future capability growth and innovation. Airbus Defence and Space is also aiming at establishing a substantive presence in the market for unmanned aerial systems (UAS).

Missiles are a growing and profitable business, in which Airbus Defence and Space plans to expand its activities. Through a participation in MBDA and its military launcher business, Airbus Defence and Space has a strong presence in this market segment.

The Portfolio Review clearly identified the Division's core businesses, which will serve to guide future investment decisions. Its implementation naturally includes plans to divest businesses that are no longer considered as core, including secure land communications, business communications and a number of participations and subsidiaries. Furthermore, security and defence electronics were identified as areas in which to explore alternative industrial set-ups in order to ensure the long-term successful positioning of these businesses.

Market

Airbus Defence and Space is mainly active in public and para-public markets. As a general trend, defence budgets are flat or contracting in Europe. Market access outside the home countries may be subject to restrictions or preconditions such as national content. Nevertheless Airbus Defence and Space, in conjunction with Airbus Group, has already a strong export orientation as well as international presence and partnerships and will continue to develop them.

Military Aircraft

Customers

The Military Aircraft Business Line with its products Combat Aircraft, Military Transport Aircraft, Special Mission Aircraft and Unmanned Aerial Systems supplies the public sector, mainly armed forces.

Customer relationships in this segment are characterised by their long-term, strategic nature and long decision-making cycles. Once a contract is signed, contract life including considerable services business often carries on for decades.

Customers in the home countries of Airbus Defence and Space face budget pressures. Ageing material leads to the need for some ongoing or upcoming procurement decisions even in Europe, such as France's announcement for 12 A330 MRTT in 2014. However, the major focus is on export.

Unmanned Aerial Systems could lead to diversification into commercial markets. It is also a sector in which Europe has a strong need for investment, which could set the stage for new cooperation programmes.

Competitors

The market for military aircraft is dominated by large- and medium-sized US, European, Ukrainian and Russian companies capable of complex system integration. Among the competitive factors are affordability, technical and management capability, the ability to develop and implement complex, integrated system architectures and the ability to provide timely solutions to customers. In particular special mission aircraft, such as heavy tankers, are derived from existing aircraft platforms. Adapting them requires thorough knowledge of the basic airframe, which generally only the aircraft manufacturer possesses. The skills necessary for the overall systems integration into the aircraft are extensive and the number of participants in the world market is very limited.

The main competitors in military transport and mission aircraft include Antonov, Boeing, Finmeccanica and Lockheed Martin.

Heavy military transport (> 14 t payload) has been driven historically by US policy and budget decisions, and therefore has been dominated by US manufacturers. The A400M represents the Group's entry into this market, at a time when nations worldwide are expected to begin upgrading and replacing their existing fleets.

Competitors in the segment of combat aircraft include Boeing, Dassault, Lockheed Martin, Saab and Sukhoi.

In the Unmanned Aerial Systems market segment, Israeli and US firms are well established and other European companies such as BAE Systems, Dassault and Thales compete for new European projects.

Market Trends

The sale of aircraft is expected to remain sound in the transport and special mission aircraft segments and even grow considerably for the heavy transport segment, where the A400M occupies a unique position leading to a market forecast of 300 to 400 units within the next 20 to 30 years.

Our combat aircraft, Eurofighter, might still see a number of sales prolonging its production life. However, growth is not expected.

Unmanned Aerial Systems, on the other hand, have a very promising growth potential. Market structures in this segment are not clearly set out yet and will see some movement, including perhaps a new European collaborative programme. Airbus Defence and Space together with Dassault and Finmeccanica have teamed up in 2014 to make a proposal from the industrial side. Potential customers are now assessing their military requirements and budget availability.

After-Sales Services are an important business for Military Aircraft. Whereas the practice is well established in the area of combat aircraft, the services business is only just ramping up in the area of transport and mission aircraft.

Space Systems

Public Sector: Satellites, Space Infrastructure, Launchers, Deterrence

In the public market for Earth observation, scientific / exploration and navigation satellites, competition in Europe is organised on a national and multinational level, primarily through the European Space Agency (ESA), the European Commission (EC) and national space agencies.

Decisions at the latest ESA Ministerial Conferences and under EC Horizon 2020 paved the way for future European programmes in which Airbus Defence and Space does or may seek to participate. There is also important export demand for Earth observation systems, for which the company is a leading provider. The export market is expected to continue growing over the medium-term.

For military customers, demand for telecommunication and observation satellites has increased in recent years.

The equipment segment can rely on a stable European market, with potential growth to come from developing space countries as well as the US.

The orbital infrastructure segment comprises manned and unmanned space systems mainly used for space exploration, *i.e.* scientific missions. Demand for orbital infrastructure systems originates solely from publicly funded space agencies, in particular from ESA, NASA, Roscosmos (Russia) and NASDA (Japan). Such systems are usually built in cooperation with international partners. The International Space Station (ISS), together with related vehicle and equipment development programmes and services, constitutes the predominant field of activity in this segment and Airbus Defence and Space leads as prime contractor on industrial level the European contribution to the international Space Station ISS.

Airbus Defence and Space is the sole prime contractor for the Ariane 5 launcher system, with responsibility for the delivery to Arianespace of a complete and fully tested vehicle. It also supplies all Ariane 5 stages, the equipment bay, the flight software as well as numerous sub-assemblies. With the Joint Venture Airbus Safran Launchers, Airbus Defence and Space is well positioned for the development and subsequent delivery of the future Ariane 6 launcher, planned for first launch in 2020.

Airbus Defence and Space is the prime contractor for ballistic missile systems to the French State. It is responsible for the development, manufacturing and maintenance of submarine-launched missiles and related operating systems.

Commercial Sector: Telecommunications Satellites, Launch Services

The commercial telecommunication satellite market is very competitive, with customer decisions primarily based on price, technical expertise and track record. The main competitors for telecommunications satellites are Boeing, Lockheed Martin, Loral and Orbital in the US, Thales Alenia Space in France and Italy, and Information Satellite Systems Reshetnev in Russia. The market for telecommunications satellites is expected to remain largely stable over the coming years at a level of approximately 20-22 orders per year on average.

The market for commercial launch services continues to evolve. Competitive pressure is increasing in light of other competitors entering or coming back into the market. Airbus Defence and Space is active in providing launch services through its shareholding in Arianespace, Starsem and Eurockot. Competitors for launch services include ILS, SpaceX, ULA, Sea Launch and CGWIC. The accessible market to Arianespace for commercial launch services for geostationary satellites is expected to remain stable at around 20 payloads per year. However, due to various factors (such as technology advances and consolidation of customers), this figure remains volatile. This market does not include institutional launch services for the US, Russian or Chinese military and governmental agencies.

Communications, Intelligence and Security (CIS)

The business line Communications, Intelligence and Security (CIS) is a "one-stop-shop" for the growing but increasingly competitive market for satellite and terrestrial communication, intelligence and security services and solutions. CIS serves a common customer base which includes governments, defence institutions, security and public safety agencies, as well as commercial sectors such as transportation (maritime, airport, metro), energy (oil, gas, electricity), mining and agriculture.

This business line is divided in five segments: Integrated Systems, GEO-Intelligence, Satellite Communications, Secure Land Communications and Cyber Security.

Through Integrated Systems, Airbus Defence and Space develops Command and Control solutions for Ministries of Defence and border security and emergency response systems for Ministries of the Interior in Europe and Middle East. The market is very fragmented, with competitors coming from defence, telecom, infrastructure and IT businesses.

CIS also dominates the satellite imagery (optical and radar) market for GEO-Intelligence. This sector remains mainly government orientated. However, the demand for satellite imagery is growing in commercial markets as many companies see geospatial data as key information for their business development.

The business line CIS is also a leader in commercial and governmental satellite communications. This segment offers a full portfolio of mobile and fixed satellite communication solutions for application at sea, on land and in flight. Customers are Ministries of Defence, the commercial maritime sector as well as energy and mining businesses, humanitarian NGOs and the media.

The Secure Land Communications segment is a major actor worldwide for Professional Mobile Radio (PMR) networks and terminals solutions as well as call taking solutions for public safety answering and control room. Main customers are Ministries of the Interior and critical infrastructures, *i.e.* police, fire brigades, ambulances, airports, and metro lines.

Airbus Defence and Space is also a leading provider of consulting services for products of cyber security. The market growth is driven by the explosion of cyber-attacks and this trend is foreseen also in the next years. Customers are governments and private companies.

Airbus Defence and Space has good market position in all businesses covered in CIS. However, maintaining or improving its position would require important investments in some areas such as Secure Land Communications or Commercial Satellite Communications Services. Airbus Defence and Space is seeking owners more suitable to develop these business areas further.

The portfolio review concluded on a focus on public customers such as armed forces for government satellite communications, where we have long-term relationships with our customers. Whereas budget pressures on public expenditure, above all military expenditure, are high in Europe, investment into the services and solutions offered by CIS is likely to continue in the face of new global security threats.

Electronics

For integrated civil, defence and security systems, the Business Line Electronics designs, develops and delivers electronic components and products. It brings together the electronics activities of the former Cassidian Division in the areas of optronics, radars, electronic warfare and avionics with those of former Astrium in the segments of space platform electronics and space payload electronics.

The integration of expertise from various defence and space competencies creates a broad basis of high-end technologies. The Business Line provides mission-critical premium electronics to all Airbus Group platforms and is a longstanding partner of system integrators worldwide.

In addition to supplying the public sector market – armed forces and security forces – directly, Electronics often acts as a subcontractor for system integrator companies of land, sea, air or space vehicles, including but not limited to Airbus Defence and Space. Affordability, innovativeness and top quality are key competitive factors, towards external customers as well as within the Group.

This business line is composed of two main business clusters for defence application and space equipment.

In the defence business cluster, Airbus Defence and Space designs develops and produces radar, avionics solutions, optronic devices, electronic warfare and self-protection systems. Customers are army and security forces worldwide in a market headed by big US players and Thales in Europe. Airbus Defence and Space has a focus on defined market segments and is well positioned in the group of the non-US players.

Concerning the space business cluster, Airbus Defence and Space designs, develops, and manages equipment for space platforms, such as solar arrays, power electronics, data handling devices and gyros. Through its subsidiary TESAT-Spacecom, payload equipment for telecommunication satellites are produced, *e.g.* amplifiers, multiplexer, switches and modulators. Customers are satellite prime contractors worldwide in a highly fragmented market with over 50 different companies operating in it. Electronics' customers are primarily system integrators, but direct sales to end-customers are not uncommon.

Following the portfolio review of Airbus Defence and Space it was decided to explore a new industrial set-up for the security and defence electronics business enabling the sustainable development of its growth potential.

Products and Services

Military Aircraft

A400M — Heavy military transport. The A400M is the most versatile and outstanding all-new airlifter ever conceived and unique in its kind. It is designed to meet the needs of the world's Armed Forces and other potential operators for military, humanitarian and peacekeeping missions in the 21st century. The A400M does the job of three different types of military transport and tanker planes conceived for different types of missions: Tactical (short to medium range medium airlifter capability with short, soft and austere field operating performance), strategic (longer range missions for large payloads), as well as tanker.

A total of 174 aircraft have been ordered so far by the seven launch customer nations Belgium, France, Germany, Luxemburg, Spain, the UK, Turkey and one export customer, Malaysia. Type Certificate and Initial Operating Clearance have been achieved in 2013. Since then, ten units have been delivered to four nations by the end of 2014. 2014 also saw the first operational deployments of the A400M by France in missions to Africa and transatlantic as well as the activation of the first operational A400M squadron, the

ET 1/61 "Touraine". Capabilities will be added progressively with paratrooper systems, cargo systems, defensive and protective military systems and air-to-air refuelling to be integrated.

Multi-role tanker transport — A330 MRTT. The A330 MRTT, a derivative of the Airbus A330 family, offers military strategic air transport as well as air-to-air refuelling capabilities. Its large tank capacity is sufficient to supply the required fuel quantities without the need for any auxiliary tanks. This allows the entire cargo bay to be available for freight, with the possibility of incorporating standard LD3 or LD6 containers, military pallets and/or any other type of load device in use today. A corner stone of the A330 MRTT programme is the Aerial Refuelling Boom System (ARBS). It is designed to provide a refuelling performance that is substantially faster than that of the competition – a considerable advantage given the vulnerability of the aircraft during the refuelling procedure. At the end of 2014, a total of 35 aircraft were ordered by six nations, of which 22 already delivered and in service in four nations.

Eurofighter Combat Aircraft. The Eurofighter multi-role combat aircraft (referred to as Typhoon for export outside of Europe) has been designed to enhance fleet efficiency through a single flying weapon system capable of fulfilling both air-to-air and air-to-ground missions.

The Eurofighter GmbH shareholders are Airbus Defence and Space (46% share), BAE Systems (33% share) and Finmeccanica (21% share). With regard to series production, the respective production work shares of the participating partners within the Eurofighter consortium stand at 43% for Airbus Defence and Space, 37.5% for BAE Systems and 19.5% for Finmeccanica. Airbus Defence and Space develops and manufactures the centre fuselage, flight control systems, identification and communication sub-systems, and the right wing and leading edge slats for all aircraft, and is in charge of final assembly of aircraft ordered by the German and Spanish air forces.

As of 31 December 2014, a total of 571 Eurofighter aircraft had been ordered by seven customers (UK, Germany, Italy, Spain, Austria, Saudi Arabia and Oman), with a total of 428 aircraft delivered. Production of aircraft within the core programme is scheduled to last until 2018, while further export opportunities are believed to exist worldwide.

C212, CN235, C295 — Light and Medium military transport. The Light and Medium military transport aircraft family, today essentially the CN235 and C295, are the work horses of military transport, deployed in demanding environments (meteorological conditions, operational complexity…) such as the search for Air France flight AF447 and AirAsia flight QZ8501, Operation Atalanta (European counter-piracy mission off the Horn of Africa), Afghanistan, and Sinai peacekeeping. Payloads range from 2.8t for the C212 to 9t for the C295. The aircraft are built in the most varied versions and configurations, for example maritime patrol and anti-submarine warfare, airborne early warning and control, firefighting, medical evacuation, paratrooping etc. In more than 40 years in service, this family of aircraft has proven to be robust, reliable, high-performing, efficient, flexible, easy to operate in any environment, and all this at very low operating costs.

More than 880 orders have been recorded for all three types together and in various configurations. The order backlog is stable at roughly 30 units or around one and a half years of production.

Unmanned Aerial Systems. In the field of unmanned aerial systems (UAS), Airbus Defence and Space is active both in platforms and systems. It provides tactical UAS like Tracker, Tanan and Atlante; medium-altitude long-endurance (MALE) systems like Harfang; and systems for the high-altitude long-endurance (HALE) EuroHawk (based on the Global Hawk platform). Airbus Defence and Space is also working on development of next generation systems for a common European UAS (future European MALE). Finally, Airbus Defence and Space contributes to the Research and Technology programme "Agile UAV in net-centric environment" for the German armed forces, using its company-financed Barracuda technology demonstrator.

Customer Services. For all the afore mentioned products, Airbus Defence and Space offers and provides various services throughout the lifetime of the aircraft including integrated logistics support, in-service support, maintenance, upgrades, training or flight hour service. For example, the A330 MRTT contract with the UK Ministry of Defence through the AirTanker consortium includes alongside 14 aircraft the provision for all necessary infrastructure, training, maintenance, flight management, fleet management and ground services to enable the Royal Air Force to fly air-to-air refuelling and transport missions worldwide. Customer services go beyond the fleet of aircraft currently in production at Airbus Defence and Space, conducting upgrade programmes for aircraft such as the Tornado and C-160 Transall. The support centres for military aircraft are strategically located throughout the world, for example in Seville or Manching in Europe, in Mobile, Alabama (US) or in subsidiaries in Saudi Arabia or Oman.

Space Systems

Manned Space Flight. Airbus Defence and Space has been the prime contractor for the European part of the International Space Station ISS. This includes the development and integration of Columbus, the pressurised laboratory module on the International Space Station (ISS) with an independent life-support system successfully in orbit since 2007. It provides a full-scale research environment under microgravity conditions (material science, medicine, human physiology, biology, Earth observation, fluid physics and astronomy) and serves as a test-bed for new technologies.

In 2011, ESA awarded Airbus Defence and Space a contract to manage the continued operation of the European components of the ISS as the lead partner in an industrial consortium. The contract represents the first phase of a long-term service agreement for the entire planned service life of the ISS until 2020.

Airbus Defence and Space was also the prime contractor for the development and construction of the Automated Transfer Vehicle (ATV) cargo carrier, designed to carry fuel and supplies to the ISS and to provide re-boost capability and a waste disposal solution. The fifth and last ATV was launched in July 2014. The expertise gained on the ATV served to become the prime contractor for the

European service module of the US Orion programme for human space exploration.

Launch services. Airbus Defence and Space is active in the field of launch services through shareholdings in Arianespace (for heavy-lift launchers), Starsem (for medium-lift launchers) and Eurockot (for small-lift launchers):

- *Arianespace.* Airbus Defence and Space is Arianespace's second largest shareholder (after CNES) with a 32.5% stake (direct and indirect), and its largest industrial shareholder. Arianespace markets and sells the Ariane launcher worldwide and carries out launches from the Guiana Space Centre in Kourou, French Guiana.
- *Starsem.* Airbus Defence and Space directly owns 35% of Starsem, a French corporation, along with Arianespace (15%), the Russian space agency (25%) and the Russian state-owned Samara Space Centre (25%). Through Arianespace, Starsem markets launch services by Soyuz launchers for medium-weight spacecraft into low or sun-synchronous orbits as well as for interplanetary missions.
- *Eurockot.* Airbus Defence and Space (51%) and Khrunichev (49%) jointly control Eurockot Launch Services, which provides launch services for small, low-Earth orbit satellites with Rockot launchers derived from SS-19 ballistic missiles. In 2013, Eurockot launched the SWARM satellites of ESA, designed and built by Airbus Defence and Space.

Commercial launchers. Airbus Defence and Space manufactures launchers and performs research and development for the Ariane programmes. Member states, through ESA, fund the development cost for Ariane launchers and associated technology. Airbus Defence and Space has been the sole prime contractor for the Ariane 5 system since 2004. In December 2014, the Ariane 6 programme was decided by ESA ministerial conference with an approval of the joint Airbus Defence and Space and Safran concept. In addition a new industrial set-up was announced with the creation of a Joint Venture (Airbus Safran Launchers) between the two main Ariane manufacturers. This vertical integration secures the future by cutting costs and being more competitive. Ariane 6 is targeted to be launched in 2020.

Telecommunication satellites. Airbus Defence and Space produces telecommunication satellites that may be used for civil or military applications, such as television and radio broadcasting, fixed and mobile communication services and Internet broadband access. Current Airbus Defence and Space geostationary telecommunication satellites are based on the Eurostar family of platform, the latest version of which is the Eurostar E3000. At the end of 2014, the order backlog stands at 11, with approximately four launches per year.

Observation and scientific / exploration satellites. Airbus Defence and Space supplies Earth observation satellite systems including ground infrastructures for both civil and military applications. Customers can derive significant benefits from the common elements of Airbus Defence and Space's civil and military observation solutions, which allow the collection of information for various applications, such as cartography, weather forecasting, climate monitoring, agricultural and forestry management, mineral, energy and water resource management, as well as military reconnaissance and surveillance.

Airbus Defence and Space also produces scientific satellites and space infrastructure, which are tailor-made products adapted to the specific requirements of the mostly high-end mission assigned to them. Applications include astronomical observation of radiation sources within the Universe, planetary exploration and Earth sciences. Airbus Defence and Space designs and manufactures a wide range of highly versatile platforms, optical and radar instruments and equipment. For example, Airbus Defence and Space was highly involved in ESA's "Rosetta" mission, which arrived at its destination, comet 67P/Churyumov-Gerasimenko, in August 2014 and descended the lander "Philae" in November – a first in space flight. Airbus Defence and Space was prime contractor of the orbiter with team in the UK responsible for the Spacecraft Platform Engineering, in France for providing the Spacecraft Avionics Engineering and in Spain delivering the Medium Gain Antenna. Airbus Defence and Space also supported the German centre for aerospace industry (DLR) with the lander systems engineering, deployment strategy and landing gear integration.

Navigation satellites. Airbus Defence and Space plays a major industrial role in the "Galileo" European navigation satellite system, which delivers signals enabling users to determine their geographic position with high accuracy and is expected to become increasingly significant in many sectors of commercial activity. Airbus Defence and Space is responsible for the Galileo in-orbit validation phase (IOV) to test the new satellite navigation system under real mission conditions. The IOV phase covers the construction of the first four satellites of the constellation and part of the ground infrastructure for Galileo. After the successful launch of the first two Airbus Defence and Space Galileo IOV satellites in 2011 and 2012, this early constellation was successfully tested in orbit and handed over to the customer in 2013. Airbus Defence and Space will play an active role in the Galileo full operation capability phase (FOC) with a nearly 50% work share, including providing the payloads for the first 22 FOC satellites and the FOC ground control segment.

Satellite products. Airbus Defence and Space offers an extensive portfolio of embedded subsystems and equipment for all types of space applications: telecommunications, Earth observation, navigation, scientific missions, manned spaceflight and launchers.

Ballistic missiles. Following its contracts with the French State for the submarine-launched ballistic missiles family of M1, M2, M20, M4 and M45, Airbus Defence and Space is now under contract to develop and produce the M51 with increased technical and operational capabilities. In 2010, the French Defence Procurement Agency and Airbus Defence and Space signed a contract covering the development and production of the second version of the M51 strategic missile (M51.2), which secures Airbus Defence and Space's capabilities in this field. In addition, Airbus Defence and Space manages the operational maintenance of the M51 missile system on behalf of the French armed forces. At the end of 2011, Airbus Defence and Space received a first design study contract in order to prepare the intended M51.3 new upper stage development.

Communications, Intelligence and Security

Integrated Systems. Airbus Defence and Space is a provider of full systems architecture and integration for military and security land-, sea-, air- and space-based systems. Airbus Defence and Space designs, integrates and implements secure fixed, tactical, theatre and mobile information infrastructure solutions, including all of the services needed to support integrated mission systems and solutions. Airbus Defence and Space is also a designer and supplier of C4I systems (Command, Control, Communications, Computers and Intelligence). Airbus Defence and Space offers a full range of mission avionics systems.

Airbus Defence and Space's lead systems integration offering includes the ability to design, develop and integrate the widest possible range of individual platforms and subsystems into a single effective network. Large systems integration has become increasingly important for customers engaged in border control and coastal surveillance, as well as for non-military customers in areas such as homeland security.

Geo-Intelligence. Airbus Defence and Space is a provider of both optical and radar-based geo-information services to customers including international corporations, governments and authorities around the world.

With the very-high-resolution twin satellites Pleiades 1A and 1B, SPOT 6 and SPOT 7 (launched in 2014), Airbus Defence and Space's optical satellite constellation offers customers a high level of detail across wide areas, a highly reactive image programming service and unique surveillance and monitoring capabilities. Spot 6 and 7 provide a wide picture over an area with its 60-km swath, Pleiades 1A and 1B offer, for the same zone, products with a narrower field of view but with an increased level of detail (50 cm).

The successful launch of TerraSAR-X in 2007 — a radar-based Earth observation satellite that provides high-quality topographic information — enabled Airbus Defence and Space to significantly expand its capabilities by proposing new kinds of images based on radar. TanDEM-X, its almost identical twin, was successfully launched in 2010 and achieved in 2014 WorldDEM, the first high precision 3-D elevation model of the entire surface of the Earth.

Satellite Communications. Airbus Defence and Space offers commercial, government and military satellite-based communications.

Airbus Defence and Space provides armed forces and governments in the UK, Germany, France and Abu Dhabi with secure satellite communications. For example in the UK, Airbus Defence and Space delivers in the frame of the "Skynet 5 programme" tailored end-to-end in-theatre and back-to-base communication solutions for voice, data and video services, ranging from a single voice channel to a complete turnkey system incorporating terminals and network management. This contract, pursuant to which Airbus Defence and Space owns and operates the UK military satellite communication infrastructure, allows the UK MoD to place orders and to pay for services as required. The service is fully operational since 2009 and extends to 2022.

In Abu Dhabi, Airbus Defence and Space together with Thales Alenia Space built a secure satellite communication system. Airbus Defence and Space Services is managing the programme and supplies the space segment except for the payload, as well as 50% of the ground segment.

In the commercial realm, Airbus Defence and Space's more than 200,000 end-users benefit from access to satellite telecommunications services wherever they are in the world. These include all maritime sectors (merchant shipping vessels, fishing, yachting, etc.), oil, gas and mining companies, emergency response organisations, global media companies, telecommunication and internet service providers, and civil aviation. Airbus Defence and Space works with the broadest range of network providers in the industry, including Inmarsat, Iridium, Thuraya, Eutelsat, Intelsat, SES, Arabsat, Loral Skynet and Satmex.

Secure Land Communications. Airbus Defence and Space is a provider of digital Professional Mobile Radio (PMR) and secure networks with more than 280 networks delivered in 74 countries. Its solutions for PMR enable professional organisations in various areas — such as public safety, civil defence, transport and industry — to communicate effectively, reliably and securely. Airbus Defence and Space offers its customers specialised PMR solutions based on TetraPOL, Tetra and P25 technologies. Airbus Defence and Space's PMR solutions were in use during events like the Beijing Olympic Games, the Brazil FIFA World Cup and the Tour de France.

Cyber Security. Airbus Defence and Space has established a cyber-security branch to meet the growing cyber security needs of users of critical IT infrastructure, including governments and global companies. Airbus Defence and Space provides expertise and solutions to help such organisations protect against, detect, prevent and respond to cyber threats. Airbus Defence and Space has a long track record in providing the most sensitive secure IT and data handling and training solutions to defence and security customers throughout France, Germany, the UK and other NATO countries.

Electronics

Airbus Defence and Space's business line Electronics is focussing on surveillance and reconnaissance, air traffic control, signal intelligence, mission electronics and protection. It is a partner in the development of airborne multi-mode radars and provides integrated logistics support, maintenance and upgrades. It is also involved in the development and application of next-generation active electronically scanned (AESA) radars for air, naval and ground applications. In the area of air defence, Airbus Defence and Space produces mid-range radars for ship (TRS-3D / 4D) and land (TRML-3D) applications. Synthetic aperture radars (SAR) for reconnaissance and surveillance operations and airport surveillance radars (ASR-S) are also part of the portfolio, along with the Spexer security radar family. A range of optronics solutions completes Airbus Defence and Space's offering in this field.

In the field of electronic warfare, Airbus Defence and Space supplies electronic protection systems for military vehicles, aircraft and civil installations, such as laser warning, missile warning and electronic countermeasure units. Furthermore, the portfolio also comprises avionics equipment, such as avionics computers, digital map units, flight data recording units and situational awareness systems for helicopters. Transversally, multi-sensor integration and data fusion technology is particularly useful creating added value by combining radars with optronic sensors and thermal imagers from Airbus Defence and Space's extensive Optronics portfolio. Therein, cameras, telescopes, thermal imaging devices and periscopes constitute indispensable elements of situational awareness for naval, airborne and ground-based platforms.

Among the most prominent platforms equipped by the Electonics Business Line's products are Eurofighter (radar, self-protection, avionics), the Ariane space launchers, the A400M transport aircraft (self-protection, avionics) as well as helicopters of various types.

In the area of Space technology the Electonics Business Line offers components and sub-systems deployed in space platforms such as on-board computers, GNSS Receivers, Launcher Electronics and Power Electronics. Actuators and particularly reliable solar arrays rank extraordinarily high on the company's technology skills. Space payload electronics comprise highly sophisticated components of communication and earth observation satellites.

MBDA

Airbus Defence and Space's missile business in addition to French nuclear deterrence derives from its 37.5% stake in MBDA (a joint venture between the Company, BAE Systems and Finmeccanica).

MBDA offers missile systems capabilities that cover the whole range of solutions for air dominance, ground-based air defence and maritime superiority, as well as advanced technological solutions for battlefield engagement. Beyond its role in European markets, MBDA has an established presence in export markets like Asia, the Gulf region and Latin America.

The broad product portfolio covers all six principal missile system categories: air-to-air, air-to-surface, surface-to-air, anti-ship, anti-submarine and surface-to-surface. MBDA's product range also includes a portfolio of airborne countermeasures such as missile warning and decoy systems, airborne combat training and mine countermeasures. The most significant programmes currently under development are the anti-ship missile for the UK and French navies "Future Anti-Surface Guided Weapon (Heavy) / Anti-Navire Léger (FASGW (H) / ANL)", the portable battlefield "Missile Moyenne Portée (MMP)" for medium range and the "Common Anti-Air Modular Missile (CAMM)", which is an anti-air missile family with land, naval and in the future air launched versions as part of the "Future Local Area Air Defence System (FLAADS)".

Production

Airbus Defence and Space is headquartered in Munich. The main engineering and production facilities of the Division are located in France (Paris-region and South-West France), Germany (Bavaria, Baden-Württemberg and Bremen), Spain (Madrid-region and Andalusia) and the UK (Southern England and Wales). In addition, Airbus Defence and Space operates a global network of engineering centres and offices in more than 80 countries.

1.1.5 Other Businesses

Regional Aircraft — ATR

ATR (*Avions de Transport Régional*) is a world leader in the 50- to 74-seat regional turboprop aircraft market. Its aircraft are currently operated by more than 180 airlines in over 90 countries. ATR is an equal partnership between Airbus Group and Alenia Aermacchi (Finmeccanica Group), with Airbus Group's 50% share managed by Airbus. Headquartered in Toulouse in the south of France, ATR employs more than 1200 people, with major operations in the Midi-Pyrénées and Aquitaine regions of France. Since the start of the programme in 1981, ATR has registered net orders for 1470 aircraft (470 ATR 42s and 1000 ATR 72s).

Market

The regional turboprop aircraft industry has experienced growing concentration over the years. During the 1990s, a number of regional aircraft manufacturers merged, closed or ceased production, leading to the withdrawal from the market of BAe, Beechcraft, Fokker, Saab and Shorts, among others. Currently, the worldwide market for turboprop aircraft of 50-70 seats in production is dominated by two manufacturers: ATR and Bombardier.

After a number of years of declining activity, the regional turboprop aircraft market has experienced sustained growth since 2005 due to the advantages of turboprop aircraft over jet aircraft in terms of fuel efficiency and CO_2 emissions. In 2014, ATR delivered 83 new aircraft (compared to 74 in 2013) and recorded firm orders for 160 new aircraft (compared to 89 in 2013). In 2014, ATR reached a major milestone in its history with the signing of the 1000th order for the ATR 72 which will fly the flag of Airlines PNG, the Papua New Guinea airline.

As of 31 December 2014, ATR had a backlog of 280 aircraft (compared to 221 in 2013). The relative lower operating cost and reduced CO_2 emissions of turboprop aircraft, in an ever passenger-yield constrained environment, are expected to lead to sustained market activity over the coming years.

Products and Services

ATR 42 and ATR 72. Commencing with the ATR 42 (50-seat), which entered service in 1985, ATR has developed a family of high-wing, twin turboprop aircraft in the 50- to 74-seat market that are designed for optimal efficiency, operational flexibility and comfort. In 1995, in order to respond to operators' increasing demands for comfort and performance, ATR launched the ATR 42-500 and two years later, the ATR 72-500 (70-seat) series. In 2007, ATR launched the new -600 series with improved engines, new avionics and a new cabin. Like Airbus, the ATR range is based on the family concept, which provides for savings in training, maintenance operations, spare parts supply and cross-crew qualification. By the end of 2014, ATR had delivered 1190 aircraft (436 ATR 42s and 754 ATR 72s).

Customer service. ATR has established a worldwide customer support organisation committed to supporting aircraft over their service life. Service centres and spare parts stocks are located in Toulouse, Paris, the greater Washington D.C. area, Miami, Singapore, Bangalore, Auckland, Kuala Lumpur, Toronto and Johannesburg.

ATR Asset Management also responds to the market for second-hand aircraft by assisting in the placement and financing of used and end-of-lease aircraft. By providing quality reconditioned aircraft at attractive prices, ATR Asset Management has helped both to broaden ATR's customer base, in particular in emerging markets, and to maintain the residual values of used aircraft. In the past, clients for such used aircraft have subsequently purchased new aircraft as they have gained experience in the operation of ATR turboprops.

In 2014, ATR continued to build its presence across the world by establishing new partnerships for pilot training in Bangkok and Bogota. ATR has also signed new maintenance contracts with the result that as of today, nearly two ATR -600s out of three in service are covered by this type of agreement with the manufacturer.

Production

The ATR fuselage is produced in Naples, Italy, and ATR wings are manufactured in Merignac near Bordeaux, France. Final assembly takes place in Saint Martin near Toulouse on the Airbus production site. Flight-testing, certification and deliveries also occur in Toulouse. ATR outsources certain areas of responsibility to Airbus, such as wing design and manufacturing, flight-testing and information technology.

Sogerma

Sogerma is a wholly owned subsidiary of the Company which specialises in aerostructures and cabin interior activities. The company designs and manufactures major aerostructure elements in metal and composite for commercial and military aircraft and is also a leading provider of cockpit and passenger seats (first and business class) for commercial and military aircraft as well as for business jets and helicopters.

In the aerostructures market, Sogerma engages in the design, manufacturing and assembly of Airbus aircraft sections (A318 / A320 / A330), manufacturing and assembly of ATR wings, design and manufacturing of the A400M ramp door as well as design and manufacturing of pilot and co-pilot seats. In the cabin interior market, Sogerma designs and manufactures first and business class seats for large commercial aircraft.

Sogerma employs approximately 2,000 people and has three sites in France (Rochefort, Mérignac and Toulouse). The Mérignac site is entirely dedicated to the ATR business. The Toulouse site (design office branch) is located near Airbus. Rochefort, the largest site in terms of staff, covers a wide spectrum of activities: aerostructure, seats and cockpit seats. Sogerma also has a subsidiary in Morocco (Maroc Aviation) as well as two subsidiaries specialised in composites: CAQ (Composite Aquitaine) in France and CAL (Composite Atlantic) in Canada.

At the end of 2014, Sogerma and Aerolia merged to become STELIA Group with effect from January 2015. The merger of Aerolia and Sogerma gave rise, on 1 January 2015, to the world No. 3 (as regards its turnover) in aerostructures, seats and aeronautical equipment.

Airbus Group Inc.

Airbus Group Inc. is the American operating company of Airbus Group. Headquartered in Herndon, Virginia, Airbus Group, Inc. (together with its Airbus Group parent) contributes more than $ 14 billion to the US economy annually, supporting over 225,000 American jobs. Its US Business Units, operating companies and divisions are found in 29 locations across 15 states, offering a broad array of advanced solutions to customers in the commercial, homeland security, aerospace and defense markets.

Since its creation in 2003, Airbus Group Inc. (formerly EADS North America) has been selected in key competitions for military aircraft and systems. Airbus Group Inc.'s presence in the US defence and homeland security sectors is growing as well. The company has supplied more than 90 HH-65 rotorcraft to the Coast Guard for its vital homeland security missions. Airbus Group Inc. is prime contractor for the supply of up to 36 HC-144A Ocean Sentry aircraft for Coast Guard maritime patrol and support missions.

The company is also a major contractor to the US Army, having been chosen to supply the service's UH-72A Lakota helicopter. As of May 2014, 300 aircraft had been delivered to the US Defense Department for operation by Army and Army National Guard units, as well as the Navy.

In commercial aviation, Airbus Group Inc. has a significant US presence including two engineering centers in Mobile and Witchita, and Airbus Helicopters is one of the US leaders in civil helicopters. More than 3,090 Airbus aircraft have been ordered by North American customers, with over 2,150 delivered; while some 1,300 Airbus Helicopters rotary-wing aircraft are used by operators that include the US Coast Guard, US Customs and Border Protection, Los Angeles County Sheriff's Office and the FBI. In addition, the Airbus final assembly line being built in Mobile, Alabama is planned to begin assembling A320 family aircraft in 2015.

Daher-Socata

The Company sold a 70% stake in Socata to Daher Aerospace in 2009 and sold its remaining 30% stake to Daher Aerospace in June 2014 by exercising its put option as per put and call option mechanisms agreed with Daher Aerospace in June 2012.

Daher-Socata specialises in the aerospace and defence, nuclear & energy and capital goods industries with a bit more than a third of business conducted outside France and with a 50% balance in turnover between manufacturing and services. In aerospace and defence, Daher-Socata is both a manufacturer and a tier-1 supplier of equipment and services with approximately 7,700 employees and a presence in 12 countries. Daher-Socata produces aerostructures and systems, fitted sections and airframes.

1.1.6 Investments

Dassault Aviation

As of 31 December 2014, Airbus Group held a 42.11% of the Dassault shares with associated voting rights, with Groupe Industriel Marcel Dassault holding a 50.6% stake and a free float of 3.1%. Dassault Aviation itself holds a 26% stake in Thales, which makes it the second largest shareholder of Thales behind the French state. In November 2014, Dassault bought back from Airbus Group a block representing 8% of the share capital of the Company in an off-market block trade. Airbus Group has also provided best efforts commitment until 30 June 2015 to sell up to 10% of Dassault Aviation's share capital, subject to market conditions.

Dassault Aviation is active in the market for military jet aircraft and business jets. Founded in 1936, Dassault Aviation has delivered more than 8,000 military and civil aircraft to purchasers in more than 80 countries. On the basis of its experience as designer and industrial architect of complex systems, Dassault Aviation designs, develops and produces a wide range of military aircraft and business jets. In order to avoid any potential conflict between the military products of Dassault Aviation and the Group (Rafale and Eurofighter) and to facilitate a "Chinese wall" approach, the Company's Dassault Aviation shareholding is managed by Airbus Group Corporate, whereas the Eurofighter programme is managed by Airbus Defense and Space.

In 2014, Dassault Aviation recorded orders totalling €4.64 billion (compared to €4.17 billion in 2013), including 90 net orders for Falcon business jets (compared to 64 net orders in 2013). Consolidated revenues amounted to €3.68 billion in 2014 (compared to €4.59 billion in 2013), with adjusted net income of €398 million (compared to €487 million in 2013). Dassault has approximately 11,600 employees, of which more than 75% are based in France.

Military Jet Aircraft

Dassault Aviation offers wide expertise in the design and manufacturing of the latest generation military jet aircraft.

Rafale. The Rafale is a twin-engine, omni-role combat aircraft developed for both airforce and navy applications. To date, 286 Rafale aircraft have been ordered by the French MoD. In 2012, Rafale was selected by the Indian MoD to enter into exclusive negotiations for the sale of 126 aircraft. Negotiations are still in progress. From 2013 and onwards, the new Rafale "Omnirole" will be delivered, with improvements such as the RBE2-AESA radar, missile launch detector and optronics.

Mirage 2000. The Mirage 2000 family reached the end of its production phase in 2006. Approximately 470 Mirage 2000 aircraft are in service with nine air forces worldwide.

nEUROn. Dassault Aviation is the prime contractor for the development of the unmanned combat air vehicle demonstrator, nEUROn. The programme was open to European cooperation and five countries have decided to participate and share the skills of their aerospace industries: EADS CASA (Spain), SAAB (Sweden), HAI (Greece), RUAG (Switzerland) and Alenia Aermacchi (Italy). The nEUROn demonstrator made its first flight in 2012 and has been performing several test flights in France since then.

FCAS (Future Combat Air System). In 2014, Dassault Aviation, BAE Systems and their industrial partners have been awarded a €150m contract by the French and UK governments for a two year co-operative FACS feasibility phase study. The joint study is to be supplemented with additional French and UK national funding to the combined value of €100m in the same period. Following the completion of the study at the end of 2016, work could then commence on a UCAS demonstration development programme that addresses both nations' future military requirements.

Business Jets

Dassault Aviation offers a wide range of products at the top end of the business jet sector. The family of Falcon business jets currently includes the Falcon 7X, the 900 LX and the 2000 LX & S. In-service Falcons currently operate in over 65 countries worldwide, filling corporate, VIP and government transportation roles. At the end of December 2014, Dassault revealed the Falcon 8X which is scheduled to make its maiden flight in 2015. Since the rollout of the first Falcon 20 in 1963, over 2,250 Falcon jets have been delivered.

Aerostructures, Aircraft Conversion and Floor Panels

Elbe Flugzeugwerke GmbH — EFW

EFW (consolidated within Airbus) combines various aviation and technology activities under a single roof: development and manufacturing of flat fibre-reinforced composite components for structures and interiors, the conversion of passenger aircraft into freighter configuration, maintenance and repair of Airbus aircraft as well as engineering services in the context of certification and approval.

In the business field of composite structures and interiors, EFW develops, designs and manufactures flat sandwich components for structure and cabin interior of the entire Airbus family. The product range includes floor and ceiling panels, cargo linings and bullet-proof cockpit doors (in total, 50,000 different shapes and layups). The passenger-to-freighter conversion business comprises a standard extensive modification, carried out by order of the civil aircraft owner. The freighter conversion market comprises cargo airlines, aerospace companies with small aircraft fleets as well as finance groups. As of today, more than 190 freighter aircraft have been converted for 39 customers throughout the world.

Airbus, ST Aerospace and EFW launched the A330 Passenger-to-Freighter (P2F) conversion programme on 19 May 2012 and STA took 35% equity interest in EFW. First conversion is planned in 2015 (prototype). Furthermore the companies are on track to widen this cooperation to the Single Aisle market in the near future.

The A330P2F programme will offer customers two versions – the A330-200P2F and the larger A330-300P2F. Both will provide new levels of reliability and efficiency to P2F operators, offering better economics than any medium widebody freighter available today as well as commonality with the already existing Airbus A330-200F.

Aerolia

Aerolia is a wholly owned subsidiary of the Company (consolidated within Airbus) which was formed from the spin-off of the former French Airbus sites in Méaulte and St-Nazaire Ville pursuant to the aerostructures reorganisation strategy initiated under the Power8 Programme. Aerolia has approximately 3,400 employees who work on the design and manufacturing of around 6 million detail parts, panels, tubes and pipes and more than 655 sections of the Airbus nose fuselage.

The standalone company operates with three operational Directorates (Strategy & Commercial, Series, Development) and three support Directorates (Quality, Finances, Human Resources), which are geographically located on three sites: Méaulte (1,400 employees), St-Nazaire (840 employees) and Toulouse (400 employees). In 2009, a fourth site was launched in Tunisia (750 employees) and since 2011 Aerolia launched two sites in Quebec (100 employees). The design office, based in part in Toulouse and Quebec, combines the skills of approximately 250 engineers and employees.

The activities integrated in Aerolia will maintain and develop commercial and industrial relations mainly with Airbus, while continuing to develop relations with others such as Bombardier, Embraer, OGMA, Aerovodochody, ATR, Latecoere, Sonaca and Sogerma.

At the end of 2014, Aerolia and Sogerma merged to become STELIA Group with effect from January 2015. The merger of Aerolia and Sogerma gave rise, on 1 January 2015, to the world No. 3 (as regards its turnover) in aerostructures, seats and aeronautical equipment.

Premium AEROTEC

Premium AEROTEC is a wholly owned subsidiary of the Company (consolidated within Airbus) which was formed from the spin-off of the former German Airbus sites in Nordenham and Varel and the former Airbus Group site in Augsburg pursuant to the aerostructures reorganisation strategy initiated under the Power8 Programme. Premium AEROTEC has its own development unit with its main facilities at its Augsburg site and offices in Bremen, Hamburg, Munich / Ottobrunn and Manching. The management headquarters for the operational units are in Varel, while the company itself is headquartered in Augsburg. Premium AEROTEC GmbH also has a plant for processing aircraft components in Ghimbav / Brasov County in Romania.

The core business of Premium AEROTEC is focused on structures and manufacturing systems for aircraft construction and related development activities. The aim of Premium AEROTEC over the coming years is to further expand its position as the leading tier 1 supplier of civil and military aircraft structures.

Premium AEROTEC is a partner in all major European aircraft development programmes, such as the commercial Airbus aircraft families, the A400M military transport aircraft programme and the Eurofighter Typhoon. It plays a significant role in the design of new concepts in such fields as carbon composite technologies.

1.1.7 Insurance

The Company's Corporate Insurance Risk Management ("**IRM**") is an integrated corporate finance function established to proactively and efficiently respond to risks that can be treated by insurance techniques. IRM is responsible for all corporate insurance activities and related protection for the Group and is empowered to deal directly with the insurance and re-insurance markets. A continuous task of IRM in 2014 was to further improve efficient and appropriate corporate and project-related insurance solutions.

IRM's mission includes the definition and implementation of the Company's strategy for insurance risk management to help ensure that harmonised insurance policies and standards are in place for all insurable risks worldwide for the Group. A systematic review, monitoring and reporting procedure applicable to all Divisions is in place to assess the exposure and protection systems applicable to all the Group's sites, aiming at the:

- continuous and consistent identification, evaluation and assessment of insurable risks;
- initiation and monitoring of appropriate mitigation and risk avoidance measures for identified and evaluated insurable risks; and
- efficient, professional management and transfer of these insurable risks to protect the Group adequately against the financial consequences of unexpected events.

The Company's insurance programmes cover high risk exposures related to the Group's assets and liabilities, as well as risk exposures related to employees.

Asset and liability insurance policies underwritten by IRM for the Group cover risks such as:

- property damage and business interruption;
- aerospace third party liabilities including product liabilities;
- manufacturer's aviation hull insurance;
- commercial general liabilities including non-aviation and non-space product liabilities and risks related to environmental accidents; and
- Director and officers liability.

Claims related to property damage and business interruption are covered up to a limit of €2.5 billion per occurrence. Aviation liability coverage is provided up to a limit of $2.5 billion per occurrence, with an annual aggregate cap of $2.5 billion for product liability claims. Certain sub-limits are applicable for the insurance policies outlined above.

Group employee-related insurance policies cover risks such as:

- personal accidents;
- medical and assistance support during business trips and assignments;
- company automobiles; and
- personal and property exposure during business trips.

Amounts insured for such Group employee-related policies adequately cover the respective exposure.

The Company follows a policy of seeking to transfer the insurable risk of the Company to external insurance markets at reasonable rates, on customised and sufficient terms and limits as provided by the international insurance markets. All insurance policies are required to satisfy the Company's mandatory standards of insurance protection.

However, to be more independent from the volatilities of the insurance markets, the Company uses the capabilities of a corporate-owned re-insurance captive as a strategic tool with respect to the property damage and business interruption programme and the aerospace insurance programme. The captive is capitalised and protected according to European legal requirements so as to ensure its ability to reimburse claims without limiting the scope of coverage of the original insurance policies and without additionally exposing the financial assets of the Company.

The insurance industry remains unpredictable in terms of its commitment to provide protection for large industrial entities. There may be future demands to increase insurance premiums, raise deductible amounts and limit the scope of coverage.

In addition, the number of insurers that have the capabilities and financial strength to underwrite large industrial risks is currently limited, and may shrink further in light of new solvency requirements. No assurance can be given that the Company will be able to maintain its current levels of coverage on similar financial terms in the future.

1.1.8 Legal and Arbitration Proceedings

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

Regarding Airbus Group's provisions policy, Airbus Group recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Group, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. Although Airbus Group believes that adequate provisions have been made to cover current or contemplated general and specific litigation and regulatory risks, no assurance can be provided that such provisions will be sufficient. For the amount of provisions for litigation and claims, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions".

WTO

Although Airbus Group is not a party, Airbus Group is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidies to Boeing. On 19 December 2014, the European Union requested WTO consultations on the extension until the end of 2040 of subsidies originally granted by the State of Washington to Boeing and other US aerospace firms until 2024.

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

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

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

Securities Litigation

Following the dismissal of charges brought by the French *Autorité des marchés financiers* for alleged breaches of market regulations and insider trading rules with respect primarily to the A380 delays announced in 2006, a French investigating judge decided in November 2013 to send the case to trial (*renvoi devant le tribunal correctionnel*) against 7 current and former executives that exercised their stock options in March 2006 as well as two former shareholders. On 3 October 2014 the criminal court suspended the case on the merits and decided to request a preliminary ruling (*question prioritaire de constitutionnalité*) from the French Supreme Court on the constitutionality of the French dual prosecution system (AMF and judicial proceedings). In December 2014, the French Supreme Court transmitted the constitutional challenge to the *Conseil Constitutionnel*. On 18 March 2015, the *Conseil* rendered its decision declaring relevant provisions of the French Financial and Monetary Code unconstitutional. This decision should ultimately put an end to the criminal prosecution, at least against the 7 current and former executives.

GPT

Prompted by a whistleblower's allegations, Airbus Group conducted internal audits and retained PricewaterhouseCoopers ("PwC") to conduct an independent review relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that Airbus Group acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by Airbus Group, relating to activities conducted by GPT in Saudi Arabia. PwC's report was provided by Airbus Group to the UK Serious Fraud Office (the "SFO") in March 2012. In the period under review and based on the work it undertook, nothing came to PwC's attention to suggest that improper payments were made by GPT. In August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. Airbus Group is cooperating fully with the authorities.

Eurofighter Austria

In March 2012, the German public prosecutor, following a request for assistance by the Austrian public prosecutor, launched a criminal investigation into alleged bribery, tax evasion and breach of trust by current and former employees of EADS Deutschland GmbH (renamed on 1 July 2014 Airbus Defence and Space GmbH) and Eurofighter Jagdflugzeug GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. After having been informed on the investigation in 2012, Airbus Group retained law firm Clifford Chance to conduct a fact finding independent review. Upon concluding its review, Clifford Chance presented its fact finding report to Airbus Group in December 2013. Airbus Group provided the report to the public prosecutors in Germany. Airbus Group is cooperating fully with the authorities.

Other investigations

Public prosecutors in Greece and Germany launched investigations into a current employee and former officers and employees of Atlas Elektronik GmbH, a joint company of ThyssenKrupp and Airbus Group, on suspicion of bribing foreign officials and tax evasion. The public prosecutor in Germany has launched an administrative proceeding for alleged organisational and supervisory shortfalls. The authorities in Greece have launched civil claims against Atlas Elektronik GmbH. With the support of its shareholders, the company is cooperating fully with the authorities and in consultation with the public prosecutor is assisting the further clarification of the matter through its own internal investigation.

Commercial Disputes

In the course of another commercial dispute, the Group has received in the third quarter 2013 a statement of claim alleging liability for refunding part of the purchase price of a large contract which the customer claims it was not obliged to pay. The Group believes that this claim which goes back many years ago should be dismissed in principle. Options to resolve the dispute are under review but eventually it may be decided in the course of the arbitration.

In July 2013, the Group became the subject of a commercial dispute following the expiry of a partnership study for winglet devices with a US supplier. The Group believes it has solid grounds to legally object to the alleged breach of a commercial non-disclosure agreement. However, the outcome and consequences of this dispute cannot be assessed at this stage.

1.1.9 Research and Technology, Intellectual Property

Research and Technology

Keeping Airbus Group at the forefront

Airbus Group's technological expertise is essential for maintaining the differentiation of its products and ensuring the long-term market leadership of the Company and its Divisions.

The Group's Research and Technology efforts are focused on profitability, value creation, market position and delivering competitive, integrated solutions for its customers. In alignment with Airbus Group's overall strategy, this approach seeks to develop incremental innovations that exploit potential within the Group's current products and programs, while also preparing next-generation breakthroughs.

The Airbus Group Corporate Technical Office (CTO) is the focal point for Research and Technology across the company, ensuring that business and technology strategies are closely linked. The CTO addresses current, emerging and future technology trends that directly impact the Group's business, and identifies key areas for Research and Technology. It is responsible for the Airbus Group Innovations Research and Technology network and also manages information technology, cyber security, quality and Intellectual property activities across the Group.

Establishing a roadmap for the future

Corporate-level Research and Technology efforts are centered around four common roadmaps for innovation across Airbus Group: highly efficient production processes, new hybrid and electric propulsion concepts, on-board energy management and autonomy.

Elaborated by the Divisions under the leadership of the Corporate Technical Office, these shared roadmaps were created for faster delivery of new technologies by optimizing Group-wide Research and Technology efforts.

A key part of the technology roadmaps is the development of demonstrators that provide shared results and data to strengthen company-wide expertise and accelerate the introduction of innovations in the Division's new products and programs. Supporting technologies such as electronics and computing also are an integral part of each common roadmap and are developed at a compatible pace.

A global network for innovation

Airbus Group Innovations — the company's global Research and Technology network, which is managed by the Corporate Technical Office — is driven by the Group's overall Research and Technology strategy. It leverages a close relationship with all Divisions to identify new technologies and prepare them for eventual transfer to the Group's commercial Business Units.

This global operation's teams are organised into seven transnational technical capability centres, which cover competences that are highly important to the Group's core businesses and create long-term value. Airbus Group Innovations and the company's Research and Technology community in the Divisions also maintain and develop partnerships with leading universities and high-tech engineering schools through joint research projects, as well as employment of thesis students, post-graduate interns and doctorates.

Airbus Group Innovations employs over 1,000 people across sites in France, Germany, UK, Spain, Singapore, India, the US and Russia, along with its operations in China, Malaysia and Canada. This international presence increases Airbus Group's access to diverse talent and knowledge, disruptive technologies and new markets, which improves the company's flexibility, robustness and ability to innovate.

It's electric

One of the Group's key priorities for the future is developing a roadmap to electric and hybrid-propulsion aircraft. The CTO is leading these efforts and has established an "E-aircraft Roadmap" with the long-term goal of developing electrically-powered helicopters and 90-passenger-category regional airliners.

In 2014, Airbus Group Innovations performed the first public flight of its two-seat, all-electric E-Fan demonstrator aircraft in France, which was followed by E-Fan's appearances at major aviation tradeshows. This was a significant display of Airbus Group's progress on the "E-Roadmap," as well as a stepping stone for development of the E-Fan 2.0 two-seat pilot trainer and four-seat E-Fan 4.0 version by an Airbus Group Innovations-led industrial team. The E-Fan 2.0 is targeted for service entry in late 2017 as the first all-electric production aircraft in the world certified to international standards by civil airworthiness authorities.

Improving quality for customers

Airbus Group has launched a company-wide quality improvement strategy with the aim of delivering even better products and services to its customers.

Designated the Quest Initiative, this Corporate Technical Office-managed operation is focused on improving customer satisfaction and loyalty, reducing the cost of non-quality, and embedding a culture of quality across the Group. In 2014, the Quest Initiative was rolled out across the Group's Divisions, Airbus, Airbus Helicopters and Airbus Defence and Space.

Product Lifecycle Management

Product Lifecycle Management (PLM) is a core industrial enabler for new Airbus Group products like the H160, X6, Ariane 6 and E-Fan but also for incremental innovation developments in the Airbus commercial NEO aircraft range. Standardisation for interoperability of processes & tools is one cornerstone of the Digitalization strategy of the company. Achievements during 2014 included the simplification and streamlining of overall

PLM governance; the release of a major international standard of interoperability (STEP AP242) and the contribution to the successful ramp-up of EC175 Airbus Helicopters programme by supporting the on-time delivery of the advanced PLM suite.

Protecting the Group's cyber assets

Airbus Group Corporate Technical Office's Cyber Security Programme Directorate is responsible for safeguarding the company's assets in three key areas: product security, industrial control systems security and information technology security.

This operation combines all of the Group-wide competences behind common objectives and establishes priorities for protecting the Group from the increasing threat of cyber attacks in the short- and long-terms.

Intellectual property

Intellectual property rights – including patents, trademarks, copyrights and know-how – enable the company to remain competitive in the market, freely manufacture and sell its products and prevent competitors from exploiting protected technologies. Airbus Group's policy is to establish, protect, maintain and defend its rights in all commercially significant countries and to use those rights in responsible ways.

The Company is also committed to making select patents and expertise available through licensing agreements to help companies outside the Group to develop new products, improve production methods and expand their market opportunities. Under the CTO's responsibility, the Airbus Group Technology Licensing initiative generates revenues by licensing approved technologies – such as the AFDX® data network developed by Airbus and Airbus Group Innovations' DeltaN FS® friction-stir welding system – from the Company's large patent portfolio and related know-how.

In 2014, Airbus Group also signed a key licensing agreement with Maserati that established a long-term strategic partnership with this Italian luxury automobile manufacturer, which provides broad access to make in-depth reviews of the Group's portfolio of patented technologies over a multi-year period.

Spin-off companies

The Airbus Group Corporate Technical Office fosters an entrepreneurial spirit with a series of Airbus Group-managed spin-off companies. Examples include TESTIA – Airbus Group's subsidiary for non-destructive testing and training; APWORKS, which offers consulting and engineering services around a portfolio of state-of-the-art technologies for advanced production processes; and SPEETECT, a company that is developing a device for rapid detection of bacteria in water.

Many of these initiatives are backed by Airbus Group's Innovation Nursery, a CTO operation which helps develop and commercialise disruptive capabilities outside the Company's core areas of business.

Key priorities for 2015

Airbus Group's overall Research and Technology efforts — managed by the Corporate Technical Office organisation — will play a significant role in all of the Company's 2015 objectives.

Leveraging even closer working relationships between Airbus, Airbus Helicopters, Airbus Defence and Space and Airbus Group Innovations, the CTO will continue to advance the Group's technological roadmaps with a sustained focus on accelerated delivery of technological innovations.

1.1.10 Environmental Protection

Protection of the environment is a global priority that implies commitment and responsibility from citizens, governments and industry. The Company continuously pursues sustainability by setting the standards for an eco-efficient company, considering it to be a major strategic goal. Eco-efficiency aims at maximising the benefits of the Company's products and services for customers and other stakeholders while minimising the environmental impact of manufacturing and operating these products throughout their lifecycle. The implementation of further innovative and eco-efficient technologies and processes is a key factor in ensuring the Company's sustainability, increasing the attractiveness of its products and its overall competitiveness, creating growth, safeguarding employment and adding value for all stakeholders. Environmental topics are fast-changing, and the Company is preparing itself for both long-term and rapid changes by anticipating issues, engaging with stakeholders, and deploying the ERM to environmental issues. Identifying the related risks and opportunities to act proactively demonstrates our robustness, and is evidence of a well-prepared company.

Organisation

While each Division, Business Unit and corporate function remains responsible for the implementation of the Company's environmental policy in pursuit of eco-efficiency, Corporate Environmental Affairs ensures the consistency of the various initiatives group-wide. This team is intended to leverage capabilities, avoid duplications of responsibilities, mitigate environmental risks, limit the capacity needed to provide an expanded service and strengthen the Company's responsiveness by:

- anticipating environmental issues, monitoring and sharing information on emerging trends globally and on legislative activity concerning environmental matters;
- supporting the lobbying and communication activities of the Divisions on environmental issues in their respective sectors and helping to coordinate a group-wide position when necessary;
- encouraging the sharing of best practices and fostering communications through the Company's Environmental Network; and

- complying with the Group's reporting obligations and ensuring a consistent standard of reporting by the Group's entities.

The Company is supporting joint initiatives throughout the industry to improve the overall environmental performance of the aerospace and defence industry in the most consistent and efficient manner. The Group supported the creation of the IAEG (International Aerospace Environmental Group) which gathers most manufacturers and suppliers of the aerospace and defence industry. It aims at harmonising the response of the industry to existing and emerging environmental regulations, as well as aligning aerospace environmental standards. Airbus is also involved at the international level within ICAO to develop a global framework for the management of CO_2 emissions that will combine environmental standards with fair and level market conditions.

Similary, the Group leads or participates in various European and international environmental working groups such as ICAO, ATAG, ICCAIA, ASD, CAEP and WEF, and in national trade associations such as GIFAS in France, TEDAE in Spain, BDLI in Germany and ADS in the UK.

Eco-Efficiency Approach

The eco-efficiency concept is about maximising economic value creation while minimising environmental impact. It was first defined by the World Business Council for Sustainable Development (WBCSD) as a "concept of creating more goods and services while using fewer resources and creating less waste and pollution". Airbus Group has set a structured approach in order to embed eco-efficiency at all levels of the Company. This principle is fully supported by an environmental policy providing strategic directions and entailing regulatory compliance and continuous improvement in environmental management. By adopting an eco-efficient approach, the Company intends to reduce recurring costs by improving resource efficiency, secure growth by driving innovation, expand its environmental products and services portfolio and strengthen its identity as an eco-efficient enterprise among its stakeholders. The Company also seeks to implement a common culture on environmental topics across Divisions and countries through the development of employee awareness, encouraging employees to take action, inspiring them and making them proud to be part of a responsible company.

Environmental Management (ISO 14001 / EMS)

ISO 14001 is an internationally recognised standard of environmental management system efficiency for businesses and organisations. The Company encourages not only the environmental certification of its operations but also the development of a full lifecycle orientation for its products and services, as this remains the most cost-efficient and practical way to effectively reduce environmental impacts. Certified environmental management systems have been progressively implemented across the Company's manufacturing sites, and approximately 83% of the Company's employees operate under an ISO 14001 certification. The site and product lifecycle orientation of the environmental management system attempts to create economic value by reducing environmental costs and exposure at each stage of the product life, from design to operations up to end of life.

In 2006, Airbus became the first aeronautical manufacturer to be certified for all its sites, products and services. With this ISO 14001 certification still in place today, Airbus has demonstrated its ability to continually improve its environmental performance. Airbus Helicopters has also achieved ISO 14001 certification in France, Germany, Spain, the UK, and more recently, in Singapore, Canada and the USA. Airbus Defence and Space operates a fully integrated Business Management System, and is also ISO14001 certified.

Monitoring of the various achievements against objectives is being performed through the collection of a set of indicators. The consistency and reliability of the reporting exercise is being ensured through corporate procedures and guidelines derived from Global Reporting Initiative ("GRI") requirements, combined with an advanced environmental management information system that is operational within the Company worldwide.

Products and Services

A lifecycle-oriented approach takes into account all stages of the life of a product or service, from the design of the product to the end of its lifetime. The Company's main target is to work towards developing more eco-efficient products by promoting and supporting eco design and environmental innovation and to identify business opportunities for eco-efficient products and specific services portfolios.

Designing for the Environment

Reducing the environmental impacts throughout the life cycle of products and services provides a competitive advantage by improving efficiency and ensuring compliance with regulations. Recognising this, Airbus Group is coordinating the integration of eco-design in the Divisions to reduce the environmental impact of products and manufacturing activities. As an example, since 2014 all of Airbus's new technologies are reviewed at each of their maturity stages (known as technology readiness levels) to see if their environmental impact can be reduced. In time, this approach will spread to Airbus Helicopters and Airbus Defence and Space. From a manufacturing perspective, Airbus Group is studying best practices at Airbus and Airbus Helicopters to see how their leading-edge manufacturing techniques can be used across the Group. One of these initiatives is Airbus Helicopters' "Lean and Green" methodology developed to optimise the Starflex rotor hub manufacturing. Substantial savings have been identified by analysing each stage of the manufacturing process in order to identify potential improvements in industrial efficiency (cost, time cycle) and environmental impacts (waste, energy, volatile organic compounds).

The Airbus A350 XWB is designed to be eco-efficient throughout its life cycle and will open new perspectives in terms of environmental performance in the long-range market, with 25% less fuel consumption than the current generation of aircraft. Satisfying regulatory noise best standards, it also displays comfortable margins in hydrocarbon emissions (99% below limit), carbon monoxide emissions (86% below limit), smoke emission (60% below limit) or NOx emission (35% below limit). The New Engine Option (NEO) developed for the A320 family, combined with large wing-tip devices (Sharklets), will allow a 15% fuel economy compared to older generation aircraft. In the meantime, the 152 A380s in service around the world have demonstrated a 20% reduction in fuel-burn and emissions compared to the competition.

Airbus Helicopters' EC145 T2 has demonstrated a substantial noise reduction (–8.5 dB below the threshold values of ICAO) thanks to its Fenestron® anti-torque system, and noise certification data demonstrate that this evolution decreases the cumulative certification noise levels by 5dB.

Airbus Defence and Space is developing electric engines as a satellite technology to replace chemical propulsion for orbit-raising manoeuvres. As part of ESA's Neosat project, future satellites will be designed to use electric propulsion to join their orbit after separation from the launcher, and to maintain their position once on station.

Operating in the Most Efficient Way

The most obvious way to cut CO_2 emissions is to reduce fuel consumption. This can be done through improvements in aircraft technologies as well as streamlining air traffic management.

Sustainable aviation fuels are also an option that Airbus is exploring to reduce aviation's CO_2 emissions. The Company is continuously teaming with cross-industry partners to fully explore the potential benefits of new fuel sources. Over 1,500 sustainable aviation fuel-powered flights have taken place around the world so far, and Airbus works with farmers and refiners worldwide on developing sustainable aviation fuel production for regular flights.

Airbus is also involved in air traffic management, especially with its subsidiaries, Airbus Prosky and Metron Aviation, and through international partnerships involving Europe's SESAR (Single European Sky ATM Research) and NextGen in the United States. The company is committed to integrating air traffic management systems in order to make air movement even more efficient.

When combining all the above initiatives, CO_2 emissions can be drastically reduced. As an example, Air France and Airbus teamed up to complete the world's first Perfect Flight, a commercial flight combining the latest fuel and air traffic management technologies. This flight from Toulouse to Paris using an Airbus A321, cut the amount of CO_2 emitted in half compared to a regular flight.

In May 2014, an Airbus A330-200 of KLM Royal Dutch Airlines (flight KL767) undertook the longest commercial flight with sustainable jet fuel ever performed by an Airbus aircraft. The aircraft took off for a 10-hour flight from Schiphol airport to the Dutch Caribbean island of Aruba using a 20% blend of sustainable fuel made of used cooking oil. This flight was the first of a series of around 20 long-haul commercial flights in the frame of the ITAKA European initiative of which Airbus is a key partner (Initiative Towards sustainable Kerosene for Aviation) which aims to speed up the commercialisation of aviation biofuels in Europe.

Monitoring the environment

Satellite technology is monitoring changes in the environment, giving governments and other agencies greater understanding. Airbus Defence and Space is a key partner for the European Space Agency, building satellites for its environmental monitoring activities, including the Copernicus Earth observation programme.

Copernicus' series of Sentinel satellites, set for launch from 2014 onwards, will improve management of the environment, as well as understanding and mitigation of climate change, and ensure civil security. In addition, Airbus Defence and Space is prime contractor for the Aeolus wind monitoring satellite that conducts atmospheric modelling, benefiting climate research.

Airbus Defence and Space is pioneering services that quantify the greenhouse gas emissions of cities and countries in close to real time. This allows governments, cities and local authorities to measure the effectiveness of their emission reduction policies.

The project is profiled on the UN Climate and Energy Action Hub, an online UN platform that allows businesses supporting UN goals to seek partners. It has already begun emissions mapping in Paris and Rotterdam, following testing in London.

Enhanced imagery from Airbus Defence and Space's constellation of both optical and radar satellites is helping to monitor deforestation and manage agricultural land use with higher image resolution than ever before. SPOT 7 will join its twin, SPOT 6, and the Pleiades constellation in 2014 in a phased orbit and will be used by UN REDD (Reducing Emissions from Deforestation and Forest Degradation) projects in major forest zones such as the Congo Basin and Indonesia. These projects aim to protect standing forest by providing a means to monetise their value, which they do by trading avoided emissions on voluntary carbon markets. In the agriculture sector, SPOT satellites contribute to sustainable practices by helping farmers to make the right decisions regarding irrigation and the optimal use of pesticides and fertilisers. This service is particularly valuable for planning, risk management and land use purposes.

Reducing Industrial Environmental Impact

In order to meet stakeholders' increasing demands for environmental impact-related information, further movement towards eco-efficient industrial activities, and in anticipation of more stringent reporting regulations, the Company communicates on its environmental performance around clear guidelines derived from GRI as well as greenhouse gas protocol requirements. Consolidated data have been externally audited since 2010 and are published every year within the CR&S report. In 2014, some 13 indicators were verified, including energy consumption, CO_2 emissions, waste production and water consumption.

Airbus Group's drive to improve eco-efficiency is reflected in concrete progress across the Divisions and their industrial facilities.

The results are: -24% in energy use, -27% in CO_2 emission, -16% in water consumption, -27% in waste production and -54% in VOC emission (revenue-based figures 2006-2013, based on 2006 levels, Airbus Group legal entities scope of reporting).

The Airbus Group Energy Management Network has put great emphasis on harmonising processes across Airbus Group, in addition to specific energy-saving projects such as wood boilers in France, and combined heat and power units in Germany.

The future headquarters of Airbus Group is expected to meet the most modern environmental standards set by the Building Research Establishment Environmental Assessment Method (BREEAM), a global reference for sustainable construction. The buildings will be heated and air-conditioned by geothermal systems.

Actions promoting eco-efficient industrial processes, as for example Additive Layer Manufacturing (ALM), also known as 3D printing contribute to the reduction of the Group environmental footprint. ALM revolutionises production by drastically reducing waste in the manufacturing process, going from up to 95% with traditional means down to only 5% with ALM, allowing for significant time and cost savings.

Other examples to reduce industrial environmental footprint are initiatives in place in all Divisions to reduce waste. Since the beginning of 2014 a new Waste Management Concept has been rolled out over the whole Airbus Defence and Space Ulm plant. In 2014 an overall recycling rate of 95% for hazardous and non-hazardous waste was achieved there.

Anticipating the Products End of Life

More than 12,000 aircraft are due to retire from operation within the next 20 years. Airbus is acting proactively to address the need to manage the end of life of these aircraft in a sustainable way. With the TARMAC AEROSAVE platforms, Airbus and its partners have established 2 dedicated centres in France and Spain, where aircraft are decommissioned, dismantled and recycled in safe and environmentally responsible conditions.

In order to increase the recovery rate of materials at the end of life, Airbus is also leading a material recovery research project in collaboration with specialised companies involved in carbon fiber recycling.

Airbus Defence and Space is contributing in many ways to the space debris issue, developing mitigation measures (*e.g.* post-mission disposal capabilities for launchers and satellites, tools and training to support collision avoidance manoeuvres, and studies for the ESA's Space Situational Awareness programme) as well as improvement measures (*e.g.* several concepts for space debris removal).

The MBDA joint venture in which Airbus Group owns 37.5% is proposing dismantling capabilities and expertise to manage the end of life of pyrotechnical products in a safe and sustainable way, supporting sales campaign and responding to the customers' increasing demand for end-of-life management solutions.

1.1.11 Employees

As of 31 December 2014, the Group workforce amounted to 138,622 employees (compared to 138,404 employees in 2013 restated to reflect the application of IFRS 10 and 11), 96.6% of which consisted of full time employees. These statistics take into account consolidation effects and perimeter changes at year-end 2013. Depending on country and hierarchy level, the average working time is between 35 and 40 hours per week.

In 2014, 5,211 employees worldwide were welcomed into the Group (compared to 8,823 in 2013 and 11,080 in 2012). At the same time, 4,478 employees left the Group including partial retirements (compared to 4,160 in 2013 and 4,042 in 2012).

In terms of nationalities, 38.0% of the Company's employees are from France, 33.9% from Germany, 9.5% from the UK and 8.8% are from Spain. US nationals account for 1.6% of employees. The remaining 8.4% are employees coming from a total of 135 other countries. In total, 92.1% of the Group's active workforce is located in Europe on more than 100 sites.

Workforce by Division and Geographic Area

The tables below provide a breakdown of Group employees by Division and geographic area, including the percentage of part-time employees. Employees of companies accounted for by the proportionate method (such as ATR, MBDA) in 2012 and 2013 are included in the tables on the same proportionate basis and have not been adjusted for the application of IFRS 10 and 11.

Employees by Division	**31 December 2014**	31 December 2013[(1)]	31 December 2012[(1)]
Airbus	73,958	78,862	73,500
Airbus Helicopters	22,939	23,374	22,435
Airbus Defence and Space	38,637	-	-
Astrium	-	17,255	17,038
Cassidian	-	21,229	21,573
Headquarters	2,989	2,951	2,904
Other Businesses	99	390	2,955
Group Total	**138,622**	**144,061**	**140,405**

Employees by geographic area	**31 December 2014**	31 December 2013[(1)]	31 December 2012[(1)]
France	51,740	54,510	52,147
Germany	48,374	50,080	49,442
Spain	12,449	11,217	11,021
UK	12,783	14,626	14,894
US	2,991	3,254	3,245
Other Countries	10,285	9,771	9,193
Group Total	**138,662**	**144,061**	**140,405**

% Part time employees	**31 December 2014**	31 December 2013[(1)]	31 December 2012[(1)]
France	4.1%	4.0%	4.1%
Germany	4.5%	4.3%	4.0%
Spain	1.0%	0.7%	0.8%
UK	1.8%	2.1%	2.1%
US	1.6%	0.6%	0.5%
Other Countries	0.8%	2.2%	2.4%
Group Total	**3.4%**	**3.5%**	**3.4%**

(1) 2012 and 2013 figures have not been ajusted for IFRS 10 and IFRS 11.

1.1.12 Incorporation by Reference

The English versions of the following documents shall be deemed to be incorporated in and form part of this Registration Document:

- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2012, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 3 April 2013 and filed in English with the Chamber of Commerce of The Hague;
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2013, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 4 April 2014 and filed in English with the Chamber of Commerce of The Hague;
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of the Company for the year ended 31 December 2014, together with the related notes, appendices and Auditors' reports.

Copies of the above-mentioned documents are available free of charge upon request in English at the registered office of the Company and in English, French, German and Spanish on **www.airbusgroup.com** (Investors & Shareholders > Publications > Annual Reports and Registration Documents).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on **www.afm.nl** (Professionals > Registers > Approved prospectuses). The above-mentioned financial statements are also available in English for inspection at the Chamber of Commerce of The Hague.

1.2 Recent Developments

On 18 December 2014, Rheinmetall AG and Airbus Defence and Space have agreed on the conditions of the transfer of the A400M Loadmaster Control Contract from Rheinmetall to Cassidian Airborne Solutions GmbH (CAS). This non material transaction involves the termination of the service level agreement between the two companies and allows settling the claims between the companies in relation to the A400M application software contract. The agreements relative to this acquisition have become effective on 1 January 2015. The overall purchase price of €58.9 million was paid on 2 January 2015.

In January 2015, Airbus Group and Safran completed the initial phase of the integration of their respective space launcher businesses. The Airbus Safran Launchers Joint Venture has now entered its operational phase and will focus primarily on the development of the new Ariane 6 launcher and the continuation of production of Ariane 5 launchers. In the second phase, all remaining activities and industrial assets of Airbus Group and Safran dealing with civil space launchers and military launchers will be integrated into the Joint Venture. Given the relative size of the businesses to be contributed by Airbus Group and Safran respectively, an economic compensation of €800 million will be made by Safran to Airbus Group in order to attain the 50/50 shareholding in the Joint Venture in the second phase. Key terms and conditions of the implementation of the second phase, including usual adjustments notably regarding working capital positions and the nature and timing of the compensation, are still to be finalised between the parties. The implied multiple for the activities contributed to the JV by Airbus Defence and Space is 12x 2014 EBITA (Earnings before interest, taxes and amortisation of intangibles).

On 21 January 2015, Airbus Group and Parter Capital Group AG signed a final share purchase agreement to transfer 100% of the shares of Cassidian Belgium N.V. for a total consideration of € 3.1 million.

On 10 March 2015, Airbus Defence and Space delivered the first of four Airbus A400M military transport ordered by the Royal Malaysian Air Force. The handover also marks the first delivery of an A400M to an export customer outside the original launch customers.

On 25 March 2015, Airbus Group completed the sale of approximately 1.61 million shares in Dassault Aviation, corresponding to around 17.5 percent of the company's share capital for a total amount of around €1.64 billion. The sale price determined in the bookbuilt offering to institutional investors was €1,030 per share and the sale price to Dassault Aviation €980 per share (together the "Placement"), with settlement having occured on 30 March 2015. The final number of Dassault Aviation shares sold in Placement rose to approximately 1.73 million shares or 18.75% of share capital, following exercise of the over-allotment option granted by Airbus Group to the joint bookrunners in respect of around 0.12 million shares in Dassault Aviation, thereby increasing the total size of the Placement to approximately € 1.76 billion. Settlement and delivery of the over-allotment shares took place on 14 April 2015.

In accordance with the initial agreement signed on 28 November 2014, Dassault Aviation purchased approximately 0.46 million shares in the Placement (representing around 26.7 percent of the Placement and 5 percent of Dassault Aviation's share capital), at a price of €980 per share.

Upon completion of the Placement, Airbus Group holds around 23.36 percent of Dassault Aviation's share capital and associated voting rights.

2

2

Management's Discussion and Analysis of Financial Condition and Results of Operations

2.1 Operating and Financial Review

The following discussion and analysis is derived from and should be read together with the audited Consolidated Financial Statements (IFRS) of the Group as of and for the years ended 31 December 2014, 2013 and 2012 incorporated by reference herein. These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board as endorsed by the European Union, and with Part 9 of Book 2 of the Dutch Civil Code.

The following discussion and analysis also contains certain "non-GAAP financial measures", *i.e.*, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measure calculated and presented in accordance with IFRS. Specifically, the Group makes use of the non-GAAP measures "EBIT*", "net cash" and "free cash flow".

The Group uses these non-GAAP financial measures to assess its consolidated financial and operating performance and believes they are helpful in identifying trends in its performance. These measures enhance management's ability to make decisions with respect to resource allocation and whether the Group is meeting established financial goals.

Non-GAAP financial measures have certain limitations as analytical tools, and should not be considered in isolation or as substitutes for analysis of the Group's results as reported under IFRS. Because of these limitations, they should not be considered substitutes for the relevant IFRS measures.

Reporting in Registration Document 2014

The Management's Discussion and Analysis of Operational Results and Financial Condition contained in Section 2 of this Registration Document is based on the new Group segment structure as described in section 2.1.1.2. The 2013 financial information and the 2012 financial information have been restated to provide comparative information with respect to the new Group segment structure. In addition, the 2013 financial information has been adjusted for the application of IFRS 10 and IFRS 11, the 2012 financial information has not been adjusted and is referred to as "historical", *i.e.* "not adjusted".

2

2.1.1 Overview

With consolidated revenues of €60.7 billion in 2014, the Group is Europe's premier aerospace and defence company and one of the largest aerospace and defence companies in the world. In terms of market share, the Group 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 2014, it generated 82% of its total revenues in the civil sector (compared to 81% (adjusted) in 2013) and 18% in the defence sector (compared to 19% (adjusted) in 2013). As of 31 December 2014, the Group's active headcount was 138,622 employees.

2.1.1.1 Exchange Rate Information

The financial information presented in this document is expressed in euros, US dollars or pounds sterling. The following table sets out, for the periods indicated, certain information concerning the exchange rate between the euro and the US dollar and pound sterling, calculated using the official European Central Bank fixing rate:

	Average		Year End	
Year ended	*€-US$*	*€-£*	*€-US$*	*€-£*
31 December 2012	1.2848	0.8109	1.3194	0.8161
31 December 2013	1.3281	0.8493	1.3791	0.8337
31 December 2014	**1.3285**	**0.8061**	**1.2141**	**0.7789**

2.1.1.2 Reportable Business Segments

Reorganisation

Prior to 1 January 2014 the Group organised its businesses into five reportable segments: Airbus Commercial, Airbus Military, Eurocopter, Astrium and Cassidian. Airbus Commercial and Airbus Military formed the Airbus Division, with internal subcontracting between Airbus Commercial and Airbus Military being eliminated in the consolidated figures of the Airbus Division.

The former reportable segments Cassidian, Astrium and Airbus Military form the new reportable segment Airbus Defence and Space.

In 2014, the Group organised its businesses into the following three reportable segments:

- **Airbus** (before 1 January 2014: Airbus Commercial): development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services; development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components;
- **Airbus Helicopters** (before 1 January 2014: Eurocopter): development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter-related services; and
- **Airbus Defence and Space**: Military combat aircraft and training aircraft; provision of defence electronics and of global security market solutions such as integrated systems for global border security and secure communications solutions and logistics; training, testing, engineering and other related services; development, manufacturing, marketing and sale of missiles systems; development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space related services; development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services. The former reportable segments Astrium, Cassidian and Airbus Military form the new reportable segment Airbus Defence and Space.

"Other — HQ / Consolidation" comprises the Group's activities managed in the US, the holding function of the Group's Headquarters such as the newly acquired bank and other activities not allocable to the reportable segments, combined together with consolidation effects.

2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2012, 2013 and 2014

A380 programme. Based on an updated technical solution concept to fix permanently the retrofit of the A380 wing rib issue, additional amounts of €251 million and €85 million were recognised in 2012 and 2013, respectively. The retrofit will be finalised in 2015. In 2014, Airbus provided for costs related to in service technical issues identified and with solutions defined, which reflect the latest facts and circumstances. Airbus is contractually liable for the repair or replacement of the defective parts but not for any other damages whether direct, indirect, incidental or consequential (including loss of revenue, profit or use). However, in view of overall commercial relationships, contract adjustments may occur, and be considered on a case by case basis.

Furthermore, Airbus continued to improve gross margin per aircraft in the year. Airbus delivered 30 A380 aircraft in 2014 and the programme is on track towards P&L breakeven in 2015.

A350 XWB programme. A programme review in 2012 indicated a three month slippage for entry-into-service – to the second half of 2014 – in respect of which the Group recorded a charge of €-124 million.

In 2013, the A350 XWB programme made progress towards certification. On 14 June 2013, the first A350 XWB "MSN1" took to the skies on its first flight and the flight test campaign accumulated more than 1,000 flight test hours. A net charge of €434 million reflected a re-assessment of actual and estimated unit cost. Improvement actions were launched to converge on cost targets.

In 2014, A350 XWB received Type Certification and entry-into-service occurred at the end of 2014, with the first A350 XWB being delivered to Qatar Airways on 22 December in line with commitments. Despite this important achievement, significant challenges remain. The industrial ramp up preparation is underway and associated risks will continue to be closely monitored in line with the schedule, aircraft performance and overall cost envelope, as per customer's commitment.

Construction contract accounting is applied for launch customer contracts in the civil aircraft business if customers have significantly influenced the structural design and technology of the aircraft type under the contract. Considering certain airline customers' increasing involvement in the development and production process of the A350 XWB programme, Airbus applies IAS 11 construction contract accounting to a fixed number of launch customer contracts of the A350 XWB programme for existing backlog. This change in accounting policy has no material effect on 2014 Airbus Group Financial Statements and is thus applied prospectively.

A400M programme. On 5 November 2010, the Group, OCCAR and the launch nations concluded their negotiations on various aspects of a new programme approach for the A400M, with an amendment to the A400M programme contract subsequently finalised on 7 April 2011. Technical progress on the A400M programme resulted in the recognition of A400M-related revenues of €0.5 billion in 2012, €1.0 billion in 2013 and €1.6 billion in 2014.

In 2013, the A400M programme achieved civil and military certification. The initial two A400Ms were delivered to the French Air Force while the third aircraft, for Turkey, was awaiting acceptance in the delivery centre at the end of 2013.

After eight aircraft deliveries in 2014 – four to France, two to Turkey and one each to Germany and to the UK –, the A400M programme is in a phase of progressive enhancement of military capabilities with delays incurred. The sequence of progressive enhancements and associated deliveries are under negotiation with the customers to reflect revised programme baseline and delivery schedule.

In the last quarter of 2014, management has reviewed the programme evolution mostly driven by military functionality challenges and industrial ramp-up together with associated mitigation actions. As a result of this review, Airbus Defence and Space has recorded based on management best estimate an additional net charge of €551 million for the period ended 31 December 2014.

The A400M SOC 1 milestone remains to be achieved. SOC 1 fell due end October 2013, and the termination right related thereto became exercisable by OCCAR/Nations on 1 November 2014 after a 12-month grace period. It has not at the date hereof been exercised. Management judges that it is highly unlikely that this termination right will be exercised.

The A400M programme remains in a critical phase and associated risks will continue to be closely monitored.

Restructuring provisions. In 2013, a provision of €292 million was booked relating to the restructuring of the Airbus Defence and Space Division and Headquarters. In 2014 the restructuring programme remains on track with a reduction of 1,900 positions at the end of the year.

2.1.1.4 Current Trends

Airbus is targeting slightly higher commercial aircraft deliveries in 2015 than in 2014 and the commercial aircraft order book is expected to grow.

Any major production or market disruption or economic downturn could lead to a revision of these figures.

2.1.2 Critical Accounting Considerations, Policies and Estimates

2.1.2.1 Scope of and Changes in Consolidation

Acquisitions and disposals of interests in various businesses can account, in part, for differences in the Group's results of operations for one year as compared to another year. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 4: Acquisitions and disposals".

Acquisitions

On 28 July 2014, Airbus Operations S.L.U., Getafe (Spain), acquired additional 58.49% shares in Alestis Aerospace S.L., La Rinconada (Spain) for a total consideration of €28 million including €6 million due to the separate recognition of settlements of pre-existing relationships. This provides Airbus Group with a majority shareholding of in total 60.16% in Alestis Aerospace S.L. Airbus' investment is intended to secure the supply chain for civil and military programmes. Alestis Aerospace S.L. reported revenues of €148 million for the full year 2014.

On 25 July 2014, Airbus Group N.V., Leiden (Netherlands) acquired 100% of the shares in Salzburg München Bank AG from Raiffeisenverband Salzburg. The Salzburg München Bank AG is a fully-licensed bank based in Munich (Germany) with around €300 million of total assets serving small and medium enterprises and private clients. The acquisition of Salzburg München Bank aims to provide additional financing options for the Group's businesses. Between the acquisition date and year-end 2014, Salzburg München Bank AG reported revenues of €4.7 million.

On 17 May 2013, Cassidian Cybersecurity SAS, Elancourt (France) acquired a 83.9% controlling interest in Arkoon Network Security SA, Lyon (France) ("**Arkoon**"), for a total consideration of € 14 million. On 14 June 2013 Cassidian Cybersecurity SAS made a mandatory simplified public offering on the remaining shares of Arkoon in line with General Regulations of the French Financial Market Authority ("AMF"). The subsequent tender offer and squeeze-out procedure of remaining shareholders left Cassidian as the sole shareholder of Arkoon on 15 July 2013. The total consideration for the remaining 16.1% of Arkoon was €2.7 million. From the date of acquisition, Arkoon contributed €6 million to Group revenues in 2013.

On 20 November 2012, the Group acquired Eltra Holdings Pte Ltd., Singapore (Singapore), an aerospace group involved in various aerospace supply chain and MRO activities for a total consideration of €28 million.

On 16 November 2012, Cassidian acquired 99.8% of Netasq, Villeneuve-d'Ascq (France), a leading expert and pioneer in the IT security market for a total consideration of €27 million.

On 1 October 2012, Cassidian acquired 75.1% of the shares of Carl Zeiss Optronics GmbH, Oberkochen (Germany), with the intention to run the optics and optronics activities of Carl Zeiss Optronics GmbH together with Carl Zeiss AG for a total consideration of € 121 million. Carl Zeiss Optronics GmbH is a manufacturer of optronic, optic and precision-engineered products for military and civil applications.

On 1 July 2012, Cassidian acquired 51% of Rheinmetall Airborne Systems GmbH, Bremen (Germany), for a total consideration of €85 million, to pursue Rheinmetall's activities related to unmanned aerial systems as well as cargo loading systems together with Rheinmetall within a new entity.

On 3 April 2012, Astrium acquired 66.8% of Space Engineering SpA, Rome (Italy), a specialist in digital telecommunications, RF and antenna equipment engineering for both space and ground based applications for a total consideration of € 10 million.

In the first half year 2012, Airbus Helicopters expanded the MRO engine business of its subsidiary Vector Aerospace Corp., Toronto (Canada), via several asset deals, primarily in the Asia-Pacific region, for a total consideration of €43 million.

Disposals

On 9 December 2014, Airbus Group signed a share purchase agreement with the State of Finland to sell its entire 26.8% share in Patria Oyj to the Finnish defence, security and aviation services provider for a total consideration of € 133 million. The transaction was closed on 11 December 2014 and the Group recognized a €47 million capital gain within share of profit from investments.

On 27 November 2014, Airbus Group in an off-market block trade sold to Dassault Aviation a total of 810,072 Dassault Aviation shares at a price of €980 per share representing a total amount of €794 million pre transaction costs. The gain recognized in share of profit from investments amounted to €343 million. After this transaction, Airbus Group held 38.82% of Dassault Aviation's share capital and associated voting rights and then following the cancellation by Dassault Aviation of 9% of its shares, as of 31 December 2014, Airbus Group holds 42.11% with associated voting rights, corresponding to 3,880,235 shares.

On 10 July 2014, Airbus Defence and Space sold its Test & Services activities to a consortium consisting of ACE Management S.A., Paris (France) and IRDI S.A., Toulouse (France). The disposal was performed via an acquisition company Test & Mesures Groupe SAS in which Airbus Defence and Space will retain temporarily 33.5%. The total consideration received amounted to €35 million (thereof €28 million consideration received in cash and €7 million for the shares in Test & Mesures Groupe SAS). The amount of net assets sold was €31 million. The Group recognised a €7 million capital gain on the sale of the Test and Services activities reported in Other income.

On 7 March 2014, Astrium Services GmbH, Ottobrunn (Germany) disposed of 100% of the shares of ND Satcom GmbH, Immenstaad (Germany) to Quantum Industries S.à.r.l., Luxembourg (Luxembourg) with economic effect as of 1 March 2014 leading to a negative consideration of €9 million.

On 28 February 2014, EADS North America, Inc., Herndon (VA, USA) sold 100% of the assets and liabilities of its Test and Services division to Astronics Corp., East Aurora (NY, USA), for a total consideration of €51 million.

On 31 January 2013, ST Aerospace Ltd., Singapore (Singapore) acquired a 35% non-controlling interest in Elbe Flugzeugwerke, Dresden (Germany) (EFW) by increase in capital of €2.5 million in EFW. The Group, as the former sole shareholder, retains 65% of the shares of EFW.

Disposal groups classified as held for sale

Airbus Safran Launcher Joint Venture

On 16 June 2014, Airbus Group and Safran announced the intention to create a 50/50 joint-venture consolidating their respective launcher and propulsion system activities in France and Germany.

On 3 December 2014, the joint venture Airbus Safran Launchers has been created after the approval of the development and production of a new Ariane 6 launcher at the ESA Ministerial Conference. The partners decided to structure the operation in two phases with the first phase consisting in the joint venture entity taking responsibility and gathering resources to coordinate programme management of civil activities of the launcher business and also carrying relevant participation. In a second phase all assets, contracts and industrial capabilities shall be contributed enabling the joint venture to carry out all activities relating to the design, development, manufacturing and selling of launchers, propulsion systems, satellite and space vehicle propulsion for civil and military applications and the selling and commercialisation of civil launch services. Implementation of the second phase is subject to the joint venture entering into a development contract for Ariane 6.

After approval of the ESA Ministerial Conference implementation of first phase was confirmed and associated assets and liabilities have been classified as held for sale as at 31 December 2014.

On 14 January 2015, Airbus Group and Safran have completed the first phase of the integration process enabling Airbus Safran Launchers to become operational.

Electronics Oostkamp

On 23 December 2014, Airbus Group signed an agreement with Parter Capital Group AG for the sale of Airbus Defence and Space's Electronics Oostkamp facility in Belgium. Airbus Group has recognized an associated loss of € 7 million in other expenses in 2014. The transaction was closed on 21 January 2015.

Transactions with Non-Controlling Shareholders

On 31 May 2013, Astrium Services GmbH, Ottobrunn (Germany) acquired remaining non-controlling interest of 24.9% in ND Satcom GmbH, Immenstaad (Germany) from SES S.A., Betzdorf (Luxemburg). The amount of the total consideration was € 1.

On 28 May 2012, Cassidian reduced its shareholding of 87.4% in Grintek Ewation (Pty) Ltd., Pretoria, South Africa, to 75% to comply with local black economic empowerment (BEE) requirements for € 7 million.

2.1.2.2 Fair Value Adjustments

The merger of the operations of Aerospatiale Matra, Daimler Aerospace AG and Construcciones Aeronáuticas S.A., leading to the creation of the Group in 2000, was recorded using the purchase method of accounting with Aerospatiale Matra as the acquirer. Accordingly, the book value of certain assets and liabilities, mainly property, plant and equipment and inventories, was adjusted by an aggregate amount of € 1.8 billion, net of income taxes, to allocate a portion of the respective fair market values of Daimler Aerospace AG and Construcciones Aeronáuticas S.A. at the time of the merger (the "**fair value adjustments**"). These aggregate additions in value are generally being depreciated over four to 25 years for fixed assets and were amortised over approximately 24 months for inventories. In addition, in 2001 in connection with the formation of Airbus S.A.S., the Group adjusted the book value of Airbus fixed assets and inventories by an aggregate amount of € 0.3 billion, net of income taxes, to reflect their fair market values. The fair value adjustments lead to a depreciation expense that is recorded in cost of sales in the consolidated income statement. For management reporting purposes, the Group treats these depreciation charges as non-recurring items in EBIT pre-goodwill impairment and exceptionals. See "— 2.1.3.3 Use of EBIT*".

2.1.2.3 Impairment / Write-down of Assets

When a triggering event such as an adverse material market event or a significant change in forecasts or assumptions occurs, the Group performs an impairment test on the assets, group of assets, subsidiaries, joint ventures or associates likely to be affected. In addition, the Group tests goodwill for impairment in the fourth quarter of each financial year, whether or not there is any indication of impairment. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount.

Generally, the discounted cash flow method is used to determine the value in use of the assets. The discounted cash flow method is particularly sensitive to the selected discount rates and estimates of future cash flows by Management. Consequently, slight changes to these elements can materially affect the resulting asset valuation and therefore the amount of the potential impairment charge.

The discount rates used by the Group are derived from the weighted average cost of capital of the businesses concerned. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Impairment of non-financial assets" and "— Note 13: Intangible assets".

An impairment of goodwill has an effect on profitability, as it is recorded in the line item "Other expenses" on the Group's consolidated income statement. No goodwill was impaired in 2014. In 2012 and 2013, the annual goodwill impairment tests within Other Businesses resulted in an impairment charge of € 17 million and € 15 million, respectively.

2.1.2.4 Capitalised Development Costs

Pursuant to the application of IAS 38 "Intangible Assets", the Group assesses whether product-related development costs qualify for capitalisation as internally generated intangible assets. Criteria for capitalisation are strictly applied. All research and development costs not meeting the IAS 38 criteria are expensed as incurred in the consolidated income statement. € 488 million (historical) of product-related development costs were capitalised in accordance with IAS 38 in 2012, € 417 million (adjusted) in 2013 and € 225 million in 2014. The figures related mostly to the A350 XWB programme (€ 366 million in 2012, € 354 million in 2013 and € 58 million in 2014) and to the H160 helicopter programme development costs (€ 18 million in 2012, € 36 million in 2013 and € 47 million in 2014).

Capitalised development costs are generally amortised over the estimated number of units produced. If the number of units produced cannot be estimated reliably, capitalised development costs are amortised over the estimated useful life of the internally generated intangible asset. Amortisation of capitalised development costs (and impairments, if any) is mainly recognised within "Cost of sales". Amortisation of capitalised development costs amounted to € 171 million in 2012 (historical), € 106 million (adjusted) in 2013 and € 137 million in 2014, the latter relating among others to the A380 programme and the FSTA programme.

Internally generated intangible assets are reviewed for impairment annually when the asset is not yet in use and subsequently whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Research and development expenses".

2.1.2.5 Accounting for Hedged Foreign Exchange Transactions in the Financial Statements

More than 70% of the Group's revenues are denominated in US dollars, whereas a major portion of its costs is incurred in euros and, to a smaller extent, in pounds sterling. The Group uses hedging strategies to manage and minimise the impact of exchange rate fluctuations on its profits. See "— 2.1.7.1 Foreign Exchange Rates" and "Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure".

Cash flow hedges. The Group generally applies cash flow hedge accounting to foreign currency derivative contracts that hedge the foreign currency risk on future sales, to certain interest rate swaps that hedge the variability of cash flows attributable to recognised assets and liabilities and to equity swaps that hedge the equity price risk inherent in cash-settled share based payments (LTIP). Changes in fair value of the hedging instruments related to the effective part of the hedge are reported in accumulated other comprehensive income ("**AOCI**") — a separate component of total consolidated equity, net of applicable income taxes — and recognised in the consolidated income statement in conjunction with the result of the underlying hedged transaction, when realised. See "— 2.1.5 Changes in Consolidated Total Equity (including Non-controlling Interests)". The ineffective portion is immediately recorded in "Profit for the period". Amounts accumulated in equity are recognised in profit or loss in the periods when the hedged transaction affects the income statement, such as when the forecast sale occurs or when the finance income or finance expense is recognised in the income statement. If hedged transactions are cancelled, gains and losses on the hedging instrument that were previously recorded in equity are generally recognised in "Profit for the period". If the hedging instrument expires or is sold, terminated or exercised, or if its designation as hedging instrument is revoked, amounts previously recognised in equity remain in equity until the forecasted transaction or firm commitment occurs. Apart from derivative financial instruments, the Group may also use non-derivative financial assets or liabilities denominated in a foreign currency to hedge foreign currency risk inherent in forecast transactions. See "— 2.1.7.1 Foreign Exchange Rates".

Revenues in currencies other than the euro that are not hedged through financial instruments are translated into euro at the spot exchange rate at the date the underlying transaction occurs.

"Natural" hedges. The Group uses certain foreign currency derivatives to mitigate its foreign currency exposure arising from changes in the fair value of recognised assets and liabilities. To reflect the largely natural offset those derivatives provide to the remeasurement gains or losses of specific foreign currency balance sheet items, the Group presents the gains or losses of those foreign exchange rate derivatives as well as the fair value changes of the relating recognised assets and liabilities in EBIT* (rather than presenting the gains or losses of those foreign exchange rate derivatives in "other financial result" but the fair value changes of the relating recognised assets and liabilities in EBIT*) insofar as certain formal requirements are met, with no impact on net income. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Derivative financial instruments" and "— Note 11: Total finance costs — Other financial result".

2.1.2.6 Foreign Currency Translation

The Group's Consolidated Financial Statements are presented in euros. A legal entity's functional currency is the currency of the primary economic environment in which the entity operates. The assets and liabilities of foreign entities, whose functional currency is other than euro, are translated using period-end exchange rates, while the corresponding income statements are translated using average exchange rates during the period. All resulting translation differences are included as a component of AOCI.

Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at period-end are translated into the functional currency using the period-end exchange rate. These foreign exchange gains and losses arising from translation are recognised in the consolidated income statement except when deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into functional currency at the exchange rate in effect on the date of the transaction. Translation differences on non-monetary financial assets and liabilities that are measured at fair value are reported as part of the fair value gain or loss. However, translation differences of non-monetary financial assets measured at fair value and classified as available for sale are included in AOCI.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity that was acquired after 31 December 2004 are treated as assets and liabilities of the acquired company and are translated into euro at the period-end exchange rate. Regarding transactions prior to that date, goodwill, assets and liabilities acquired are treated as those of the acquirer.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Foreign currency translation".

Currency Translation Mismatch

Customer advances (and the corresponding revenues recorded when sales recognition occurs) are translated at the exchange rate prevailing on the date they are received. US dollar-denominated costs are converted at the exchange rate prevailing on the date they are incurred. To the extent that US dollar-denominated customer advances differ, in terms of timing of receipt or amount, from corresponding US dollar-denominated costs, there is a foreign currency exchange impact (mismatch) on EBIT*. Additionally, the magnitude of any such difference, and the corresponding impact on EBIT*, is sensitive to variations in the number of deliveries.

2.1.2.7 Accounting for Sales Financing Transactions in the Financial Statements

In order to support product sales, primarily at Airbus and Airbus Helicopters, the Group may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties. Certain sales contracts may include the obligation of an asset value guarantee, whereby Airbus or Airbus Helicopters guarantee a portion of the value of an aircraft at a specific date after its delivery. See "— 2.1.6.4 Sales Financing" and "Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies". The accounting treatment of sales financing transactions varies based on the nature of the financing transaction and the resulting exposure.

On balance sheet. When, pursuant to a financing transaction, substantially all the risks and rewards of ownership of the financed aircraft reside with the customer, the transaction is characterised as either a loan or a finance lease. In such instances, revenues from the sale of the aircraft are recorded upon delivery, while financial interest is recorded over time as financial income. The outstanding balance of principal is recorded on the statement of financial position (on balance sheet) in long-term financial assets, net of any accumulated impairments. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 17: Other investments and other long-term financial assets".

Group-external investors sometimes share in the financing and if so, the transactions usually involve the creation of a Structured Entity ("SE"). Airbus Group consolidates an aircraft financing SE if it is exposed to the SE's variable returns and has the ability to direct the relevant remarketing activities. Otherwise, it recognises its share in the SE financing as a loan from aircraft financing under Other long-term financial assets. At 31 December 2014 the carrying amount of its loans from aircraft financing amounts to € 426 million. This amount also represents the Group's maximum exposure to loss from its interest in unconsolidated aircraft financing SEs. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and Contingencies".

By contrast, when substantially all the risks and rewards of ownership remain with the Group, the transaction is characterised as an operating lease. The Group's general policy is to avoid, whenever possible, operating leases for new aircraft to be delivered to customers. Rather than recording 100% of the revenues from the "sale" of the aircraft at the time of delivery, rental income from such operating leases is recorded in revenues over the term of the respective leases. The leased aircraft are recorded at production cost on the statement of financial position (on balance sheet) as property, plant and equipment, and the corresponding depreciation and potential impairment charges are recorded in cost of sales. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 14: Property, plant and equipment".

If the present value of an asset value guarantee exceeds 10% of the sales price of the aircraft, the sale of the underlying aircraft is accounted for as an operating lease in the Consolidated Financial Statements. In this case, upon aircraft delivery, the cash payment received from the customer is recognised on the consolidated statement of financial position as deferred income and amortised straight-line up to the amount, and up to the last exercise date, of the asset value guarantee. The production cost of the aircraft is recorded on the statement of financial position as property, plant and equipment. Depreciation expenses are recorded in cost of sales in the consolidated income statement. As of December 2014 and 2013 respectively no such transaction has been recorded on the balance sheet.

Off balance sheet — contingent commitments. Certain sales financing commitments, such as lease in / lease out structures and asset value guarantees the present value of which is below the 10% threshold, are not recorded on the statement of financial position (on balance sheet).

As a result, transactions relating to such asset value guarantees are accounted for as sales, with the related exposure deemed to be a contingent commitment. To reduce exposure under asset value guarantees and to minimise the likelihood of their occurrence, the Group extends them with prudent guaranteed asset values and restrictive exercise conditions, including limited exercise window periods.

Under lease in / lease out structures, which Airbus applied in the past to allow investors to take advantage of certain jurisdictions' leasing-related tax benefits, the risks and rewards of ownership of the aircraft are typically borne by a third party, usually referred to as the head lessor. The head lessor leases (directly or indirectly) the aircraft to Airbus, which in turn sub-leases it to the customer. To the extent possible, the terms of the head lease and sub-lease match payment streams and other financial conditions. Such commitments by Airbus are reported as off-balance sheet contingent liabilities. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies".

Provisions and allowances. Under its provisioning policy for sales financing risk, the Group records provisions to fully cover its estimated financing and asset value net exposure. Provisions pertaining to sales financing exposure, whether on-balance sheet or off-balance sheet, are recorded as impairments of the related assets or in provisions. Provisions recorded as liabilities relate primarily to off-balance sheet commitments. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions". Provisions are recorded as impairments of the related assets when they can be directly related to the corresponding asset. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 14: Property, plant and equipment" and "— Note 17: Other investments and other long-term financial assets". While Management views its estimates of valuations of collateral as conservative, changes in provisions reflecting revised estimates may have a material impact on net income in future periods.

2.1.2.8 Provisions for Loss-Making Contracts

The Group records provisions for loss-making contracts when it becomes probable that total contract costs will exceed total contract revenues. Due to the size, length of time and nature of many of the Group's contracts, the estimation of total revenues and costs at completion is complicated and subject to many assumptions, judgements and estimates. The introduction of new aircraft programmes (such as the A350 XWB) or major derivative aircraft programmes adds an additional element of complexity to the assumptions, judgements and estimates related to expected development, production and certification schedules and anticipated cost components, including possible customer penalties and supplier claims. The Group's contracts may also include customer options to cancel or extend the contract under certain circumstances, requiring a judgment as to the probability that these options will be exercised. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2.5c: Other Provisions".

Loss-making contract provisions are therefore reviewed and reassessed regularly. However, future changes in the assumptions used by the Group or a change in the underlying circumstances, such as the fluctuation of certain foreign exchange rates, may lead to a revaluation of past loss-making contract provisions and have a corresponding positive or negative effect on the Group's future financial performance.

2.1.3 Performance Measures

2.1.3.1 New Segment Structure

As mentioned in "— 2.1.1.2 Reportable Business Segments", the former reportable segments Cassidian, Astrium and Airbus Military form the new reportable segment Airbus Defence and Space as of 1 January 2014.

Airbus (before 1 January 2014: Airbus Commercial)

Set forth below is a summary of the measures for the activities of Airbus when regrouped into the structure of the new Division for the past three years.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013(1)	Year ended 31 December 2012(2)
Order Intake (net)	150,085	199,261	87,283
Order Book	803,633	625,595	505,333
Revenues	42,280	39,494	37,624
EBIT*	**2,671**	**1,593**	**1,147**
in % of revenues	*6.3%*	*4.0%*	*3.0%*

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.

Airbus Helicopters (before 1 January 2014: Eurocopter)

Set forth below is a summary of the measures for the activities of Airbus Helicopters for the past three years.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013	Year ended 31 December 2012
Order Intake (net)	5,469	5,775	5,392
Order Book	12,227	12,420	12,942
Revenues	6,524	6,297	6,264
EBIT*	**413**	**397**	**309**
in % of revenues	*6.3%*	*6.3%*	*4.9%*

Airbus Defence and Space

Set forth below is a summary of the measures for the activities of Airbus Military, Astrium and Cassidian when regrouped into the structure of the new Division for the past three years.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013[1]	Year ended 31 December 2012[2]
Order Intake (net)	12,225	11,808	10,512
Order Book	43,075	43,208	49,219
Revenues	13,025	13,121	13,520
EBIT*	**409**	**659**	**522**
in % of revenues	*3.1%*	*5.0%*	*3.9%*

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.

2.1.3.2 Order Backlog

Year-end order backlog consists of contracts signed up to that date. Only firm orders are included in calculating order backlog – for commercial aircraft, a firm order is defined as one for which the Group receives a non-refundable down payment on a definitive contract. Defence-related orders are included in the backlog upon signature of the related procurement contract (and the receipt, in most cases, of an advance payment). Commitments under defence "umbrella" or "framework" agreements by governmental customers are not included in backlog until Airbus Group is officially notified.

For commercial aircraft contracts, amounts of order backlog reflected in the table below are derived from catalogue prices, escalated to the expected delivery date and, to the extent applicable, converted into euro (at the corresponding hedge rate for the hedged portion of expected cash flows, and at the period-end spot rate for the non-hedged portion of expected cash flows). The amount of defence-related order backlog is equal to the contract values of the corresponding programmes.

CONSOLIDATED BACKLOG FOR THE YEARS ENDED 31 DECEMBER 2014, 2013 AND 2012[1]

	Year ended 31 December 2014		Year ended 31 December 2013[2]		Year ended 31 December 2012[3]	
	Amount in €bn	*In percentage[4]*	*Amount in €bn*	*In percentage[4]*	*Amount in €bn*	*In percentage[4]*
Airbus[5]	803.6	93.6%	625.6	91.8%	505.3	89.0%
Airbus Helicopters	12.2	1.4%	12.4	1.8%	13.0	2.3%
Airbus Defence and Space	43.1	5.0%	43.2	6.4%	49.2	8.7%
Total Divisional backlog	**858.9**	**100%**	**681.2**	**100%**	**567.5**	**100%**
Other – HQ / Consolidation	(1.4)		(0.6)		(1.0)	
Total	**857.5**		**680.6**		**566.5**	

(1) Without options.
(2) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(3) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.
(4) Before "Other — HQ / Consolidation".
(5) Based on catalogue prices for commercial aircraft activities.

2014 compared to 2013. The € 176.9 billion increase in the order backlog from 2013, to € 857.5 billion, primarily reflects the Group's strong order intake in 2014 (€ 166.4 billion), which significantly exceeded the revenues accounted for in the same year (€ 60.7 billion). Additionally, the stronger US dollar spot rate used for conversion of the non-hedged portion of the backlog into euro at year end (€-US$ 1.21 as compared to €-US$ 1.38 at the end of 2013) had a positive impact on order backlog of approximately € +86 billion.

Airbus' backlog increased by € 178 billion from 2013, to € 803.6 billion, primarily reflecting a book-to-bill ratio of more than two (calculated using units of new net orders). Order intake consisted of 1,456 net orders in 2014 (as compared to 1,503 in 2013), driven mainly by the A320 family, which received 1,321 net firm orders (1,011 A320neo and 310 A320ceo). Total order backlog at Airbus amounted to 6,386 aircraft at the end of 2014 (as compared to 5,559 aircraft at the end of 2013).

Airbus Helicopters' backlog decreased by € -0.2 billion from 2013, to € 12.2 billion, reflecting a book-to-bill ratio of less than one with new net orders of € 5.5 billion. Order intake consisted of 369 net orders in 2014 (as compared to 422 in 2013), driven by orders for commercial helicopters. Total order backlog amounted to 893 helicopters at the end of 2014 (as compared to 995 helicopters at the end of 2013).

Airbus Defence and Space's backlog decreased by € -0.1 billion from 2013, to € 43.1 billion, reflecting a book-to-bill ratio of less than one with new net orders of € 12.2 billion. Space Systems achieved a book-to-bill ratio above 1 with a major development contract in Defence, key export orders in Earth Observation, Navigation and Science and 4 telecommunications satellites (as compared to 3 in 2013). Furthermore, 28 net orders were booked in the Light & Medium segment (as compared to 10 in 2013). One order was booked for the A330 MRTT for a new customer, France (compared to 7 aircraft in 2013).

2013 compared to 2012. The € 114.1 billion increase (adjusted) in the order backlog from 2012, to € 680.6 billion (adjusted), primarily reflects the Group's strong order intake in 2013 (€ 216.4 billion (adjusted)), which significantly exceeded the revenues accounted for in the same year (€ 57.6 billion (adjusted)), although the weaker US dollar spot rate used for conversion of the non-hedged portion of the backlog into euro at year end (€-US$ 1.38 as compared to €-US$ 1.32 at the end of 2012) had a negative impact on order backlog of approximately € -25 billion.

The table below illustrates the proportion of civil and defence backlog at the end of each of the past three years.

	Year ended 31 December 2014		Year ended 31 December 2013		Year ended 31 December 2012	
	Amount in €bn[(1)]	*In percentage*	*Amount in €bn[(1),(2)]*	*In percentage*	*Amount in €bn[(1),(3)]*	*In percentage*
Backlog:						
Civil Sector	815.3	95%	638.0	94%	516.9	91%
Defence Sector	42.2	5%	42.6	6%	49.6	9%
Total	**857.5**	**100%**	**680.6**	**100%**	**566.5**	**100%**

(1) Including "Other — HQ / Consolidation".
(2) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.
(3) 2012 figures have not been adjusted for IFRS 10 and IFRS 11.

2.1.3.3 Use of EBIT*

The Group uses EBIT pre-goodwill impairment and exceptionals (EBIT*) 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 former EADS merger and the Airbus combination, as well as impairment charges thereon. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions.

Set forth below is a table reconciling the Group's profit before finance costs and income taxes (as reflected in the Group's consolidated income statement) with the Group's EBIT*.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013[(1)]	Year ended 31 December 2012[(2)]
Profit before finance costs and income taxes	3,991	2,570	2,089
Disposal and impairment of goodwill	6	15	17
Exceptional depreciation	43	39	38
EBIT*	**4,040**	**2,624**	**2,144**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11.

2.1.3.4 EBIT* Performance by Division

Set forth below is a breakdown of the Group's consolidated EBIT* by Division for the past three years.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013[(1)]	Year ended 31 December 2012 [(2)]
Airbus	2,671	1,593	1,147
Airbus Helicopters	413	397	309
Airbus Defence and Space	409	659	522
Total Divisional EBIT*	**3,493**	**2,649**	**1,978**
Other – HQ / Consolidation[(3)]	547	(25)	166
Total	**4,040**	**2,624**	**2,144**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.
(3) "Other — HQ / Consolidation" comprises results from headquarters, which mainly consist of the "share of profit from investments in associates" from Group's investment in Dassault Aviation.

2014 compared to 2013. The Group's consolidated EBIT* increased by 54.0%, from €2.6 billion (adjusted) for 2013 to €4.0 billion for 2014, primarily reflecting the increased EBIT* at Airbus in 2014.

Airbus' EBIT* increased by 67.7%, from €1.6 billion for 2013 to €2.7 billion for 2014, mainly due to higher aircraft deliveries (629 deliveries in 2014, as compared to 626 deliveries in 2013),continued operational improvements including A380 progress towards breakeven and a favourable evolution of maturing hedges, partially offset by increased A350 XWB support costs. In Q4 2013 a negative charge of €434 million was recorded on the A350 XWB programme contributing to the improvement seen in 2014. (See "— 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2012, 2013 and 2014").

Airbus Helicopters' EBIT* increased by 4.0%, from €397 million for 2013 to €413 million for 2014, despite higher research and development expenses and a less favourable revenue mix.

Airbus Defence and Space's EBIT* decreased by 37.9% from €659 million (adjusted) for 2013 to €409 million for 2014. In the last quarter of 2014, Management has reviewed the A400M programme evolution mostly driven by military functionality challenges and industrial ramp-up together with associated mitigation actions. As a result of this review, Airbus Defence and Space has recorded based on Management best estimate an additional net charge of €551 million for the period ended 31 December 2014. (See "— 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2012, 2013 and 2014").

The EBIT* of Other – Headquarters/Consolidation increased from €-25 million for 2013 to €+547 million for 2014. This includes a capital gain of €343 million linked to the divestment of eight percent of the Company's Dassault Aviation participation.

2013 compared to 2012. The Group's consolidated EBIT* increased by 22.4% (adjusted), from €2.1 billion for 2012 to €2.6 billion (adjusted) for 2013, primarily reflecting the increased EBIT* at the three divisions in 2013.

Foreign currency impact on EBIT*. More than 70% of the Group's revenues are denominated in US dollars, whereas a substantial portion of its costs is incurred in euros and, to a lesser extent, pounds sterling. Given the long-term nature of its business cycles (evidenced by its multi-year backlog), the Group hedges a significant portion of its net foreign exchange exposure to mitigate the impact of exchange rate fluctuations on its EBIT*. See "— 2.1.7.1 Foreign Exchange Rates" and "Risk Factors – 1. Financial Market Risks – Foreign Currency Exposure". In addition to the impact that Hedging Activities have on the Group's EBIT*, the latter is also affected by the impact of revaluation of certain assets and liabilities at the closing rate and the impact of natural hedging.

During 2014, cash flow hedges covering approximately US$24.3 billion of the Group's US dollar-denominated revenues matured. In 2014, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €-US$1.35, as compared to €-US$1.37 in 2013. This difference resulted in an approximate €+0.2 billion increase in EBIT* from 2013 to 2014. In addition, other currency translation adjustments, including those related to the mismatch between US dollar-denominated customer advances and corresponding US dollar-denominated costs as well as the revaluation of loss-making contract provisions, had an approximate positive effect of €+0.24 billion on EBIT* compared to 2013. See "— 2.1.2.6 Foreign Currency Translation".

During 2013, cash flow hedges covering approximately US$23.5 billion of the Group's US dollar-denominated revenues matured. In 2013, the compounded exchange rate at which hedged US dollar-denominated revenues were accounted for was €-US$1.37, as compared to €-US$1.36 in 2012. This difference resulted in an approximate €-0.08 billion decrease in EBIT* from 2012 to 2013, mainly at Airbus. In addition, other currency translation adjustments, including those related to the mismatch between US dollar-denominated customer advances and corresponding US dollar-denominated costs as well as the revaluation of loss-making contract provisions, had a negative effect of €-0.03 billion on EBIT* compared to 2012.

2.1.4 Results of Operations

Set forth below is a summary of the Group's consolidated income statements (IFRS) for the past three years.

(in €m, except for earnings per share)	**Year ended 31 December 2014**	Year ended 31 December 2013[1]	Year ended 31 December 2012[2]
Revenues	60,713	57,567	56,480
Cost of sales	(51,776)	(49,613)	(48,582)
Gross margin	**8,937**	**7,954**	**7,898**
Selling and administrative expenses	(2,601)	(2,762)	(2,869)
Research and development expenses	(3,391)	(3,118)	(3,142)
Other income	330	272	184
Other expenses	(179)	(259)	(229)
Share of profit from investments accounted for under the equity method and other income from investments	895	483	247
Profit before finance costs and income taxes	**3,991**	**2,570**	**2,089**
Interest result	(320)	(332)	(285)
Other financial result	(458)	(278)	(168)
Income taxes	(863)	(477)	(438)
Profit for the period	**2,350**	**1,483**	**1,198**
Attributable to:			
Equity owners of the parent (Net Income)	**2,343**	**1,473**	**1,197**
Non-controlling interests	7	10	1
Earnings per share (basic) *(in €)*	**2.99**	**1.86**	**1.46**
Earnings per share (diluted) *(in €)*	**2.99**	**1.85**	**1.46**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11.

Set forth below are year-to-year comparisons of results of operations, based upon the Group's consolidated income statements.

2.1.4.1 Consolidated Revenues

Set forth below is a breakdown of Group's consolidated revenues by Division for the past three years.

(in €m)	**Year ended 31 December 2014**	Year ended 31 December 2013[1]	Year ended 31 December 2012[2]
Airbus	42,280	39,494	37,624
Airbus Helicopters	6,524	6,297	6,264
Airbus Defence and Space	13,025	13,121	13,520
Total Divisional revenues	**61,829**	**58,912**	**57,408**
Other – HQ / Consolidation	(1,116)	(1,345)	(928)
Total	**60,713**	**57,567**	**56,480**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure. See "— 2.1.1.2 Reportable Business Segments".
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. The Divisional figures are restated to reflect the new segment structure.

For 2014, consolidated revenues increased by 5.5%, from €57.6 billion (adjusted) for 2013 to €60.7 billion for 2014. The increase was primarily due to higher revenues at Airbus.

For 2013, consolidated revenues increased by 1.9% (adjusted), from €56.5 billion for 2012 to €57.6 billion (adjusted) for 2013. The increase was primarily due to higher revenues at Airbus, partly compensated by the adjustment in 2013 due to the application of IFRS 10 and IFRS 11 (€ -1.7 billion).

Airbus

Set forth below is a breakdown of deliveries of commercial aircraft by product type for the past three years.

Number of aircraft	**Year ended 31 December 2014**	Year ended 31 December 2013	Year ended 31 December 2012
Single-aisle	490	493	455
Long-range	108	108	103
A350 XWB	1	0	0
Very large	30	25	30
Total	**629**	**626**	**588[(1)]**

(1) 585 aircraft with revenue recognition (three A330-200 delivered under operating lease).

Airbus' consolidated revenues increased by 7.1%, from €39.5 billion (adjusted) for 2013 to €42.3 billion for 2014, driven by the overall increase in deliveries to a record 629 aircraft (626 deliveries in 2013) and a more favourable delivery mix including 30 A380s compared to 25 in 2013.

Airbus' consolidated revenues increased by 5.0% (adjusted), from €37.6 billion for 2012 to €39.5 billion (adjusted) for 2013. The increase was primarily due to higher aircraft deliveries (626 deliveries in 2013, as compared to 588 deliveries in 2012 with revenue recognition for 585).

Airbus Helicopters

Set forth below is a breakdown of deliveries of helicopters by product type for the past three years.

Number of aircraft	**Year ended 31 December 2014**	Year ended 31 December 2013	Year ended 31 December 2012
Tiger	12	11	10
Light	226	269	227
Medium	132	136	168
Heavy	101	81	70
of which NH90	53	44	*35*
Total	**471**	**497**	**475**

Consolidated revenues at Airbus Helicopters increased by 3.6%, from €6.3 billion for 2013 to €6.5 billion for 2014 mainly driven by government programmes including the ramp-up in NH90 activity. Helicopter deliveries totalled 471 units (FY 2013: 497 units), including the successful entry-into-service (EIS) of the EC175 in the fourth quarter following the EIS of the EC145 T2 and EC135 T3 earlier in the year.

Consolidated revenues of Airbus Helicopters remained stable at €6.3 billion in 2013, accompanied by an overall increase in helicopter deliveries from 475 in 2012 to 497 in 2013. The stable revenue level reflects a weaker revenue mix effect.

Airbus Defence and Space

Set forth below is a breakdown of deliveries of Airbus Defence and Space by product type for the past three years.

Number of aircraft	**Year ended 31 December 2014**	Year ended 31 December 2013	Year ended 31 December 2012
A400M	8	2	0
A330 MRTT (Tanker)	5	7	5
Light & Medium aircraft	19	22	24
Telecom satellites	5	3	3
Total	**48**	**51**	**52**

Airbus Defence and Space's consolidated revenues were broadly stable with a slight decrease by -0.7%, from €13.1 billion (adjusted) for 2013 to €13.0 billion for 2014. Revenues were driven by military aircraft with eight A400M deliveries in total to four nations and by space systems with six Ariane 5 launches during the year.

Airbus Defence and Space's consolidated revenues decreased by -3.0% (adjusted), from €13.5 billion for 2012 to €13.1 billion (adjusted) for 2013. The decrease in 2013 is fully related to the adjustments according to IFRS 10 and IFRS 11 (€-1.3 billion). The operational increase of € +0.9 billion was primarily due to the

A400M ramp up, including the delivery of two A400Ms to the French Air Force, higher volume both for tankers and for light and medium aircraft and continued programme execution, particularly in Eurofighter and space systems despite lower activity in services.

2.1.4.2 Consolidated Cost of Sales

Consolidated cost of sales increased by 4.4%, from €49.6 billion (adjusted) for 2013 to €51.8 billion for 2014. The increase was primarily due to strong delivery patterns, costs related to business growth at Airbus, increased A350 XWB support costs and to a net charge of €551 million related to the A400M programme as a result of Management's review. In Q4 2013, a negative charge of €434 million was recorded on the A350 XWB programme which is partly compensating the increase in 2014. See "— 2.1.1.3 Significant Programme Developments, Restructuring and Related Financial Consequences in 2012, 2013 and 2014". Consolidated cost of sales also includes the amortisation of capitalised development costs pursuant to IAS 38, which amounted to €-137 million in 2014 compared to €-106 million (adjusted) in 2013. Notwithstanding the above stated items, the gross margin increased from 13.8% (adjusted) in 2013 to 14.7% in 2014.

Consolidated cost of sales increased by 2.1% (adjusted) despite certain cost savings, from €48.6 billion for 2012 to €49.6 billion (adjusted) for 2013. The increase was primarily due to strong delivery patterns and costs related to business growth at Airbus as well as a restructuring provision and charges incurred for restructuring, A350 XWB and A380 programmes and negative currency effects. The increase was mitigated by the adjustments in 2013 due to the application of IFRS 10 and IFRS 11 (€-1.3 billion). Consolidated cost of sales also includes the amortisation of capitalised development costs pursuant to IAS 38, which amounted to €-106 million (adjusted) in 2013 compared to €-171 million (historical) in 2012. Notwithstanding the above stated items, the gross margin decreased from 14.0% in 2012 to 13.8% in 2013.

2.1.4.3 Consolidated Selling and Administrative Expenses

Consolidated selling and administrative expenses decreased by 5.8%, from €2.8 billion (adjusted) for 2013 to €2.6 billion for 2014.

Consolidated selling and administrative expenses decreased by 3.7%, from €2.9 billion for 2012 to €2.8 billion (adjusted) for 2013. The decrease in 2013 is fully related to the adjustments in 2013 due to the application of IFRS 10 and IFRS 11.

2.1.4.4 Consolidated Research and Development Expenses

Consolidated research and development expenses increased by 8.8%, from €3.1 billion (adjusted) for 2013 to €3.4 billion for 2014, primarily reflecting R&D activities at Airbus. The main contribution to the expenses comes from the A350 XWB programme. In addition, an amount of €58 million of development costs for the A350 XWB programme has been capitalised. See "—2.1.2.4 Capitalised development costs".

Consolidated research and development expenses remained stable at €3.1 billion for 2013, primarily reflecting R&D activities at Airbus. The main contribution to the expenses comes from the A350 XWB programme. In addition, an amount of €354 million of development costs for the A350 XWB programme has been capitalised.

2.1.4.5 Consolidated Other Income and Other Expenses

Consolidated other income and other expenses include gains and losses on disposals of investments in fixed assets and income from rental properties.

For 2014, other income and other expenses was €+151 million net as compared to €+13 million (adjusted) net for 2013. The net increase was partly due to the sale of the Paris Headquarters building.

For 2013, other income and other expenses was €+13 million (adjusted) net as compared to €-45 million for 2012. The increase is mainly related to the adjustments in 2013 due to the application of IFRS 10 and IFRS 11.

2.1.4.6 Consolidated Share of Profit from Investments Accounted for under the Equity Method and Other Income from Investments

Consolidated share of profit from investments accounted for under the equity method and other income from investments principally includes results from companies accounted for under the equity method and the results attributable to non-consolidated investments.

For 2014, the Group recorded €895 million in consolidated share of profit from investments accounted for under the equity method and other income from investments as compared to €483 million (adjusted) for 2013. The €412 million increase is mainly due to a gain of €343 million from the partial sale of shares of Dassault Aviation and to a gain of €47 million from the disposal of shares of Patria. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 16: Investments accounted for under the equity method".

For 2013, the Group recorded €483 million (adjusted) in consolidated share of profit from investments accounted for under the equity method and other income from investments as compared to €247 million (historical) for 2012. The €236 million increase is mainly related to the adjustments in 2013 due to the application of IFRS 10 and IFRS 11 and to the Group's equity investment in Dassault Aviation.

2.1.4.7 Consolidated Interest Result

Consolidated interest result reflects the net of interest income and expense arising from financial assets and liabilities, including interest expense on refundable advances provided by European governments to finance R&D activities.

For 2014, the Group recorded a consolidated net interest expense of € -320 million, as compared to € -332 million (adjusted) for 2013. The small improvement in interest result is due to lower interest expense recorded on European government refundable advances.

For 2013, the Group recorded a consolidated net interest expense of € -332 million (adjusted), as compared to € -285 million (historical) for 2012. The deterioration in interest result is primarily due to lower interest income recorded on the Group's cash balances.

2.1.4.8 Consolidated Other Financial Result

This line item includes, among others, the impact from the revaluation of financial instruments, the effect of foreign exchange valuation of monetary items and the unwinding of discounted provisions. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant Accounting Policies — Derivative financial instruments — Embedded derivatives".

Consolidated other financial result reduced from € -278 million (adjusted) for 2013 to € -458 million for 2014. This negative € -180 million change mainly results from an increase in the negative impact of revaluation of financial instruments, related to the weakening of the € versus the USD in the fourth quarter 2014.

Consolidated other financial result reduced from € -168 million (historical) for 2012 to € -278 million (adjusted) for 2013. This negative € -110 million (adjusted) change mainly results from the deterioration of the impact of revaluation changes of US-dollar- and pound sterling-denominated cash balances on the euro-denominated statements of financial position of Group companies.

2.1.4.9 Consolidated Income Taxes

For 2014, income tax expense was € -863 million as compared to € -477 million (adjusted) for 2013. The increase was primarily due to the higher income before tax recorded in 2014 (€3,213 million) as compared to 2013 (€ 1,960 million (adjusted)). The effective tax rate was 27% in 2014. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 12: Income taxes".

For 2013, income tax expense was € -477 million (adjusted) as compared to € -438 million (historical) for 2012. The increase was primarily due to the higher taxable income recorded in 2013 (€ 1,960 million (adjusted)) as compared to 2012 (€ 1,636 million). The effective tax rate was 24% (adjusted) in 2013.

2.1.4.10 Consolidated Non-Controlling Interests

For 2014, consolidated profit for the period attributable to non-controlling interests was €7 million, as compared to € 10 million for 2013.

2.1.4.11 Consolidated Profit for the Period Attributable to Equity Owners of the Parent (Net Income)

As a result of the factors discussed above, the Group recorded consolidated net income of €2,343 million for 2014, as compared to € 1,473 million (adjusted) for 2013.

2.1.4.12 Earnings per Share

Basic earnings were €2.99 per share in 2014, as compared to € 1.86 per share (adjusted) in 2013. The number of issued shares as of 31 December 2014 was 784,780,585. The denominator used to calculate earnings per share was 782,962,385 shares (in 2013: 792,466,862), reflecting the weighted average number of shares outstanding during the year. In 2012, the Group reported basic earnings of € 1.46 per share, based on a denominator of 819,378,264 shares.

Diluted earnings were €2.99 per share in 2014, as compared to € 1.85 per share (adjusted) in 2013. The denominator used to calculate diluted earnings per share was 784,155,749 (in 2013: 794,127,812), reflecting the weighted average number of shares outstanding during the year, adjusted to assume the conversion of all potential ordinary shares. In 2012, the Group reported diluted earnings of € 1.46 per share, based on a denominator of 820,551,931 shares.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 23: Total equity" and "— Note 37: Earnings per share".

2.1.5 Changes in Consolidated Total Equity (Including Non-Controlling Interests)

The following table sets forth a summary of the changes in consolidated total equity for the period 1 January 2014 through 31 December 2014.

(in €m)	
Balance as at 31 December 2013 (adjusted)[(1)]	10,906
Profit for the period	2,350
Other comprehensive income	(5,724)
Thereof foreign currency translation adjustments	250
Cash distribution to shareholders / dividends paid to non-controlling interests	(589)
Capital increase	52
Capital decrease	(12)
Equity transactions (IAS 27)	4
Change in non-controlling interests	(17)
Change in treasury shares	72
Cancellation of treasury shares	42
Share-based payment (IFRS 2)	(5)
Balance as at 31 December 2014	**7,079**

(1) 2013 figure is adjusted for the application of IFRS 10 and IFRS 11.

The decrease of consolidated total equity in 2014 primarily reflects the decrease of other comprehensive income ("**OCI**") (€ -5.7 billion), mainly due to the negative variation (net of tax) of the year-end mark to market valuation of that portion of the Group's hedge portfolio qualifying for cash flow hedge accounting under IAS 39 ("**cash flow hedges**") and to the net actuarial losses on defined benefit plans, as well as to the cash distribution to shareholders/dividends paid to non-controlling interests (€ -0.6 billion). The decrease of consolidated total equity was partially offset by, among others, profit for the period recorded for 2014 (€ 2.4 billion).

Set forth below is a discussion on the calculation of AOCI and the related impact on consolidated total equity. For a discussion of the other line items affecting consolidated total equity, see "— Airbus Group N.V. Consolidated Financial Statements (IFRS) — IFRS Consolidated Statements of Changes in Equity for the years ended 31 December 2014 and 2013".

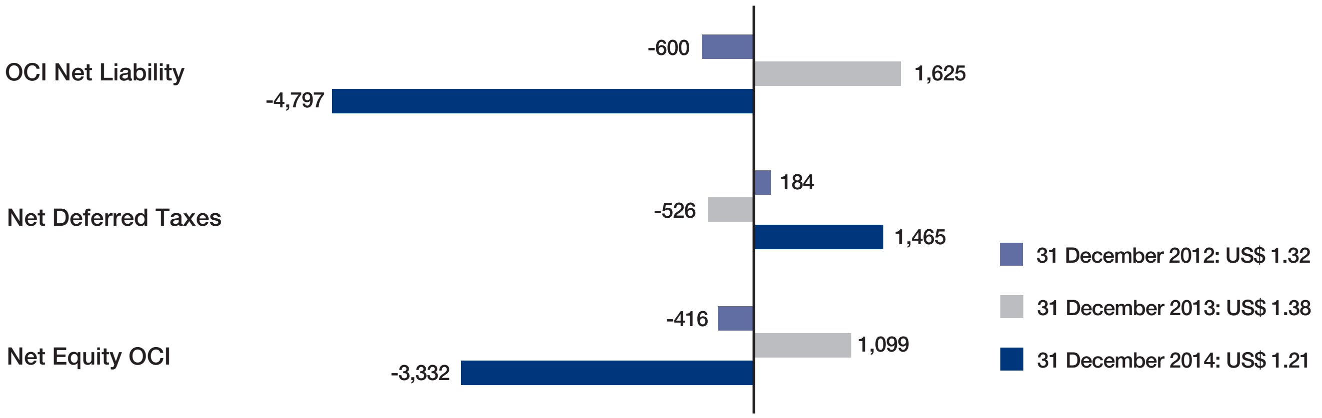
2.1.5.1 Cash Flow Hedge Related Impact on AOCI

As of 31 December 2014, the notional amount of the Group's portfolio of outstanding cash flow hedges amounted to US$ 88.3 billion, hedged against the euro and the pound sterling. The year-end mark to market valuation of this portfolio required under IAS 39 resulted in a negative pre-tax AOCI valuation change of € -6.4 billion from 31 December 2013, based on a closing rate of €-US $ 1.21 as compared to a positive pre-tax AOCI valuation change of € 2.2 billion (adjusted) as of 31 December 2013 from 31 December 2012, based on a closing rate of €-US$ 1.38. For further information on the measurement of the fair values of financial instruments see "—Notes to the Consolidated Financial Statements (IFRS) — Note 34: Information about financial instruments".

Positive pre-tax mark to market values of cash flow hedges are included in other financial assets, while negative pre-tax mark to market values of cash flow hedges are included in other financial liabilities. Year-to-year changes in the mark to market value of effective cash flow hedges are recognised as adjustments to AOCI. These adjustments to AOCI are net of corresponding changes to deferred tax assets (for cash flow hedges with negative mark to market valuations) and deferred tax liabilities (for cash flow hedges with positive mark to market valuations). Set out below is a graphic presentation of cash flow hedge related movements in AOCI over the past three years (in €m).

Nota : the mark to market of the backlog is not reflected in the accounts whereas the mark to market of the hedge book is reflected in AOCI.

CASH FLOW HEDGE RELATED MOVEMENTS IN AOCI IN €M (BASED ON YEAR-END EXCHANGE RATES)



As a result of the negative change in the fair market valuation of the cash flow hedge portfolio in 2014, AOCI amounted to a net liability of €-4.8 billion for 2014, as compared to a net asset of €1.6 billion (adjusted) for 2013. The corresponding €2.0 billion tax effect led to a net deferred tax asset of €1.5 billion as of 31 December 2014 as compared to a net deferred tax liability of €-0.5 billion as of 31 December 2013.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 34b: Carrying amounts and fair values of financial instruments" for further information.

2.1.5.2 Currency Translation Adjustment Impact on AOCI

The €250 million currency translation adjustment related impact on AOCI in 2014 mainly reflects the effect of the variation of the US dollar.

2.1.6 Liquidity and Capital Resources

The Group's objective is to generate sufficient operating cash flow in order to invest in its growth and future expansion, honour the Group's dividend policy, maintain financial flexibility while retaining its credit rating and competitive access to capital markets.

The Group defines its consolidated net cash position as the sum of (i) cash and cash equivalents and (ii) securities, minus (iii) financing liabilities (all as recorded in the consolidated statement of financial position). The net cash position as of 31 December 2014 was €9.1 billion (€8.5 billion (adjusted) as of 31 December 2013).

This net cash position is further supported by a €3.0 billion syndicated back-up facility, undrawn as of 31 December 2014 with no financial covenants, as well as a Euro medium term note programme and commercial paper programme. See "— 2.1.6.3 Consolidated Financing Liabilities". The factors affecting the Group's cash position, and consequently its liquidity risk, are discussed below.

Airbus Group N.V. has two official long-term credit ratings, the first being A2 with a stable outlook by Moody's Investors Service Inc. ("**Moody's**"), and the second A with a stable outlook by Standard and Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). Standard & Poor's also provides an official short term rating for Airbus Group N.V. which currently stands at A-1. Airbus Group N.V. also has an unsolicited long-term credit rating of A- with a stable outlook by Fitch Polska S.A. ("**Fitch Ratings**"). Standard and Poor's and Fitch Ratings are established in the European Union and, as of the date of this Registration Document, are registered as credit rating agencies in accordance with EC Regulation 1060 / 2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). Moody's is not established in the European Union and not registered under the CRA Regulation but Moody's Investors Service Ltd., its European Union credit rating agency affiliate, is registered under the CRA Regulation and has endorsed Moody's rating.

2.1.6.1 Cash Flows

The Group generally finances its manufacturing activities and product development programmes, and in particular the development of new commercial aircraft, through a combination of flows generated by operating activities, customer advances, risk-sharing partnerships with sub-contractors and European government refundable advances. In addition, the Group's military activities benefit from government-financed research and development contracts. If necessary, the Group may raise funds in the capital markets.

The following table sets forth the variation of the Group's consolidated net cash position over the periods indicated.

(in €m)	**2014**	2013[1]	2012[2]
Consolidated net cash position at 1 January	**8,454**	**11,724**	**11,681**
Gross cash flow from operations[3]	5,595	4,143	4,772
Changes in other operating assets and liabilities	(2,386)	(2,091)	(76)
Thereof customer financing	*108*	*(319)*	*(146)*
Cash used for investing activities[4]	(1,207)	(2,879)	(3,448)
Thereof industrial capital expenditures	*(2,548)*	*(2,918)*	*(3,270)*
Free cash flow[5]	**2,002**	**(827)**	**1,248**
Thereof M&A transactions	*893*	*(16)*	*(201)*
Free cash flow before acquisitions	*1,109*	*(811)*	*1,449*
Cash flow from customer financing (net)	108	(319)	(146)
Free cash flow before customer financing	*1,894*	*(508)*	*1,394*
Cash distribution to shareholders / non-controlling interests	(589)	(469)	(379)
Contribution to plan assets of pension schemes	(462)	(223)	(856)
Changes in capital and non-controlling interests	52	171	144
Share buy-back / Change in treasury shares	102	(1,915)	(5)
Others	(467)	(7)	459
Consolidated net cash position as of 31 December	**9,092**	**8,454**	**12,292**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.
(2) 2012 figures have not been adjusted for IFRS 10 and IFRS 11. Therefore, the consolidated net cash position as of 31 December 2012 deviates from the consolidated net cash position at 1 January 2013. The difference is related to the at equity consolidation of formerly proportionately consolidated Joint Ventures (mainly MBDA and Atlas Elektronik).
(3) Represents cash provided by operating activities, excluding (i) changes in other operating assets and liabilities (working capital), (ii) contribution to plan assets of pension schemes and (iii) realized fx results on Treasury swaps (€0 in 2012 and 2013; € -187 million in 2014).
(4) Does not reflect change of securities (net disposal of €3,422 million (historical) for 2012, net disposal of €1,267 million (adjusted) for 2013; net investment of € -2,016 million for 2014), which are classified as cash and not as investments solely for the purposes of this net cash presentation.
(5) Does not reflect change of securities, contribution to plan assets of pension schemes and realized fx results on Treasury swaps.

The net cash position as of 31 December 2014 was €9.1 billion, a 7.5% increase from 31 December 2013. The increase primarily reflects the gross cash flow from operations (€5.6 billion), partially offset by the build-up of other operating assets and liabilities (€ -2.4 billion), the cash used for investing activities (€ -1.2 billion), the cash distribution to shareholders/ non-controlling interests (€ -0.6 billion) and the contribution to plan assets of pension schemes (€ -0.5 billion).

Gross Cash Flow from Operations

Gross cash flow from operations increased by 35.0% to €5.6 billion for 2014, primarily due to the improvement of operating profitability before depreciation and provisioning.

Changes in Other Operating Assets and Liabilities

Changes in other operating assets and liabilities is comprised of inventories, trade receivables, other assets and prepaid expenses netted against trade liabilities, other liabilities (including customer advances), deferred income and customer financing. They resulted in a € -2.4 billion negative impact on the net cash position for 2014, as compared to a negative impact of € -2.1 billion for 2013.

In 2014, the main net contributor to the negative working capital variation was the change in inventory (€ -3.3 billion) reflecting inventory growth at Airbus especially due to investment in programmes to support both production and development, particularly for the A350 XWB and Single Aisle programmes, as well as at Airbus Defence and Space. Additionally, trade receivables contributed negatively (€ -0.7 billion). These negative variations within the year were partially offset by pre-delivery payments from customers (€1.7 billion), which increased compared to 2013.

In 2013, the main net contributor to the negative working capital variation was the change in inventory (€ -3.1 billion (adjusted)) reflecting inventory growth at Airbus especially for the A380, A400M and A350 XWB programmes as well as at Airbus Helicopters. This negative variation within the year was partially offset by (i) pre-delivery payments from customers (€0.6 billion (adjusted)) and by (ii) the change in trade liabilities (€0.5 billion (adjusted)).

European government refundable advances. As of 31 December 2014, total European Government refundable advances received, recorded on the statement of financial position in the line items "non-current other financial liabilities" and "current other financial liabilities" due to their specific nature, amounted to €6.5 billion, including accrued interest.

European government refundable advances (net of reimbursements) as recorded on the statement of financial position increased in 2014, due primarily to refundable advances received for the A350 XWB. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 27: Other financial liabilities".

Cash Used for Investing Activities

Management categorises cash used for investing activities into three components: (i) industrial capital expenditures, (ii) M&A transactions and (iii) others.

Industrial capital expenditures. Industrial capital expenditures (investments in property, plant and equipment and intangible assets) amounted to €-2.5 billion for 2014 as compared to €-2.9 billion for 2013 and €-3.3 billion for 2012. Capital expenditures in 2014 related to programmes at Airbus of €-1.7 billion (a large portion of which related to the ramp-up phase of the A350 XWB) and additional projects in the other Divisions of €-0.8 billion. Capital expenditures include product-related development costs that are capitalised in accordance with IAS 38. See "—2.1.2.4 Capitalised Development Costs".

For 2015, it is expected that the majority of the Group's capital expenditures will occur in connection with Airbus activities, in particular for the A350 XWB programme, and be broadly distributed across the Group's home markets of France, Germany, Spain and the UK.

M&A transactions. In 2014, the €893 million figure principally reflects the partial sale of shares of Dassault Aviation (€792 million) and the disposal of shares of Patria (€133 million). Cash was used for the Group's acquisitions of Alestis Aerospace S.L. (€-22 million) and of Salzburg München Bank AG (€-21 million).

In 2013, the €-16 million figure principally reflects the net cash used for the Group's acquisition of Arkoon. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 31: Consolidated statements of cash flows".

Free Cash Flow

The Group defines free cash flow as the sum of (i) cash provided by operating activities and (ii) cash used for investing activities, minus (iii) change of securities, (iv) contribution to plan assets of pension schemes and (v) realized Fx results on Treasury swaps. As a result of the factors discussed above, free cash flow amounted to €2.0 billion for 2014 as compared to €-0.8 billion for 2013 and €1.2 billion for 2012. Free cash flow before customer financing was €1.9 billion for 2014 as compared to €-0.5 billion for 2013 and €1.4 billion for 2012.

Change in Treasury Shares

Change in treasury shares for 2014 amounted to € + 0.1 billion.

Change in treasury shares for 2013 amounted to €-1.9 billion which were used for the share buy-back of around 53 million shares. The share buy-back supported the increase of the free float to more than 70%.

Contribution to Plan Assets of Pension Schemes

The cash outflows of €-0.5 billion, €-0.2 billion and €-0.9 billion in 2014, 2013 and 2012, respectively, primarily relate to a contribution to the Contractual Trust Arrangement (CTA) for allocating and generating pension plan assets in accordance with IAS 19, as well as to plan assets in the UK and to German benefit funds. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25b: Provisions for retirement plans". In 2015, the Group intends to make additional €200 million contributions to plan assets in order to reduce the provision for retirement plans on its statement of financial position.

Others

In 2014, the negative change of €-467 million reflects among others the change in consolidated financing liabilities (mainly due to the first consolidation of Airbus Group bank). In 2012, the positive change of €459 million mainly results from revaluation of securities and financing liabilities.

2.1.6.2 Consolidated Cash and Cash Equivalents and Securities

The cash and cash equivalents and securities portfolio of the Group is invested mainly in non-speculative financial instruments, mostly highly liquid, such as certificates of deposit, overnight deposits, commercial paper, other money market instruments and bonds. See "—2.1.7.2 Interest Rates" and "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

The Group has a fully automated cross-border cash pooling system (covering France, Germany, Spain, the Netherlands, the UK and the US). The cash pooling system enhances Management's ability to assess reliably and instantaneously the cash position of each subsidiary within the Group and enables Management to allocate cash optimally within the Group depending upon shifting short-term needs.

2.1.6.3 Consolidated Financing Liabilities

The following table sets forth the composition of the Group's consolidated financing liabilities, including both short- and long-term debt, as of 31 December 2014:

	31 December 2014			
(in €m)	Not exceeding 1 year	Over 1 year up to 5 years	More than 5 years	Total
Bonds	1	1,543	2,374	3,918
Liabilities to financial institutions	22	526	1,225	1,773
Loans	285	243	181	709
Finance leases	12	70	116	198
Others	753	0	0	753
Total	**1,073**	**2,382**	**3,896**	**7,351**

(1) Financing liabilities include non-recourse Airbus debt for €46 million.

The outstanding balance of financing liabilities increased from €5.6 billion as of 31 December 2013 to €7.4 billion as of 31 December 2014. This increase is mainly related to the €1.0 billion EMTN bond issue in April 2014 and the €0.5 billion EMTN bond issue in October 2014.

Financing liabilities include liabilities connected with sales financing transactions amounting to €46 million as of 31 December 2014, most of which bore interest at variable rates. See "— 2.1.6.4 Sales Financing".

Liabilities to financial institutions as of 31 December 2014 include no short-term liabilities from securities lending activities (2013: €608 million).

EMTN programme. The Group has a €5 billion Euro Medium Term Note ("**EMTN**") Programme in place, with four tranches outstanding as of 31 December 2014:

- €0.5 billion of notes issued in 2003 and maturing in 2018, bearing interest at 5.5% (effective interest rate: 5.58%) and subsequently swapped into a variable rate of three-month EURIBOR plus 1.72%;
- €1.0 billion of notes issued in 2009 and maturing in 2016, bearing interest at 4,625% (effective interest rate: 4.68%) and subsequently swapped into a variable rate of three-month EURIBOR plus 1.57%;
- €1.0 billion of notes issued in 2014 and maturing in 2024, bearing interest at 2,375% (effective interest rate: 2,394%); and
- €0.5 billion of notes issued in 2014 and maturing in 2029, bearing interest at 2,125% (effective interest rate: 2,194%).

US bond. On 17 April 2013, the Group placed an inaugural US$1 billion issue on the US institutional market under 144A / Reg S format. The bond carries a fixed coupon of 2.70% (effective interest rate 2.73%) and matures in April 2023.

Commercial paper programme. The Group has the ability to issue commercial paper on a rolling basis, under a so-called "*billet de trésorerie*" programme. This commercial paper would bear interest at fixed or floating rates with individual maturities ranging from 1 day to 12 months. The programme has been in place since 2003 and has a maximum authorised volume limit of €3 billion. As of 31 December 2014, there was no outstanding amount under the programme.

European Investment Bank loans. In 2004, the European Investment Bank granted a long-term loan to the Group in the amount of US$421 million and bearing interest at 5.11% (effective interest rate: 5.11%). This loan matured and has been consequently fully repaid in August 2014. In 2011, the Group entered into a US$721 million long-term credit agreement maturing in 2021 (with straight line amortisation from August 2015 onwards) with the European Investment Bank, bearing interest at a variable rate of three-month USD LIBOR plus 0.85%. The Group concurrently swapped the variable interest rate into a fixed rate of 3.2%. In 2013, the Group entered into a US$406 million long-term credit agreement maturing in 2020 with the European Investment Bank, bearing interest at a variable rate of three-month USD LIBOR plus 0.93%. In 2014, the Group entered into a US$627 million long-term credit agreement with the European Investment Bank maturing in 2024 with a fixed 2.52% interest rate.

Development Bank of Japan loan. In 2011, the Group entered into a US$300 million loan maturing in 2021 (bullet loan) with the Development Bank of Japan, fully drawn down and bearing interest at a variable rate of three-month USD LIBOR plus 1.15%. The Group concurrently swapped the variable interest rate into a fixed rate of 4.76%.

For further information, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 26: Financing liabilities".

2.1.6.4 Sales Financing

The Group favours cash sales and encourages independent financing by customers, in order to avoid retaining credit or asset risk in relation to delivered products. However, in order to support product sales, primarily at Airbus and Airbus Helicopters, the Group may agree to participate in the financing of customers, on a case-by-case basis, directly or through guarantees provided to third parties.

The financial markets remain unpredictable, which may cause the Group to increase its future outlays in connection with customer financing of commercial aircraft, mostly through finance leases and secured loans. Nevertheless, it intends to keep the amount as low as possible.

Dedicated and experienced teams structure such financing transactions and closely monitor total Group finance and asset value exposure and its evolution in terms of quality, volume and intensity of cash requirements. The Group aims to structure all financing it provides to customers in line with market-standard contractual terms so as to facilitate any subsequent sale or reduction of such exposure.

In determining the amount and terms of a financing transaction, Airbus takes into account the airline's credit rating as well as risk factors specific to the intended operating environment of the aircraft and its expected future value. Market yields and current banking practices also serve to benchmark the financing terms offered to customers.

0.6% of the € 7.4 billion of total consolidated financing liabilities as of 31 December 2014 related to the funding of the Group's sales financing assets, which are of a long-term nature and have predictable payment schedules.

Set out below is a breakdown of the total amount of sales financing liabilities outstanding.

(in €m)	**2014**	2013[1]
Liabilities to financial institutions	0	11
Loans	46	39
Total sales financing liabilities	**46**	**50**

(1) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.

All of the € 46 million total sales financing liabilities as of 31 December 2014 are in the form of non-recourse debt, where the Group's repayment obligations are limited to its receipts from transaction counterparties. A significant portion of financial assets representing non-cancellable customer commitments have terms closely matching those of the related financing liabilities. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 26: Financing liabilities". See also "— 2.1.2.7 Accounting for Sales Financing Transactions in the Financial Statements".

Furthermore, in 1999, Airbus received a reinvestment note from Deutsche Bank AG in the amount of US$ 800 million, bearing a fixed interest rate of 9.88% with an outstanding debt of € 147 million as of 31 December 2014 (2013: € 157 million).

Sales financing transactions are generally collateralised by the underlying aircraft. Additionally, Airbus and Airbus Helicopters benefit from protective covenants and from security packages tailored according to the perceived risk and the legal environment of each transaction.

The Group classifies the exposure arising from its sales financing activities into two categories: (i) customer financing exposure, where the customer's credit — its ability to perform its obligations under a financing agreement — constitutes the risk; and (ii) asset value exposure, where the risk relates to decreases in the future value of the financed aircraft. See also "— Risk Factors —1. Financial Market Risks — Sales Financing Arrangements".

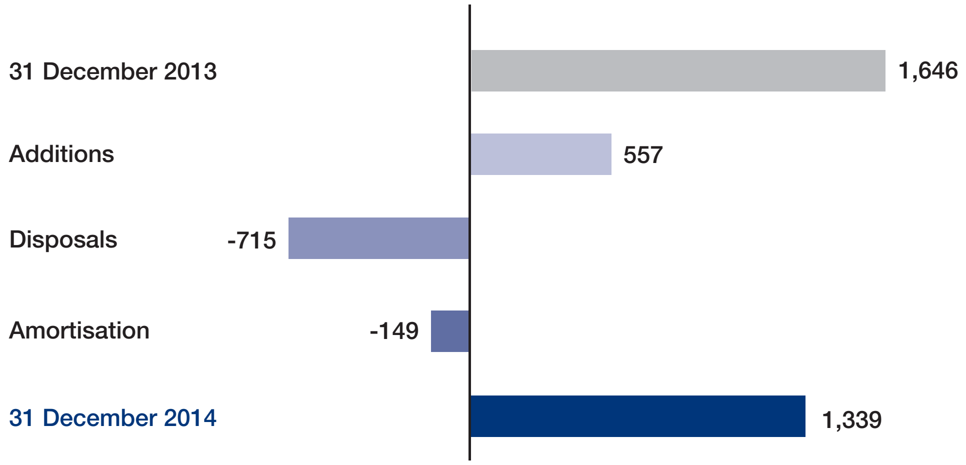
Customer Financing Exposure

Gross exposure. Gross Customer Financing Exposure is computed as the sum of (i) the net book value of aircraft under operating leases before impairment charge; (ii) the outstanding principal amount of finance leases or loans before impairment; and (iii) the net present value of the maximum commitment amounts under financial guarantees.

Gross Customer Financing Exposure from operating leases, finance leases and loans differs from the value of related assets on the Group's statement of financial position and related off-balance sheet contingent commitments for the following reasons: (i) assets are recorded in compliance with IFRS, but may relate to transactions where there is limited recourse to Airbus and Airbus Helicopters; (ii) the value of the assets is impaired on the consolidated statement of financial position; (iii) off-balance sheet gross exposure is calculated as the net present value of future payments, whereas the financial statements present the total future payments in nominal terms; and (iv) exposure related to certain asset value guarantees recorded as operating leases in the financial statements is categorised under asset value exposure, not customer financing exposure.

Airbus' Gross Customer Financing Exposure amounted to US$ 1.3 billion (€ 1.1 billion) as of 31 December 2014. The chart below illustrates the evolution of this exposure during 2014 (in US$ million).

EVOLUTION OF AIRBUS GROSS EXPOSURE DURING 2014 IN US$



Airbus Gross Customer Financing Exposure as of 31 December 2014 is distributed over 83 aircraft, operated at any time by approximately 27 airlines. In addition, the level of exposure may include other aircraft-related assets, such as spare parts. More than 90% of Airbus Gross Customer Financing Exposure is distributed over 14 airlines in 12 countries (this excludes backstop commitments).

Airbus Helicopters' Gross Customer Financing Exposure amounted to €81 million as of 31 December 2014. This exposure is distributed over 58 helicopters.

Net exposure. Net exposure is the difference between gross exposure and the estimated value of the collateral security. Collateral value is assessed using a dynamic model based on the net present value of expected future rentals from the aircraft in the leasing market and potential cost of default. This valuation model yields results that are typically lower than residual value estimates by independent sources in order to allow for what management believes is its conservative assessment of market conditions, as well as for repossession and transformation costs. See "— 2.1.2.7 Accounting for Sales Financing Transactions in the Financial Statements".

The table below shows the transition from gross to net financing exposure (which does not include asset value guarantees) as of 31 December 2014 and 2013. It includes 100% of Airbus' and Airbus Helicopters' customer financing exposure.

		Airbus		Airbus Helicopters		Group Total	
(in €m)	Note[(1)]	**31/12/2014**	31/12/2013[(2)]	**31/12/2014**	31/12/2013	**31/12/2014**	31/12/2013[(2)]
Operating leases	14	327	485	-	-	327	485
Finance leases & loans	17	544	603	78	70	622	673
Others (Inventory)		171	89	-	-	171	89
On balance sheet customer financing		**1,042**	1,177	**78**	70	**1,120**	1,247
Off balance sheet customer financing		**126**	134	**9**	14	**135**	148
Non-recourse transactions on balance sheet		(10)	(75)	(6)	-	(16)	(75)
Off balance sheet adjustments		(55)	(43)	-	-	(55)	(43)
Gross Customer Financing Exposure	33	**1,103**	1,193	**81**	84	**1,184**	1,277
Collateral values	33	(743)	(851)	(37)	(41)	(780)	(892)
Net exposure		**360**	342	**44**	43	**404**	385
Asset impairments and provisions on:							
Operating leases	33	(114)	(134)	-	-	(114)	(134)
Finance leases & loans	33	(179)	(159)	-	-	(179)	(159)
On balance sheet commitments –provisions	33	(3)	-	(44)	(43)	(47)	(43)
On balance sheet commitments – inventories		(42)	(10)	-	-	(42)	(10)
Off balance sheet commitments	33	(22)	(39)	-	-	(22)	(39)
Asset impairments and provisions		**(360)**	(342)	**(44)**	(43)	**(404)**	(385)
Residual exposure		**-**	-	**-**	-	**-**	-

(1) The indicated numbers refer to the number of the Notes to Consolidated Financial Statements (IFRS).
(2) 2013 figures are adjusted for the application of IFRS 10 and IFRS 11.

The gross value of consolidated operating leases shown in the table above (€327 million in 2014 and €485 million in 2013 (adjusted)) is accounted for in "Property, plant and equipment" at net book value of operating leases before impairment. Corresponding accumulated asset impairments (€-114 million in 2014 and €-134 million in 2013 (adjusted)) are charged against this net book value. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 14: Property, plant and equipment" and "— Note 33: Commitments and contingencies".

Also shown in the table above is the gross value for consolidated finance leases and loans (€622 million in 2014 and €673 million in 2013 (adjusted)). Consolidated finance leases (€17 million in 2014 and €195 million in 2013 (adjusted)) are accounted for as long-term financial assets, recorded at their book value before impairment. Loans (€605 million in 2014 and €478 million in 2013 (adjusted)) are also accounted for as long-term financial assets, recorded at their outstanding gross amount. Corresponding overall accumulated impairments (€-179 million in 2014 and €-159 million in 2013 (adjusted)) are charged against the book values. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 17: Other investments and other long-term financial assets".

Off-balance sheet customer financing exposure at Airbus and Airbus Helicopters was €135 million in 2014 and €148 million (adjusted) in 2013. These amounts reflect the total nominal value of future payments under lease in / lease out structures. The corresponding net present value of future payments (discounted and net of mitigating factors) is included in total gross financing exposure for an amount of €80 million in 2014 and €105 million in 2013 (adjusted). A provision of €22 million has been accrued for in the Group's balance sheet as of 31 December 2014 to cover the full amount of the corresponding net exposure. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies".

Asset Value Exposure

A significant portion of the Group's asset value exposure arises from outstanding asset value guarantees, primarily at Airbus. Management considers the financial risks associated with such guarantees to be manageable. Three factors contribute to this assessment: (i) the guarantee only covers a tranche of the estimated future value of the aircraft, and its level is considered prudent in comparison to the estimated future value of each aircraft; (ii) the asset value guarantee-related exposure is diversified over a large number of aircraft and customers; and (iii) the exercise dates of outstanding asset value guarantees are distributed through 2025, resulting in low levels of exposure maturing in any year. In addition, these asset value guarantees must generally be exercised during a pre-defined window and contain specific conditions that must be met in order for them to be exercisable. Airbus is currently engaged in taking mitigation action to reduce the impact of asset value guarantees falling due in the coming years relating to widebody aircraft.

Gross exposure. Gross asset value exposure is defined as the sum of the maximum guaranteed tranche amounts (as opposed to the sum of the maximum guaranteed asset value amounts) under outstanding asset value guarantees. As of 31 December 2014, gross asset value exposure was US$ 1.2 billion (€1.0 billion). The off-balance sheet portion of gross asset value exposure, representing asset value guarantees with net present values of less than 10% of the sales price of the corresponding aircraft, was €861 million, excluding €146 million where the risk is considered to be remote. In many cases, the risk is limited to a specific portion of the residual value of the aircraft. The remaining gross asset value exposure is recorded on-balance sheet.

Net exposure. The present value of the risk inherent to the given asset value guarantees, where a settlement is considered to be probable, is fully provided for and included in the amount of the provision for asset value risks of €618 million as of 31 December 2014. This provision covers a potential expected shortfall between the estimated value of the aircraft of the date upon which the guarantee can be exercised and the value guaranteed on a transaction basis taking counter guarantees into account. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 25c: Other provisions".

Backstop Commitments

While backstop commitments to provide financing related to orders on Airbus' backlog are also given, such commitments are not considered to be part of gross exposure until the financing is in place, which occurs when the aircraft is delivered. This is due to the fact that (i) past experience suggests it is unlikely that all such proposed financings actually will be implemented (although it is possible that customers not benefiting from such commitments may nevertheless request financing assistance ahead of aircraft delivery), (ii) until the aircraft is delivered, Airbus retains the asset and does not incur an unusual risk in relation thereto (other than the corresponding work-in-progress), and (iii) third parties may participate in the financing.

Airbus deliveries and financing support implemented at delivery. Over the last three years (2014, 2013 and 2012), the average number of aircraft delivered in respect of which financing support has been provided by Airbus amounted to 1% of the average number of deliveries over the same period, *i.e.* 7 aircraft financed per year out of 614 deliveries per year on average. This financing support may take the form of senior or junior loans or guarantees. Such support may have originated from the Group's contractual backstop commitments provided at signing of the purchase agreement (see above) or may be the result of a request for financing assistance made by the customer ahead of aircraft delivery.

See "— Notes to the Consolidated Financial Statements (IFRS) — Note 33: Commitments and contingencies" for further discussion of the Group's sales financing policies and accounting procedures.

2

2.1.7 Hedging Activities

2.1.7.1 Foreign Exchange Rates

More than 70% of the Group's revenues are denominated in US dollars, with approximately 60% of such currency exposure "naturally hedged" by US dollar-denominated costs. The remainder of costs is incurred primarily in euros, and to a lesser extent, in pounds sterling. Consequently, to the extent that the Group does not use financial instruments to hedge its net current and future exchange rate exposure from the time of a customer order to the time of delivery, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies, and to a lesser extent, by market changes in the exchange rate of pound sterling against the euro. As the Group intends to generate profits only from its operations and not through speculation on foreign currency exchange rate movements, the Group uses hedging strategies solely to mitigate the impact of exchange rate fluctuations on its EBIT*. See "— 2.1.3.4 EBIT* Performance by Division — Foreign Currency Impact on EBIT*". See also "— Risk Factors — 1. Financial Market Risks — Foreign Currency Exposure".

As the Group uses financial instruments to hedge its net foreign currency exposure, the portion of its US dollar-denominated revenues not hedged by financial instruments is exposed to changes in exchange rates. Of this non-hedged portion of revenues, a certain percentage (relating to customer pre-delivery payments) is converted into euro at the spot rate effective at the time the payment was received by the Group. The remainder of non-hedged US dollar-denominated revenues (corresponding to payments upon delivery) are subject to changes in the spot rate at the time of delivery. See "— 2.1.2.6 Foreign Currency Translation".

Exposure on aircraft sales. For products such as aircraft, the Group typically hedges firmly committed sales in US dollars. The hedged items are defined as firmly committed future cash inflows for a given month based upon final payments at delivery. Usually, the Group designates a portion of the total monthly cash inflows as the hedged position to cover its expected foreign currency exposure. Therefore, as long as the actual gross foreign currency cash inflows (per month) exceed the portion designated as being hedged, a postponement or cancellation of sales transactions and corresponding cash inflows have no impact on the hedging relationship. Similarly, though to a lesser extent, the Group hedges its expected foreign currency exposure arising from US dollar cash outflows in the commercial aircraft business on a first outflow basis. The amount of the expected flows to be hedged can cover up to 100% of the equivalent of the net US dollar exposure at inception. The coverage ratio is adjusted to take into account macroeconomic movements affecting the spot rates and interest rates as well as the robustness of the commercial cycle.

Exposure on non-aircraft business. For the non-aircraft business the Group hedges in- and outflows in foreign currencies from firmly committed or forecast sales and purchase contracts. In the non-aircraft business, hedges are typically contracted in lower volumes but follow similar first flow logic or are designated based on agreed milestone payments.

Exposure on treasury operations. In connection with its treasury operations, the Group enters into foreign exchange swap contracts (notional amount of € 1.4 billion as of 31 December 2014) to adjust for short-term fluctuations of non-euro cash balances at the Business Unit level. Year-to-year changes in the fair market value of these swaps are recorded in the consolidated income statement in the line item "other financial result" if not designated as hedging instruments. These changes may have a material impact on the Group's net income.

Embedded derivatives. The Group also has foreign currency derivative instruments which are embedded in certain purchase and lease contracts denominated in a currency other than the functional currency of the significant parties to the contract, principally US dollar and pound sterling. Gains or losses relating to such embedded foreign currency derivatives are reported in the line item "other financial result" if not designated as hedging instruments. These changes may have a material impact on the Group's net income. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 2: Summary of significant accounting policies — Significant accounting policies — Derivative financial instruments — Embedded derivatives". In addition, the Group hedges currency risk arising from financial transactions in other currencies than euro, such as funding transactions or securities.

Hedge portfolio. The Group manages a long-term hedge portfolio with a maturity of several years hedging its net exposure to US dollar sales, mainly relating to the activities of Airbus (and to a lesser extent, of Airbus Helicopters and Airbus Defence and Space). The net exposure is defined as the total currency exposure (US dollar-denominated revenues), net of the part that is "naturally hedged" by US dollar-denominated costs. This hedge portfolio covers to a large extent the Group's highly probable transactions. For financial reporting purposes, foreign currency transactions qualify as a hedged item if they are included in the internally audited order book or are otherwise considered highly probable, *e.g.* because of contractual or planning evidence.

The table below sets forth the notional amount of foreign exchange hedges in place as of 31 December 2014, and the average US dollar rates applicable to corresponding EBIT*.

	2015	2016	2017	2018	2019+	Total
Total Hedges *(in US$bn)*	**25.0**	**22.7**	**20.7**	**12.6**	**7.2**	**88.3**
Forward Rates *(in US$)*						
€-US$	1.35	1.33	1.32	1.33	1.36	
£-US$	1.59	1.58	1.59	1.60	1.62	

For further information regarding the notional amounts of the Group's foreign exchange derivative financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34d: Notional amounts of derivative financial instruments".

2.1.7.2 Interest Rates

The Group uses an asset-liability management approach with the objective of limiting its interest rate risk. The Group undertakes to match the risk profile of its assets with a corresponding liability structure. The remaining net interest rate exposure is managed through several types of interest rate derivatives, primarily interest rate swaps and to a lesser extent interest rate futures contracts, in order to minimise risks and financial impacts.

The vast majority of related interest rate hedges qualify for hedge accounting as either fair value hedges or cash flow hedges.

The Group invests in financial instruments such as overnight deposits, certificates of deposits, commercial papers, other money market instruments and short-term as well as medium-term bonds. For its financial instruments portfolio, the Group holds on a regular basis an asset management committee which aims at limiting the interest rate risk on a fair value basis through a value-at-risk approach.

For information regarding the notional amounts of the Group's interest rate derivative financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34d: Notional amounts of derivative financial instruments". For further information relating to market risk and the ways in which the Group attempts to manage this risk, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

2.1.7.3 Commodity Price Risk

The Group is exposed to risk relating to fluctuations in the prices of commodities used in the supply chain. The Group manages these risks in the procurement process and to a certain extent uses derivative financial instruments in order to mitigate the risks associated with the purchase of raw materials.

2.1.7.4 Equity Price Risk

Under its Long-Term Incentive Plan (LTIP) the Group is exposed to the risk of Airbus Group share price increases. The Group limits these risks through the use of equity derivatives that have been designated as hedging instruments in a cash flow hedge.

2.2 Financial Statements

The Consolidated Financial Statements (IFRS) and the Company Financial Statements of Airbus Group N.V. for the year ended 31 December 2014, together with the related notes, appendices and Auditors' reports, shall be deemed to be incorporated in and form part of this Registration Document.

In addition, the English versions of the following documents shall be deemed to be incorporated in and form part of this Registration Document:

- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the year ended 31 December 2012, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 3 April 2013 and filed in English with the Chamber of Commerce of The Hague; and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of EADS N.V. for the year ended 31 December 2013, together with the related notes, appendices and Auditors' reports, as incorporated by reference in the Registration Document filed in English with, and approved by, the AFM on 4 April 2014 and filed in English with the Chamber of Commerce of The Hague.

Copies of the above-mentioned documents are available free of charge upon request in English at the registered office of the Company and in English, French, German and Spanish on **www.airbusgroup.com** (Investors & Shareholders > Publications > Annual Reports and Registration Documents).

Copies of the above-mentioned Registration Documents are also available in English on the website of the AFM on **www.afm.nl** (Professionals > Registers > Approved prospectuses). The above-mentioned financial statements are also available in English for inspection at the Chamber of Commerce of The Hague.

The Company confirms that the reports of the auditors incorporated by reference herein have been accurately reproduced and that as far as the Company is aware and is able to ascertain from the information provided by the auditors, no facts have been omitted which would render such reports inaccurate or misleading.

2

2.3 Statutory Auditors' Fees

Services provided to the Group by Statutory Auditors and Members of their network for the financial years 2014, 2013 and 2012:

	KPMG Accountants N.V.						Ernst & Young Accountants LLP					
	2014		2013		2012		**2014**[(1)]		2013		2012	
	Amount in €K	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*	*Amount in €K*	*%*
Audit												
Audit process, certification, examination of individual and consolidated accounts	5,812	66.5%	5,201	63.6%	5,780	55.0%	-	-	5,931	68.8%	5,836	61.3%
Additional tasks	2,344	26.9%	2,196	26.9%	3,725	35.5%	-	-	2,123	24.6%	3,158	33.2%
Sub-total	**8,156**	**93.4%**	**7,397**	**90.5%**	**9,505**	**90.5%**	**-**	**-**	**8,054**	**93.4%**	**8,994**	**94.5%**
Other services as relevant												
Legal, tax, employment	573	6.6%	769	9.4%	961	9.2%	-	-	566	6.6%	519	5.5%
Information technology	-	-	8	0.1%	20	0.1%	-	-	-	-	-	-
Other	-	-	-	-	22	0.2%	-	-	-	-	-	-
Sub-total	**573**	**6.6%**	**777**	**9.5%**	**1,003**	**9.5%**	**-**	**-**	**566**	**6.6%**	**519**	**5.5%**
Total	**8,729**	**100%**	**8,174**	**100%**	**10,508**	**100%**	**-**	**-**	**8,620**	**100%**	**9,513**	**100%**

(1) In 2014, Airbus Group N.V. was audited by KPMG only. Other audit firms have audit fees related to audit process, certification and examination of individual and consolidated accounts of €6 million.

2.4 Information Regarding the Statutory Auditors

	Date of first appointment	Expiration of current term of office[(1)]
KPMG Accountants N.V. Laan van Langerhuize 1 — 1186 DS Amstelveen — The Netherlands Represented by R.J. Aalberts	10 May 2000	27 May 2015

(1) A resolution will be submitted to the Annual General Meeting of Shareholders to be held on 27 May 2015, in order to appoint KPMG Accountants N.V. as the Company's auditor for the 2015 financial year.

KPMG Accountants N.V. and its representative are registered with the NBA (*Nederlandse Beroepsorganisatie van Accountants*).

3

General Description of the Company and its Share Capital

3

3.1 General Description of the Company

3.1.1 Commercial and Corporate Names, Seat and Registered Office

Commercial Name: Airbus Group

Statutory Name: Airbus Group N.V.

Registered Office: Mendelweg 30, 2333 CS Leiden, the Netherlands

Seat *(statutaire zetel)*: Amsterdam

Tel: +31 (0)71,5245,600

Fax: +31 (0)71,5232,807

3.1.2 Legal Form

The Company is a public limited liability company (*naamloze vennootschap*) organised under the laws of the Netherlands. As a company operating worldwide, the Company is subject to, and operates under, the laws of each country in which it conducts business.

3.1.3 Governing Laws and Disclosures

The Company is governed by the laws of the Netherlands (in particular Book 2 of the Dutch Civil Code) and by its Articles of Association (the "**Articles of Association**").

The Company is subject to various legal provisions of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (the "**WFT**"). In addition, given the fact that its shares are admitted for trading on a regulated market in France, Germany and Spain, the Company is subject to certain laws and regulations in these three jurisdictions. A summary of the main regulations applicable to the Company in relation to information to be made public in these three jurisdictions, as well as the Netherlands, is set out below.

3.1.3.1 Periodic Disclosure Obligations

Pursuant to Directive 2004 / 109 / EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the "**Transparency Directive**"), the Company is required to disclose certain periodic and on-going information (the "**Regulated Information**").

Pursuant to the Transparency Directive, the Company must disseminate such Regulated Information throughout the European Community in a manner ensuring fast access to such information on a non-discriminatory basis. For this purpose, the Company may use a professional service provider (wire). In addition, Regulated Information must be filed at the same time with the relevant competent market authority. The Company must then ensure that Regulated Information remains publicly available for at least five years.

Finally, Regulated Information must be made available for central storage by a mechanism that is officially designated by the Company's home Member State.

Dutch Regulations

For the purpose of the Transparency Directive, supervision of the Company is effected by the Member State in which it maintains its corporate seat, which is the Netherlands. The competent market authority that assumes final responsibility for supervising compliance by the Company in this respect is the AFM.

Under the Transparency Directive as implemented under Dutch law, the Company is subject to a number of periodic disclosure requirements, such as:

- publishing an Annual Financial Report, together with an audit report drawn up by the Statutory Auditors, within four months after the end of each financial year;
- publishing a semi-Annual Financial Report, within two months after the end of the first six months of the financial year; and
- publishing quarterly financial reports, within a period between ten weeks after the beginning and six weeks before the end of the first or second six-month period of the financial year.

In addition, the Company must file with the AFM, within five days following their adoption by the Company's shareholders, its audited annual financial statements (including the consolidated ones), the management report, the Auditors' report and other information related to the financial statements.

The Company has also provided in this Registration Document a list of certain corporate and financial documents and other information that it has published or made available to the public over the last 12 months and details of where these documents can be obtained (see "— 3.5 Annual Securities Disclosure Report").

French Regulations

Since the Transparency Directive was implemented in France on 20 January 2007, the Company is no longer required to comply with certain disclosure obligations pursuant to the general regulations of the AMF.

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in France the same information as that provided abroad.

German Regulations

Since the Transparency Directive was implemented in Germany on 20 January 2007, the Company is no longer required to comply with certain disclosure obligations pursuant to the German Stock Exchange Act (*Börsengesetz*) and the German Stock Exchange Admissions Regulation (*Börsenzulassungs-Verordnung*).

Due to the listing of the Company's shares in the *Prime Standard* sub-segment of the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange, the Company is subject to certain post-listing obligations as described below. The Company is included *inter alia* in the selection index MDAX, the MidCap index of *Deutsche Börse AG.*

Pursuant to sections 50 and 51 of the Exchange Rules (*Börsenordnung*) of the Frankfurt Stock Exchange, the Company is required to publish consolidated annual and semi-annual financial statements as well as quarterly financial reports, which may be prepared in English only. In addition, pursuant to section 52 of the Exchange Rules, the Company is required to publish a financial calendar at the beginning of each financial year in German and English. The Company is also required to hold an analysts' meeting at least once per year in addition to the press conference regarding the annual financial statements.

Save for certain exceptions, pursuant to section 69 of the German Stock Exchange Admissions Regulation, the Company has to apply for admission of shares issued at a later date to the Regulated Market (*regulierter Markt*) of the Frankfurt Stock Exchange.

Spanish Regulations

Since the entering into force of the law and regulation implementing the Transparency Directive in Spain in April and December 2007, respectively, the Company is no longer required to comply with certain disclosure obligations pursuant to the Spanish Securities Act as developed by Royal Decree 1362 / 2007 of 19 October 2007.

In accordance with the requirement set forth in the Transparency Directive to disseminate Regulated Information throughout the European Community, the Company is required to provide simultaneously in Spain the same information as that provided abroad.

3.1.3.2 Ongoing Disclosure Obligations

Pursuant to the Transparency Directive, Regulated Information includes in particular "inside information" as defined pursuant to Article 6 of Directive 2003 / 6 / EC on insider dealing and market manipulation (the "**Market Abuse Directive**"). Such information must be disseminated throughout the European Community (see introduction to section "— 3.1.3.1 Periodic Disclosure Obligations").

Inside information consists of information of a precise nature which has not been made public that relates, directly or indirectly, to one or more issuers of financial instruments or to one or more financial instruments and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Inside information must be disclosed to the markets as soon as possible. However, an issuer may under its own responsibility delay the public disclosure of inside information so as not to prejudice its legitimate interests provided that such omission would not be likely to mislead the public and provided that the issuer is able to ensure the confidentiality of that information.

Dutch Regulations

Following the implementation of the Transparency Directive into Dutch law, the Company must publicly disclose Regulated Information and also file Regulated Information with the AFM, which will keep all relevant Regulated Information in a publicly available register. The Company will, whenever it discloses inside information pursuant to applicable mandatory law as part of the Regulated Information, disclose and disseminate throughout the European Community any such information.

Under Dutch law, the Company must also publish any change in the rights attached to its shares, as well as any changes in the rights attached to any rights issued by the Company to acquire Airbus Group shares.

French Regulations

Any inside information as defined above will be disclosed in France by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in France equivalent information to that provided abroad.

German Regulations

Any inside information as defined above will be disclosed in Germany by means of dissemination throughout the European Community, as it is organised under Dutch law implementing the Transparency Directive so as to provide simultaneously in Germany equivalent information to that provided abroad.

Spanish Regulations

Pursuant to Article 82 of the Spanish Securities Act, the Company is required to make public, as soon as possible, any fact or decision that may substantially affect the quotation of its shares ("**a Relevant Event**"). Any Relevant Event must be notified to the CNMV simultaneously with its diffusion by any other means, as soon as the relevant fact is known, the relevant decision has been made or, the relevant agreement has been executed, as the case may be. The Company may, under its own responsibility, delay the publication of any Relevant Event if it considers that such publication damages its legitimate interests, provided that such lack of publication does not mislead the public and that the Company is in a position to guarantee the confidentiality of the relevant information. Nonetheless, the Company will immediately inform the CNMV should it decide to delay the publication of any Relevant Event. Furthermore, pursuant to the Spanish Securities Act, the Company must post details of any Relevant Event on its website. The Company must try to ensure that the relevant information is disclosed simultaneously to all types of investors in the Member States of the European Union where it is listed.

An order dated 1 June 2009 requires that the Company appoint at least one official spokesperson to respond to any inquiries that the CNMV may have in relation to a Relevant Event disclosed by the Company. This spokesperson must be able to officially reply on behalf of the Company and must have access to senior management in order to verify any information requested by the CNMV.

A circular dated 4 November 2009 further provides that the publication of any Relevant Event must be made via the CIFRADOC system (the CNMV's electronic system for notifications and communications) and that publication by different means is only possible under exceptional circumstances, subject to approval by the General Markets Directorate (*Dirección General de Mercados*).

Pursuant to the Spanish Securities rules and regulations, the Company is also required:

(i) to have a website which must contain as a minimum the information specified by Spanish regulations; and

(ii) to make available to shareholders and file a Corporate Governance Report with the CNMV in the Spanish language or in a language customary in the sphere of international finance on an annual basis.

3.1.4 Date of Incorporation and Duration of the Company

The Company was incorporated on 29 December 1998 for an unlimited duration.

3.1.5 Objects of the Company

Pursuant to its Articles of Association, the objects of the Company are to hold, co-ordinate and manage participations or other interests and to finance and assume liabilities, provide for security and/or guarantee debts of legal entities, partnerships, business associations and undertakings that are involved in:

- the aeronautic, defence, space and/or communication industry; or
- activities that are complementary, supportive or ancillary thereto.

3.1.6 Commercial and Companies Registry

The Company is registered with the Registry of the Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under number 24288945.

3.1.7 Inspection of Corporate Documents

The Articles of Association are available for inspection in Dutch at the Chamber of Commerce.

In France, the Articles of Association are available at the operational headquarters of Airbus Group (4, rue du Groupe d'Or, 31703 Blagnac, France, Tel.: +33 5 81 31 75 00).

In Germany, the Articles of Association are available at the Munich office of Airbus Group (Willy-Messerschmitt-Str. – Tor 1, 85521 Munich, Germany, Tel.: +49 89 60 70).

In Spain, the Articles of Association are available at the CNMV and at the Madrid office of Airbus Group (Avenida de Aragón 404, 28022 Madrid, Spain, Tel.: +34 91 585 70 00).

3.1.8 Financial Year

The financial year of the Company starts on 1 January and ends on 31 December of each year.

3.1.9 Allocation and Distribution of Income

3.1.9.1 Dividends

The Board of Directors shall determine which part of the profits of the Company shall be attributed to reserves. The remaining distributable profit shall be at the disposal of the shareholders' meeting.

The shareholders' meeting may resolve (if so proposed by the Board of Directors) that all or part of a distribution on shares shall be paid in Airbus Group shares or in the form of assets as opposed to cash.

The declaration of a dividend, an interim dividend or another distribution to the shareholders shall be made known to them within seven days after such declaration. Declared dividends, interim dividends or other distributions shall be payable on such date(s) as determined by the Board of Directors.

Dividends, interim dividends and other distributions on shares shall be paid by bank transfer to the bank or giro accounts designated in writing to the Company by, or on behalf of, shareholders at the latest 14 days after their announcement.

The persons entitled to a dividend, interim dividend or other distribution shall be the shareholders as at a record date to be determined by the Board of Directors for that purpose, which date may not be a date prior to the date on which such dividend, interim dividend or other distribution is declared.

3.1.9.2 Liquidation

In the event of the dissolution and liquidation of the Company, the assets remaining after payment of all debts and liquidation expenses shall be distributed amongst the holders of the shares in proportion to their shareholdings.

3.1.10 General Meetings

3.1.10.1 Calling of Meetings

Shareholders' Meetings are held as often as the Board of Directors deems necessary, when required under Section 2:108a of the Dutch Civil Code (as a result of a decrease of the Company's equity to or below half of the Company's paid up and called up capital) or upon the request of shareholders holding, individually or together, at least 10% of the total issued share capital of the Company. The Annual General Meeting of Shareholders of the Company is held within six months of the end of the financial year.

The Board of Directors must give notice of shareholders' meetings through publication of a notice on the Company's website (**www.airbusgroup.com**), which will be directly and permanently accessible until the shareholders' meeting. The Company must comply with the statutory rules providing for a minimum convening period, which currently require at least 42 days of notice. The convening notice must state the items required under Dutch law.

Shareholders' Meetings are held in Amsterdam, The Hague, Rotterdam or Haarlemmermeer (Schiphol Airport). The Board of Directors may decide that shareholders' meetings may be attended by means of electronic or video communication devices from the locations mentioned in the convening notice.

The Board of Directors must announce the date of the Annual General Meeting of Shareholders at least ten weeks before the Meeting. A matter which one or more shareholders or other parties with meeting rights collectively representing at least the statutory threshold (which is currently 3% of the issued share capital) have requested in writing to be put on the agenda for a General Meeting of Shareholders shall be included in the convening notice or shall be announced in the same fashion, if the substantiated request or a proposal for a resolution is received by the Company no later than the 60th day before the general meeting. When exercising the right to put a matter on the agenda for a General Meeting of Shareholders, the respective shareholder or shareholders are obliged to disclose their full economic interest to the Company. The Company must publish such disclosure on its website.

A request as referred to in the preceding paragraph may only be made in writing. The Board of Directors can decide that in "writing" is understood to include a request that is recorded electronically.

3.1.10.2 Right to Attend Shareholders' Meetings

Each holder of one or more shares may attend shareholders' meetings, either in person or by written proxy, speak and vote according to the Articles of Association. See "— 3.1.10.4 Conditions of Exercise of Right to Vote". However, under (and subject to the terms of) the Articles of Association these rights may be suspended under circumstances.

A shareholder or 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.

The persons who have the right to attend and vote at shareholders' meetings are those who are so on record in a register designated for that purpose by the Board of Directors on the registration date referred to in Section 2:119 of the Dutch Civil Code which is currently the 28th day prior to the day of the shareholders' meeting (the "**Registration Date**"), irrespective of who may be entitled to the shares at the time of that meeting.

Any person who is entitled to exercise the rights set out in the above paragraph (either in person or by means of a written proxy) and is attending the meeting from another location in such a manner that the person acting as Chairman of the meeting is convinced that such a person is properly participating in the meeting, shall be deemed to be present or represented at the meeting, shall be entitled to vote and shall be counted towards a quorum accordingly.

As a prerequisite to attending the shareholders' meeting and to casting votes, the Company, or alternatively an entity or person so designated by the Company, should be notified in writing by each holder of one or more 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 Company, or alternatively an entity or person so designated by the Company, on the day mentioned in the convening notice.

Holders of shares that are registered in the shareholders' register kept in Amsterdam have the option of holding them through Euroclear France S.A. In this case the shares are registered in the name of Euroclear France S.A.

Shareholders holding their Airbus Group shares hrough Euroclear France S.A. who wish to attend general meetings will have to request from their financial intermediary or accountholder an admission card and be given a proxy to this effect from Euroclear France S.A. in accordance with the instructions specified by the Company in the convening notice. For this purpose, a shareholder will also be able to request that its shares be registered directly (and not through Euroclear France S.A.) in the register of the Company. However, only shares registered in the name of Euroclear France S.A. may be traded on stock exchanges.

In order to exercise their voting rights, the shareholders will also be able, by contacting their financial intermediary or accountholder, to give their voting instructions to Euroclear France S.A. or to any other person designated for this purpose, as specified by the Company in the convening notice.

Pursuant to its Articles of Association, the Board of Directors may provide for electronic means of attendance, speaking and voting at the shareholders' meetings. The use of such electronic means will depend on the availability of the necessary technical means and market practice.

3.1.10.3 Majority and Quorum

All resolutions are adopted by means of a simple majority of the votes cast except when a qualified majority is prescribed by the Articles of Association or by Dutch law. No quorum is required for any shareholders' meeting to be held except as required under applicable law for a very limited number of resolutions of an extraordinary nature. Dutch law requires a special majority for the passing of certain resolutions: *inter alia*, capital reduction, exclusion of pre-emption rights in connection with share issues, statutory mergers or statutory de-mergers; the passing of such resolutions requires a majority of two-thirds of the votes cast if 50% of the share capital with voting rights is not present at the shareholders' meeting (or otherwise a simple majority). In addition, resolutions to amend the Articles of Association or to dissolve the Company may only be adopted with a majority of at least two-thirds of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting, and resolutions to amend certain provisions of the Articles of Association may only be adopted with a majority of at least 75% of the valid votes cast at a shareholders' meeting, whatever the quorum present at such meeting.

Pledgees of shares and beneficiaries of a usufruct, which do not have voting rights, do not have the right to attend and to speak at shareholders' meetings. The owners of shares which are subject to a pledge or a usufruct, which do not have voting rights, are entitled to attend and to speak at shareholders' meetings.

3.1.10.4 Conditions of Exercise of Right to Vote

In all shareholders' meetings, each shareholder has one vote in respect of each share it holds. The major shareholders of the Company – as set forth in "— 3.3.2 Relationships with Principal Shareholders" – do not enjoy different voting rights from those of the other shareholders.

A shareholder whose shares are subject to a pledge or usufruct shall have the voting rights attaching to such shares unless otherwise provided by law or by the Articles of Association or if, in the case of a usufruct, the shareholder has granted voting rights to the usufructuary. Pursuant to the Articles of Association and subject to the prior consent of the Board of Directors, a pledgee of shares in the Company may be granted the right to vote in respect of such pledged shares.

The Articles of Association provide: *"The right to vote can be granted to a usufructuary. The right to vote can be granted to a pledgee, but only with the prior consent of the Board of Directors.*

No vote may be cast at the General Meeting on a share that is held by the Company or a subsidiary; nor for a share in respect of which one of them holds the depository receipts. Usufructuaries and pledgees of shares that are held by the Company or its subsidiaries are, however, not excluded from their voting rights, in case the right of usufruct or pledge was vested before the share was held by the Company or its subsidiary."

3.1.11 Disclosure of Holdings

Pursuant to the WFT, any person who, directly or indirectly, acquires or disposes of an interest in the capital or voting rights of the Company must immediately give written notice to the AFM by means of a standard form, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person meets, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Any person whose interest in the capital or voting rights of the Company meets, exceeds or falls below one or several of the above-mentioned thresholds due to a change in Airbus Group's outstanding capital, or in voting rights attached to the shares as notified to the AFM by the Company, should notify the AFM no later than the fourth trading day after the AFM has published the notification by the Company. Among other things, the Company is required to notify the AFM immediately if its outstanding share capital or voting rights have changed by 1% or more since the Company's previous notification.

If at the end of a calendar year the composition of a shareholder's holding differs from its previous disclosure as a result of the conversion of certain types of securities or following the exercise of rights to acquire voting rights, this shareholder must then provide an update of its previous disclosure within four weeks of the end of each calendar year by giving written notice thereof to the AFM. The disclosures are published by the AFM on its website (**www.afm.nl**).

Pursuant to the Articles of Association, shareholders must notify the Company when meeting or crossing the thresholds above. The Articles of Association also contain disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds.

Under the Articles of Association, the disclosure obligations of shareholders are enhanced in several ways beyond what is required under the WFT, including by requiring the disclosure of additional information, tying the disclosure obligations to a broader range of interests in the capital or voting rights of the Company and by requiring a shareholder to notify the Company if his or her interest reaches, exceeds or falls below the Mandatory Disposal Threshold (as defined below) or if the interest of a shareholder (alone or a member of a concert) which is above such Mandatory Disposal Threshold charges in its composition, nature and/or size.

Failure to comply with the legal obligation to notify a change in shareholding under the WFT is a criminal offence punishable by criminal and administrative penalties as well as civil law penalties, including the suspension of voting rights. Failure to comply with a notification under the Articles of Association can lead to a suspension of meeting and voting rights.

Disclosure Requirements for Members of the Board of Directors and the Executive Committee

Disclosure of Holdings

In addition to the requirements under the WFT regarding the disclosure of holdings in case the specified thresholds are met or exceeded or if holdings fall below these thresholds, Members of the Board of Directors must report to the AFM the number of shares in the Company and attached voting rights[(1)] held by him or an entity controlled by him, within two weeks following his appointment as Director, whether or not such shareholdings meet or exceed any of the specified thresholds. Subsequently, any Member of the Board of Directors is required to notify the AFM of any changes in such number of shares in the Company and attached voting rights.

Disclosure of Transactions Carried Out on Any Securities Issued by the Company

Based on Section 5:60 of the WFT, certain persons discharging managerial or supervisory responsibilities within the Company and, where applicable, persons closely associated with them (together "**Insiders**", as defined below), are required to notify the AFM within five trading days of all transactions conducted for their own account involving shares of the Company, or derivatives or other financial instruments related to such shares, unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year.

"Insiders" for the Company include (i) Members of the Board of Directors and the Executive Committee of the Company, (ii) persons closely associated with any person mentioned under category (i) (including their spouses, life partners or any partner considered by national law as equivalent to the spouse, blood relatives, dependent children and other relatives who have shared the same household), and (iii) legal entities, trusts or partnerships whose managerial responsibilities are discharged by any person referred to in categories (i) or (ii) or which are directly or indirectly controlled by such a person, or that have been set up for the benefit of such a person, or whose economic interests are substantially equivalent to those of such a person.

(1) In this context, the term "shares" also includes for example depositary receipts for shares and rights resulting from an agreement to acquire shares or depositary receipts for shares, specifically call options, warrants, and convertible bonds. Equally, the term "voting rights" also includes actual or contingent rights to voting rights (*e.g.*, embedded in call options, warrants or convertible bonds).

The Company has adopted specific internal insider trading rules (the "**Insider Trading Rules**") in order to ensure compliance with the above requirements and with other share trading regulations applicable in the Netherlands, France, Germany and Spain. The Insider Trading Rules are available on the Company's website, and provide in particular that: (i) all employees and Directors are prohibited from conducting transactions in the Company's shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in the Company's shares or stock options within very limited periods and have specific information obligations to the ITR Compliance Officer of the Company and the competent financial market authorities with respect to certain transactions. The ITR Compliance Officer is responsible for the implementation of the Insider Trading Rules and for reporting to the AFM.

Pursuant to Section 5:59 paragraph of the WFT, the Company must maintain a list of all persons working for it by virtue of a labour relationship or otherwise, who may have access to inside information. Equivalent requirements exist under French, German and Spanish law.

According to paragraph 15a of the German Securities Trading Act, persons with significant managerial responsibility within the Company (*i.e.* for the Company, the Members of the Board of Directors and of the Executive Committee), or the persons closely associated with them, must disclose transactions conducted for their own account involving shares of the Company or financial instruments that relate to those shares, especially derivatives. These persons have to notify the Company and the German Federal Financial Supervisory Authority of the transactions within five trading days unless the aggregate amount of such transactions does not exceed €5,000 in respect of all transactions in a calendar year. Since implementation of the Transparency Directive into German law on 20 January 2007, the Company is no longer required to publish such notifications on its website or in a German supra-regional mandatory stock exchange newspaper.

3.1.12 Mandatory Disposal

3.1.12.1 Mandatory Disposal Threshold Restricting Ownership to 15%

The Articles of Association prohibit any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others (the "**Mandatory Disposal Threshold**"). An interest ("**Interest**") includes not only shares and voting rights, but also other instruments that cause shares or voting rights to be deemed to be at someone's disposal pursuant to the Dutch Financial Supervision Act, and must be notified to the Dutch regulator, the AFM, if certain thresholds are reached or crossed. Any shareholder having an interest of more than the Mandatory Disposal Threshold must reduce its interest below the Mandatory Disposal Threshold, for instance by disposing of its Excess Shares, within two weeks. The same applies to concerts of shareholders and other persons who together hold an interest exceeding the Mandatory Disposal Threshold. Should such shareholder or concert not comply with not exceeding the 15% Mandatory Disposal Threshold by the end of such two-week period, their Excess Shares would be transferred to a Dutch law foundation ("*Stichting*"), which can, and eventually must, dispose of them.

The Dutch law foundation would issue depositary receipts to the relevant shareholder in return for the Excess Shares transferred to the foundation, which would entitle the relevant shareholder to the economic rights, but not the voting rights, attached to such Airbus Group shares. The foundation's Articles of Association and the terms of administration governing the relationship between the foundation and the depositary receipt holders provide, *inter alia*, that:

- the Board Members of the foundation must be independent from the Company, any grandfathered persons and their affiliates (see "— 3.1.12.2 Exemptions from Mandatory Disposal Threshold") and any holder of depositary receipts and their affiliates (there is an agreement under which the Company will, *inter alia*, cover the foundation's expenses and indemnify the Board Members against liability);
- the Board Members are appointed (except for the initial Board Members who were appointed at incorporation) and dismissed by the Management Board of the foundation (the Company may however appoint one Board Member in a situation where there are no foundation Board Members);
- the foundation has no discretion as to the exercise of voting rights attached to any Airbus Group shares held by it and will in a mechanical manner vote to reflect the outcome of the votes cast (or not cast) by the other shareholders, and the foundation will distribute any dividends or other distributions it receives from the Company to the holders of depositary receipts; and
- no transfer of a depositary receipt can be made without the prior written approval of the foundation's board.

For any shareholder or concert, the term "Excess Shares", as used above, refers to such number of shares comprised in the interest of such shareholder or concert exceeding the Mandatory Disposal Threshold which is the lesser of: (a) the shares held by such shareholder or concert which represent a percentage of the Company's issued share capital that is equal to the percentage with which the foregoing interest exceeds the Mandatory Disposal Threshold; and (b) all shares held by such person or concert.

This restriction is included in the Articles of Association to reflect the Company's further normalised governance going forward aiming at a substantial increase of the free float and to safeguard the interests of the Company and its stakeholders (including all its shareholders), by limiting the possibilities of influence above the level of the Mandatory Disposal Threshold or takeovers other than a public takeover offer resulting in a minimum acceptance of 80% of the share capital referred to below.

3.1.12.2 Exemptions from Mandatory Disposal Threshold

The restrictions pursuant to the Mandatory Disposal Threshold under the Articles of Association do not apply to a person who has made a public offer with at least an 80% acceptance (including any Airbus Group shares already held by such person). These restrictions also have certain grandfathering exemptions for the benefit of shareholders and concerts holding interests exceeding the Mandatory Disposal Threshold on the date that the current Articles of Association entered into force (the "**Exemption Date**").

Different grandfathering regimes apply to such shareholders and concerts depending on the interests and the nature thereof held by each such shareholder or concert on the Exemption Date.

The Company has confirmed that (i) the specific exemption in Article 16.1.b of the Articles of Association applies to Sogepa, as it held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date and (ii) the specific exemption in Article 16.1.c applies to the concert among Sogepa, GZBV and SEPI, as they held more than 15% of the outstanding Company voting rights and shares including the legal and economic ownership thereof on the Exemption Date.

3.1.13 Mandatory Offers

3.1.13.1 Takeover Directive

The Directive 2004 / 25 / EC on takeover bids (the "**Takeover Directive**") sets forth the principles governing the allocation of laws applicable to the Company in the context of a takeover bid for the shares of the Company. The Takeover Directive refers to the rules of the Netherlands and the rules of the European Union Member State of the competent authority that must be chosen by the Company from among the various market authorities supervising the markets where its shares are listed.

For the Company, matters relating to, *inter alia*, the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, shall be determined by the laws of the European Union Member State having the competent authority, which will be selected by the Company at a future date.

Matters relating to the information to be provided to the employees of the Company and matters relating to company law, in particular the percentage of voting rights which confers control and any derogation from the obligation to launch a bid, the conditions under which the Board of Directors of the Company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority will be governed by Dutch law (see "— 3.1.13.2 Dutch Law").

3.1.13.2 Dutch Law

The bill implementing the Takeover Directive (the "**Takeover Act**") in Dutch Law entered into force on 28 October 2007. In accordance with the Takeover Act, shareholders are required to make an unconditional public offer for all issued and outstanding shares in the Company's share capital if they — individually or acting in concert (as such term is defined below), directly or indirectly — have 30% or more of the voting rights (significant control) in the Company. In addition to the other available exemptions listed below, the requirement to make a public offer does not apply to persons, who at the time the Takeover Act came into force, already held – individually or acting in concert – 30% or more of the voting rights in the Company. In the case of such a concert, a new Member of the concert can be exempted if it satisfies certain conditions.

Under the Takeover Act, natural persons, legal entities or companies are "acting in concert" if they cooperate on the basis of an agreement with the objective to acquire significant control (as defined above) in the target company, or if they cooperate with the target company with the objective to prevent the success of an announced public offer for the shares in such target company. The following categories of natural persons, legal entities or companies are in any event deemed to be "acting in concert" under the Takeover Act: (i) legal entities or companies that form a group of companies as defined in section 2:24b of the Dutch Civil Code, (ii) legal entities or companies and their subsidiaries, and (iii) natural persons and their subsidiary companies.

In addition to the exemption stated above, the obligation to make a public offer does not apply to the natural person, legal entity or company that, amongst others:

- acquires significant control as a result of declaring unconditional (*gestand doen*) a public offer made for all shares (or depositary receipts) in the target company, provided that the bidder as a consequence can exercise more than 50% of the votes at the target company's shareholders' meeting;
- is a legal entity, independent from the target company, that acquires significant control after a public offer has been announced by a third party, provided that such entity (i) holds the shares in the target company for a maximum period of two years and for purposes of protection of the target company and (ii) the corporate objects of such entity are to preserve the interests of the target company;
- is a legal entity, independent from the target company, which has issued depositary receipts for the shares in the target company with the cooperation of such target company;
- acquires significant control as a result of: (i) an intra-group transfer of the shares representing significant control; or (ii) a transfer between a parent company and its subsidiary;

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- acquires significant control acting in concert with one or more other natural persons, legal entities or companies, in which case the obligation to make a public offer lies with the natural person, legal entity or company that can exercise most of the voting rights in the shareholders' meeting of the target company; or
- acts as a custodian (if and to the extent it cannot exercise any voting rights in its sole discretion).

The obligation to make a public offer also does not apply if, amongst others:

- the natural person, legal entity or company, after acquiring significant control, loses such control within a thirty day grace period (which may be extended by the Enterprise Chamber of the Court of Appeals in Amsterdam court to ninety days in total), unless (i) loss of control is due to a transfer to a natural person, legal entity or company to which one of the exemptions set out above applies, or (ii) the acquirer of the significant control has exercised its voting rights during the grace period; or
- the target company's shareholders' meeting agrees upfront with the acquisition of significant control — and any subsequent acquisition of shares — by a third party with 90% of votes cast in favour of such proposal, excluding any votes by such third party and any of its concert parties.

Under the Takeover Act, a minority shareholder may also make a request for his shares to be purchased by an offeror who holds at least 95% of the issued share capital and the voting rights. This claim must be brought before the Enterprise Chamber of the Court of Appeals in Amsterdam within the three-month period after the closing of the acceptance period of the public offer.

3.2 General Description of the Share Capital

3.2.1 Issued Share Capital

As of 31 December 2014, the Company's issued share capital amounted to €784,780,585, consisting of 784,780,585 fully paid-up shares of a nominal value of €1 each.

3.2.2 Authorised Share Capital

As of 31 December 2014, the Company's authorised share capital amounted to €3 billion, consisting of 3,000,000,000 shares of €1 each.

3.2.3 Modification of Share Capital or Rights Attached to the Shares

Unless such right is limited or excluded by the shareholders' meeting (or the Board of Directors, if authorised by the shareholders' meeting to do so) as described below, holders of shares have a pre-emptive right to subscribe for any newly issued shares in proportion to the aggregate nominal value of shares held by them, except for shares issued for consideration other than cash and shares issued to employees of the Company or of a Group company. For the contractual position as to pre-emption rights, see "— 3.3.2 Relationships with Principal Shareholders".

The shareholders' meeting has the power to authorize the issuance of shares. The shareholders' meeting may also authorise the Board of Directors for a period of no more than five years, to issue shares and to determine the terms and conditions of share issuances.

The shareholders' meeting also has the power to limit or to exclude pre-emption rights in connection with new issues of shares, and may authorise the Board of Directors for a period of no more than five years, to limit or to exclude pre-emption rights. All resolutions in this context must be approved by a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at said meeting. However, the Articles of Association provide that a 75% voting majority is required for any shareholders' resolution to issue shares or to grant rights to subscribe for shares if the aggregate issue price is in excess of €500,000,000 per share issuance, and no preferential subscription rights exist in respect thereof. The same voting majority requirement applies if the shareholders' meeting wishes to designate the Board of Directors to have the authority to resolve on such share issuance or granting of rights.

Pursuant to the existing shareholders' resolutions adopted at the AGM held on 27 May 2014, the powers to issue shares and to grant rights to subscribe for shares which are part of the Company's authorised share capital and to limit or exclude preferential subscription rights for existing shareholders have been delegated to the Board of Directors for the purpose of:

1. employee share ownership plans and share related Long-Term Incentive Plans (such as stock option, performance and restricted share plans), provided that such powers shall be limited to 0.2% of the Company's authorised share capital, and
2. funding the Company and its Group companies, provided that such powers shall be limited to 0.3% of the Company's authorised share capital.

Such powers have been granted for a period expiring at the AGM to be held on 27 May 2015, and shall not extent to issuing shares or granting rights to subscribe for shares (i) if there is no preferential subscription right (by virtue of Dutch law, or because it has been excluded by means of a resolution of the competent corporate body) and (ii) for an aggregate issue price in excess of €500 million per share issuance.

The shareholders' meeting will be requested in the AGM to be held on 27 May 2015 to delegate to the Board of Directors the powers to issue shares and to grant rights to subscribe for shares in the Company's share capital and to limit or exclude preferential subscription rights, provided that such powers shall be:

1. limited to an aggregate of 0.1% of the Company's authorised capital from time to time for the purpose of employee share ownership plans, and
2. limited to an aggregate of 0.3% of the Company's authorised capital from time to time for the purpose of financing the Group.

Such powers shall not extend to issuing shares or granting rights to subscribe for shares (i) if there is no preferential subscription right (by virtue of Dutch law, or because it has been excluded by means of a resolution of the competent corporate body) and (ii) for an aggregate issue price in excess of €500 million per share issuance. The shareholder's meeting will be requested to grant such powers for a period expiring at the AGM to be held in 2016.

At the AGM held on 27 May 2014, the Board of Directors was authorised, for a period of 18 months from the date of such AGM, 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 would not hold more than 10% of the Company's issued share capital. The shareholders' meeting will be requested to renew those powers for a period of 18 months in the AGM to be held on 27 May 2015. This authorisation will supersede and replace the authorisation granted by the AGM on 27 May 2014.

The shareholders' meeting may reduce the issued share capital by cancellation of shares, or by reducing the nominal value of the shares by means of an amendment to the Articles of Association. The cancellation of shares requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at said meeting; the reduction of nominal value by means of an amendment to the Articles of Association requires the approval of a two-thirds majority of the votes cast during the shareholders' meeting (unless the amendment to the Articles of Association also concerns an amendment which under the Articles of Association requires a 75% voting majority).

3.2.4 Securities Granting Access to the Company's Share Capital

Except for stock options granted for the subscription of Airbus Group shares (See "— Corporate Governance — 4.3.3 Long-Term Incentive Plans" and "Notes to the Consolidated Financial Statements ("IFRS") — Note 35: Share-Based Payment"), there are no securities that give access, immediately or over time, to the share capital of the Company.

The table below shows the total potential dilution that would occur if all the stock options issued as of 31 December 2014 were exercised:

	Number of shares	Percentage of diluted capital	Number of voting rights	Percentage of diluted voting rights[(1)]
Total number of Company shares issued as of 31 December 2014	784,780,585	99,715%	784,348,753	99,715%
Total number of Company shares which may be issued following exercise of stock options	2,240,891	0,285%	2,240,891	0,285%
Total potential Company share capital	**787,021,476**	**100%**	**786,589,644**	**100%**

(1) The potential dilutive effect on capital and voting rights of the exercise of these stock options may be limited as a result of the Company's share purchase programmes and in the case of subsequent cancellation of repurchased shares. See "— 3.3.7.1 Dutch law and information on share repurchase programmes".

3.2.5 Changes in the Issued Share Capital since Incorporation of the Company

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium(1)	Total number of issued shares after transaction	Total issued capital after transaction
29 December 1998	Incorporation	NLG 1,000	100	-	100	NLG 100,000
3 April 2000	Conversion into €	€1	50,000	-	50,000	€50,000
8 July 2000	Issue of shares in exchange for contributions by Aerospatiale Matra, DASA AG and SEPI	€1	715,003,828	€1,511,477,044	715,053,828	€715,053,828
13 July 2000	Issue of shares for the purpose of the initial public offering and listing of the Company	€1	80,334,580	€1,365,687,860	795,388,408	€795,388,408
21 September 2000	Issue of shares for the purpose of the employee offering carried out in the context of the initial public offering and listing of the Company	€1	11,769,259	€168,300,403	807,157,667	€807,157,667
5 December 2001	Issue of shares for the purpose of an employee offering (*Note d'opération* approved by the COB(2) on 13 October 2001 under number 01-1209)	€1	2,017,894	€19,573,571.80	809,175,561	€809,175,561
4 December 2002	Issue of shares for the purpose of an employee offering (*Note d'opération* approved by the COB on 11 October 2002 under number 02-1081)	€1	2,022,939	€14,470,149.33	811,198,500	€811,198,500
5 December 2003	Issue of shares for the purpose of an employee offering (*Note d'opération* approved by the COB on 25 September 2003 under number 03-836)	€1	1,686,682	€19,363,109.36	812,885,182	€812,885,182
20 July 2004	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 6 May 2004	€1	5,686,682	-	807,198,500	€807,198,500
3 December 2004	Issue of shares for the purpose of an employee offering (*Note d'opération* approved by the AMF on 10 September 2004 under number 04-755)	€1	2,017,822	€34,302,974	809,216,322	€809,216,322
In 2004	Issue of shares following exercise of options granted to employees(3)	€1	362,747	€6,133,436	809,579,069	€809,579,069
25 July 2005	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 11 May 2005	€1	1,336,358	-	808,242,711	€808,242,711
29 July 2005	Issue of shares for the purpose of an employee offering (*Note d'opération* approved by the AMF on 4 May 2005 under number 05-353)	€1	1,938,309	€34,618,198.74	810,181,020	€810,181,020
In 2005	Issue of shares following exercise of options granted to employees(3)	€1	7,562,110	€144,176,031.61	817,743,130	€817,743,130
20 July 2006	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 4 May 2006	€1	6,656,970	-	811,086,160	€811,086,160
In 2006	Issue of shares following exercise of options granted to employees(3)	€1	4,845,364	€89,624,589	815,931,524	€815,931,524
In 2007	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 4 May 2007	€1	4,568,405	-	811,363,119	€811,363,119
9 May 2007	Issue of shares for the purpose of an employee offering	€1	2,037,835	€33,482,173	813,400,954	€813,400,954
In 2007	Issue of shares following exercise of options granted to employees(3)	€1	613,519	€9,438,683	814,014,473	€814,014,473

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.
(2) Predecessor of the AMF.
(3) For information on stock option plans under which these options were granted to the Company's employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

Date	Nature of Transaction	Nominal value per share	Number of shares issued / cancelled	Premium[1]	Total number of issued shares after transaction	Total issued capital after transaction
In 2008	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 26 May 2008	€1	1,291,381	-	812,723,092	€812,723,092
25 July 2008	Issue of shares for the purpose of an employee offering	€1	2,031,820	€22,084,500	814,754,912	€814,754,912
In 2008	Issue of shares following exercise of options granted to employees[3]	€1	14,200	€208,030	814,769,112	€814,769,112
31 July 2009	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 27 May 2009	€1	22,987	-	814,746,125	€814,746,125
18 December 2009	Issue of shares for the purpose of an employee offering	€1	1,358,936	€13,263,215	816,105,061	€816,105,061
In 2010	Issue of shares following exercise of options granted to employees[3]	€1	297,661	€4,477,168	816,402,722	€816,402,722
29 July 2011	Issue of shares for the purpose of an employee offering	€1	2,445,527	€34,602,580	818,848,249	€818,848,249
9 August 2011	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 26 May 2011	€1	78,850	-	818,769,399	€818,769,399
In 2011	Issue of shares following exercise of options granted to employees[3]	€1	1,712,892	€25,995,005	820,482,291	€820,482,291
30 July 2012	Issue of shares for the purpose of an employee offering	€1	2,177,103	€38,084,482	822,659,394	€822,659,394
8 August 2012	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 31 May 2012	€1	553,233	-	822,106,161	€822,106,161
In 2012	Issue of shares following exercise of options granted to employees[3]	€1	5,261,784	€98,893,293	827,367,945	€827,367,945
20 June 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	47,648,691	-	779,719,254	€779,719,254
29 July 2013	Issue of shares for the purpose of an employee offering	€1	2,113,245	€57,580,650	781,832,499	€781,832,499
27 September 2013	Cancellation of shares upon authorisation granted by the Extraordinary General Meeting held on 27 March 2013	€1	3,099,657	-	778,732,842	€778,732,842
27 September 2013	Cancellation of shares upon authorisation granted by the Annual Shareholders' Meeting held on 29 May 2013	€1	2,448,884	-	776,283,958	€776,283,958
In 2013	Issue of shares following exercise of options granted to employees[3]	€1	6,873,677	€176,017,918	783,157,635	€783,157,635
In 2014	Issue of shares following exercise of options granted to employees[3]	€1	1,871,419	€50,619,684	784,780,585	€784,780,585

(1) The costs (net of taxes) related to the initial public offering of the shares of the Company in July 2000 have been offset against share premium for an amount of €55,849,772.
(2) Predecessor of the AMF.
(3) For information on stock option plans under which these options were granted to the Company's employees, see "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

In 2014, the Group's employees exercised 1,871,419 stock options granted to them through the stock option plans launched by the Company. As a result, 1,871,419 new shares were issued in the course of 2014.

248,469 treasury shares were cancelled in 2014.

During 2014, the Company repurchased in aggregate 191,476 shares.

3.3 Shareholdings and Voting Rights

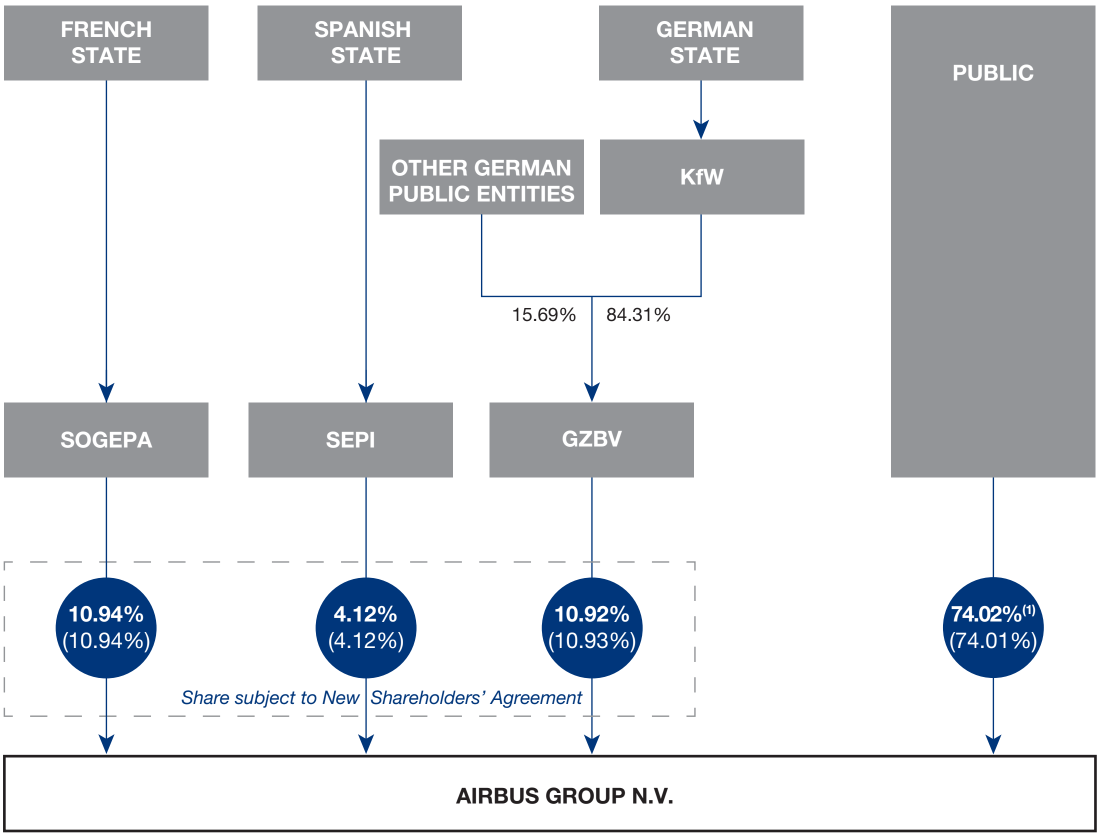
3.3.1 Shareholding Structure at the end of 2014

On 16 January 2014, the République Française (the "**French State**") announced it sold through Sogepa around 8,000,000 Company shares (approximately 1% of the outstanding Company shares) in line with a bilateral agreement between the French and German States which provides that the German State shall increase its voting rights in the Company to 11% and the French State shall reduce its voting rights to the same level. Following this transaction, the French State through Sogepa, the German State through GZBV and the Spanish State through SEPI jointly remain the major shareholders of the Company, with a minimum of 26% of the voting rights.

As of 31 December 2014, the French State held 10.94% of the outstanding Company shares through *Société de Gestion de Participations Aéronautiques* ("**Sogepa**"), the German State held 10.92% through Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**"), a subsidiary of Kreditanstalt für Wiederaufbau ("**KfW**"), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, and the Spanish State held 4.12% through *Sociedad Estatal de Participaciones Industriales* ("**SEPI**"). The public (including the Group's employees) and the Company held, respectively, 73.97% and 0.05% of the Company's share capital.

The diagram below shows the ownership structure of the Company as of 31 December 2014 (% of capital and of voting rights (in parentheses) before exercise of outstanding stock options granted for the subscription of Airbus Group shares). See "— Corporate Governance — 4.3.3 Long-Term Incentive Plans".

OWNERSHIP STRUCTURE OF AIRBUS GROUP N.V. AS OF 31 DECEMBER 2014



(1) Including shares held by the Company itself (0.05%).

In addition, the below listed entities have notified the AFM of their substantial interest in the Company as of 31 December 2014. For further details, please refer to the website of the AFM at: **www.afm.nl**:

- BlackRock, Inc. (4.20% of the capital interest and 4.99% of the voting rights);
- Capital Group International Inc. (5.07% of the voting rights); and
- Capital Research and Management Company (5.07% of the voting rights).

As of 31 December 2014, the Company held, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 431,832 of its own shares, equal to 0.5% of issued share capital. The treasury shares owned by the Company do not carry voting rights.

For the number of shares and voting rights held by Members of the Board of Directors and Executive Committee, see "— Corporate Governance — 4.2.1 Remuneration Policy".

Approximately 2.1% of the share capital (and voting rights) was held by the Company's employees as of 31 December 2014.

3.3.2 Relationships with Principal Shareholders

On 5 December 2012, the Company, its then-core shareholders — Daimler AG ("**Daimler**"), Daimler Aerospace AG ("**DASA**"), Société de Gestion de l'Aéronautique, de la Défense et de l'Espace ("**Sogeade**"), Lagardère SCA ("**Lagardère**"), Société de Gestion de Participations Aéronautiques ("**Sogepa**") and Sociedad Estatal de Participaciones Industriales ("**SEPI**") — and Kreditanstalt für Wiederaufbau ("**KfW**"), a public law institution serving domestic and international policy objectives of the Government of the Federal Republic of Germany, reached an agreement (the "**Multiparty Agreement**") on far-reaching changes to the Company's shareholding structure and governance. The Multiparty Agreement was aimed at further normalising and simplifying the governance of the Company while securing a shareholding structure that allowed France, Germany and Spain to protect their legitimate strategic interests. This represented a major step forward in the evolution of the governance of the Company.

The Multiparty Agreement provided for significant changes to the Company's shareholding structure. In addition, a series of related transactions (collectively referred to as the "**Consummation**") occurred shortly after the Extraordinary General Meeting of the shareholders held on 27 March 2013. This resulted in several changes in the governance of the Company, including changes in the composition of the Board of Directors and its internal rules, as well as amendments to the Articles of Association of the Company. The participation agreement among the Company's former core shareholders, as at 31 December 2012 including KfW, was terminated and replaced in part by a more limited shareholders' agreement (the "**New Shareholders' Agreement**") among only Gesellschaft zur Beteiligungsverwaltung GZBV mbH & Co. KG ("**GZBV**"), a subsidiary of KfW, Sogepa and SEPI.

The New Shareholders' Agreement does not give the parties to it any rights to designate Members of the Board of Directors or management team or to participate in the governance of the Company. Finally, the Multiparty Agreement provided for the entry into state security agreements with each of the French State and German State, which will be described in more detail below, and certain further undertakings of the Company with respect to selected matters that affect the interests of the Current Consortium Members.

3.3.2.1 Changes to Shareholding Structure

In a transaction contemplated by the Multiparty Agreement, on 6 December 2012, Daimler sold 61.1 million EADS N.V. shares (approximately 7.44% of the outstanding EADS N.V. shares) through an accelerated book building transaction (the "**ABB**"). This reduced Daimler's economic interest in the Company to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding EADS N.V. shares as part of the ABB. In a second transaction, KfW acquired (through a wholly owned subsidiary) 65% of the shares in a consortium of private and public-sector investors ("**Dedalus**") on 2 January 2013, which brought its stake in Dedalus to 78%. The remaining 22% is held by certain other German public entities. Dedalus held an economic interest of 7.44% in the Company as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in the Company and an economic interest of 8.56% in the Company – 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in the Company via Dedalus. The joint economic interest of KfW and such German public entities in the Company was thus 10.2% immediately following these acquisitions. On 4 April 2013, SEPI sold 9,560,000 Company shares (approximately 1.15% of the outstanding Company shares). On 9 April 2013, Lagardère sold its remaining 61,000,000 Company shares (approximately 7.4% of the outstanding Company shares). On 17 April 2013, the French State sold through Sogepa 12,977,088 Company shares (approximately 1.56% of the outstanding Company shares) and Daimler sold its remaining 61,100,000 Company shares (approximately 7.5% of the outstanding Company shares). On 26 April 2013 the French State sold another 17,451,000 Company shares (approximately 2.1% of the outstanding Company shares). On 31 July 2013 SEPI sold another 2,802,450 Company shares (approximately 0.36% of the outstanding Company shares). On 30 December 2013 GZBV bought 1,872,072 Company shares (approximately 0.24% of the outstanding Company shares). The aforementioned transactions ultimately led to the French State holding 11.99% of the outstanding Company shares through Sogepa, the German State holding 10.94% through GZBV and the Spanish State holding 4.13% through SEPI as of 31 December 2013. For more recent developments see section 3.3.4 below.

3.3.2.2 New Corporate Governance Arrangements

After the Consummation, the corporate governance arrangements of the Company were substantially changed. These changes are intended to further normalise and simplify the Company's corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Certain changes to the Company's corporate governance arrangements were provided for in the Articles of Association, including (i) disclosure obligations for shareholders that apply when their interests in the Company reach or cross certain thresholds and (ii) ownership restrictions prohibiting any shareholder from holding an interest of more than 15% of the share capital or voting rights of the Company, acting alone or in concert with others. See sections 3.1.11 and 3.1.12 above. In addition, there were changes in the composition of the Board of Directors and its internal rules. See section 4 below.

3.3.2.3 Core Shareholder Arrangements

Grandfathering Agreement

At the Consummation, the French State, Sogepa, the German State, KfW and GZBV (all parties together the "**Parties**" and each, individually, as a "**Party**") entered into an agreement with respect to certain grandfathering rights under the Articles of Association. Below is a summary of such agreement.

Individual Grandfathering Rights

A Party that is individually grandfathered pursuant to Article 16.1. b of the Articles of Association (such Party holding "**Individual Grandfathering Rights**") shall remain individually grandfathered in accordance with the Articles of Association if the new concert with respect to the Company (the "**New Concert**") is subsequently terminated (for instance by terminating the New Shareholders' Agreement) or if it exits the New Concert.

Loss of Individual Grandfathering Rights

A Party holding Individual Grandfathering Rights as well as any of its affiliates who are grandfathered pursuant to Article 16.1. b in conjunction with Article 16.3 of the Articles of Association (such affiliates holding "**Derived Grandfathering Rights**", and the Individual Grandfathering Rights and the Derived Grandfathering Rights, together, the "**Grandfathering Rights**") shall all no longer be entitled to exercise their Grandfathering Rights in the event:

- the New Concert is terminated as a result of it or any of its affiliates having actually or constructively terminated such Concert; or
- it or its relevant affiliate(s) exit(s) the New Concert,

and such termination or exit is not for good cause and is not based on material and on-going violations of the New Concert arrangements, including, without limitation, of the New Shareholders' Agreement, by the other principal Member of the New Concert.

In the event that in the future the voting rights in the Company of the other principal Member of the New Concert together with those of its affiliates would for an uninterrupted period of three months represent less than 3% of the outstanding aggregate voting rights of the Company, the Grandfathering Rights of the Party including its affiliates which were no longer entitled to use their Grandfathering Rights shall from then on revive and Sogepa and GZBV shall jointly notify the Company to that effect.

Notification to the Company

The Company will not be required to take any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-concert Grandfathering Agreement unless and until it receives (i) a joint written instruction from Sogepa and GZBV with respect to the taking of any of the actions provided for in Article 15 of the Articles of Association pursuant to the post-concert Grandfathering Agreement, or (ii) a copy of a binding advice rendered by three independent, impartial and neutral Expert Adjudicators in order to settle any dispute between the Parties arising out of or in connection with the post-concert Grandfathering Agreement.

The Company will not incur any liability to any of the Parties by taking such actions following receipt of any such joint instruction or binding advice, and the Company will not be required to interpret the post-concert Grandfathering Agreement or any such joint instruction or binding advice.

Notwithstanding the description under "Various provisions – Jurisdiction" below, the courts of the Netherlands will have exclusive jurisdiction to resolve any dispute, controversy or claim affecting the rights or obligations of the Company under the post-concert Grandfathering Agreement.

Various provisions

Termination. The post-concert Grandfathering Agreement terminates only if either the French State and its affiliates or the German State and its affiliates no longer hold shares in the Company.

Governing law. Laws of the Netherlands.

Jurisdiction. Binding advice for any dispute, controversy or claim arising out of or in connection with the post-concert Grandfathering Agreement in accordance with the procedure set forth in the post-concert Grandfathering Agreement; provided, however, that to the extent application to the courts is permitted to resolve any such dispute controversy or claim, the courts of the Netherlands shall have exclusive jurisdiction.

End of Former Consortium and New Shareholders' Agreement

At the Consummation, the participation agreement among the Company's former core shareholders and, as at 31 December 2012, including KfW, was terminated and replaced in part by the New Shareholders' Agreement, which has a much more limited scope.

Below is a further description of the New Shareholders' Agreement, based solely on a written summary of the main provisions of the New Shareholders' Agreement that has been provided to the Company by Sogepa, GZBV and SEPI (all parties together the "**Shareholders**").

Governance of the Company

Appointment of the Directors. The shareholders shall vote in favour of any draft resolution relating to the appointment of Directors submitted to the shareholders' meeting of the Company in accordance with the terms and conditions of the German State Security Agreement and the French State Security Agreement (as described below). If, for whatever reason, any person to be appointed as a Director pursuant to the German State Security Agreement or the French State Security Agreement is not nominated, the shareholders shall exercise their best endeavours so that such person is appointed as a Director.

Sogepa and GZBV shall support the appointment of one Spanish national that SEPI may present to them as Member of the Board of Directors of the Company, provided such person qualifies as an Independent Director pursuant to the conditions set forth in the Board Rules, and shall vote as shareholders in any shareholders' meeting in favour of such appointment and against the appointment of any other person for such position.

If, for whatever reason, the French State Security Agreement and/or the German State Security Agreement has / have been terminated, KfW or Sogepa, as the case might be, shall propose two persons, and the shareholders shall exercise their best endeavours so that these persons are appointed as Directors.

Modification of the Articles of Association. Sogepa and GZBV shall consult each other on any draft resolution intending to modify the Board Rules and/or the Articles of Association. Unless Sogepa and GZBV agree to vote in favour together on such draft resolution, the shareholders shall vote against such draft resolution. If Sogepa and GZBV reach a mutual agreement on such draft resolution, the shareholders shall vote in favour of such draft resolution.

Reserved Matters. With respect to the matters requiring the approval of a Qualified Majority at the Board level ("**Reserved Matters**"), all the Directors shall be free to express their own views. If the implementation of a Reserved Matter would require a decision of the shareholders' meeting of the Company, Sogepa and GZBV shall consult each other with a view to reaching a common position. Should Sogepa and GZBV fail to reach a common position, Sogepa and GZBV shall remain free to exercise on a discretionary basis their votes.

Prior consultation. Sogepa and GZBV shall consult each other on any draft resolution submitted to the shareholders' meeting other than related to Reserved Matters and the Board Rules.

Balance of Interests

The shareholders agree their common objective to seek a balance between themselves of their respective interest in the Company as follows:

- to hold as closely as reasonably possible to 12% of the voting rights for Sogepa, together with any voting rights attributable to Sogepa and/or to the French State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties;
- to hold as closely as reasonably possible to 12% of the voting rights for GZBV, together with any voting rights attributable to GZBV and/or to the German State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties;
- to hold as closely as reasonably possible to 4% of the voting rights for SEPI, together with any voting rights attributable to SEPI and/or to the Spanish State, pursuant to Dutch takeover rules except for voting rights attributable due to acting in concert with the other Parties.

Mandatory Takeover Threshold

The total aggregate voting rights of the shareholders shall always represent less than 30% of the voting rights of the Company, or less than any other threshold the crossing of which would trigger for any shareholder a mandatory takeover obligation (the "**MTO Threshold**"). In the event that the total aggregate voting rights of the shareholders exceed the MTO Threshold, the shareholders shall take all appropriate actions as soon as reasonably practicable, but in any event within 30 days, to fall below the MTO Threshold.

Transfer of Securities

Permitted transfer. Transfer of securities by any shareholder to one of its affiliates.

Pre-emption right. Pro rata pre-emption rights of the shareholders in the event any shareholder intends to transfer any of its securities to a third party directly or on the market.

Call-option right. Call-option right for the benefit of the shareholders in the event that the share capital or the voting rights of any shareholders cease to be majority owned directly or indirectly by the French State, the German State or the Spanish State as applicable.

Tag-along right. Tag-along right for the benefit of SEPI in the event that Sogepa, the French State or any of their affiliates and any French public entity and GZBV, the German State or any of their affiliates and any public entity propose together to transfer all of their entire voting rights interests.

Various provisions

Termination. The New Shareholders' Agreement may cease to apply in respect of one or more Shareholders and/or their affiliates, subject to the occurrence of certain changes in its or their shareholding interest in the Company or in its or their shareholders.

Governing law. Laws of the Netherlands.

Jurisdiction. Arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce, with the seat of arbitration in The Hague (The Netherlands).

3.3.2.4 Undertakings with Respect to Certain Interests of Certain Stakeholders

The Company has made certain undertakings and entered into certain agreements in connection with certain interests of its former core shareholders and the German State.

State Security Agreements and Related Undertakings and Negotiations

The Company and the French State have entered into an amendment to the current convention between the French State and the Company relating to the ballistic missiles business of the Company (as so amended, the "**French State Security Agreement**"). Under the French State Security Agreement, certain sensitive French military assets will be held by a Company subsidiary (the "**French Defence Holding Company**"). At the Consummation, the Company contributed certain sensitive French military assets to the French Defence Holding Company. The French State has the right to approve or disapprove of — but not to propose or appoint — three outside Directors to the Board of Directors of the French Defence Holding Company (the "**French Defence Outside Directors**"), at least two of whom must qualify as Independent Directors under the Board Rules if they were Members of the Board. Two of the French Defence Outside Directors are required to also be Members of the Board. French Defence Outside Directors may neither (i) be employees, managers or corporate officers of a company belonging to the Group (although they may be Members of the Board) nor (ii) have material on-going professional relationships with the Group.

The Company and the German State have entered into an agreement relating to the protection of essential interests to the German State's security (the "**German State Security Agreement**"). Under the German State Security Agreement, certain sensitive German military assets are held by a Company subsidiary (the "**German Defence Holding Company**"). The German State has the right to approve or disapprove of — but not to propose or appoint — three outside Directors to the Supervisory Board of the German Defence Holding Company (the "**German Defence Outside Directors**"), at least two of whom must qualify as Independent Directors under the Board Rules if they were Members of the Board. Two of the German Defence Outside Directors are required to also be Members of the Board. The qualifications to serve as a German Defence Outside Director are comparable to those to serve as a French Defence Outside Director, with the additional requirement that a German Defence Outside Director may not be a civil servant.

The Company has agreed to negotiate with the Spanish State in order to reach a special security agreement relating to the protection of the essential security interests of the Spanish State.

Dassault Aviation

The Company entered into an agreement with the French State pursuant to which the Company would:

- grant the French State a right of first offer in case of the sale of all or part of its shareholding in Dassault Aviation; and
- commit to consult with the French State prior to making any decision at any shareholders' meeting of Dassault Aviation.

As disclosed in a press release dated 28 November 2014 the Company in an off-market block trade sold to Dassault Aviation approximately 8% of Dassault Aviation's share capital.

Stock Exchange Listings

The Company has undertaken to the parties to the New Shareholders' Agreement that for the duration of the New Shareholders' Agreement Airbus Group N.V. shares will remain listed exclusively in France, Germany and Spain.

Specific Rights of the French State

Pursuant to an agreement entered into between the Company and the French State (the "**Ballistic Missiles Agreement**"), the Company has granted to the French State (a) a veto right and subsequently a call option on the ballistic missiles activity exercisable under certain circumstances, including if (i) a third party acquires, directly or indirectly, either alone or in concert, more than 15% or any multiple thereof of the share capital or voting rights of the Company or (ii) the sale of the ballistic missiles assets or of the shares of such companies carrying out such activity is considered and (b) a right to oppose the transfer of any such assets or shares.

The Company, the French State and MBDA are parties to a similar convention regarding the assets comprising the French nuclear airborne systems under which the French State has similar rights.

3.3.3 Form of Shares

The shares of the Company are in registered form. The Board of Directors may decide with respect to all or certain shares, on shares in bearer form.

Shares shall be registered in the shareholders' register without the issue of a share certificate or, should the Board of Directors so decide, with respect to all or certain shares, with the issue of a certificate. Share certificates shall be issued in such form as the Board of Directors may determine. Registered shares shall be numbered in the manner to be determined by the Board of Directors.

3.3.4 Changes in the Shareholding of the Company since its Incorporation

The Company was founded with an authorised share capital of 500,000 Netherlands Guilders ("**NLG**") divided into 500 shares each having a nominal value of 1,000 NLG, of which 100 were issued to Aerospatiale Matra on 29 December 1998. These shares were transferred to DASA AG by way of notarised transfer certificate on 28 December 1999.

The changes in the shareholding of the Company since its initial public offering and listing are set forth below (for a description of the changes in the issued share capital of the Company since its incorporation, see "— 3.2.5 Changes in the Issued Share Capital since Incorporation of the Company").

Starting in July 2000, 4,293,746 Company shares were distributed without payment of consideration by the French State to certain former shareholders of Aerospatiale Matra as a result of its privatisation in June 1999. The last distribution took place in July 2002.

In addition, in January 2001, the French State and Lagardère sold on the market all of their Company shares (respectively 7,500,000 and 16,709,333 Company shares) other than their Indirect Company Shares (and, in the case of the French State, other than the Company shares to be distributed to former shareholders of Aerospatiale Matra, see "— 3.3.2 Relationships with Principal Shareholders — Specific Rights and Undertakings of the French State") that they held as a result of the non-exercise of the over-allotment option granted to the underwriters in the context of the initial public offering carried out by the Company for the purpose of its listing in July 2000 (including, in the case of Lagardère, those shares other than its Indirect Company Shares purchased from the French Financial Institutions at the end of the exercise period of the over-allotment option).

On 8 July 2004, Daimler announced that it had placed on the market (in the context of a hedging transaction) all of its Company shares (22,227,478 Company shares), representing 2.73% of the capital and 2.78% of the Company voting rights at that date, except for its Indirect Company Shares.

On 11 November 2005, DASA transferred its entire interest in the Company to its wholly owned subsidiary DaimlerChrysler Luft-und Raumfahrt Beteiligungs GmbH & Co. KG ("**DC KG**"). However, in November 2006, DC KG then transferred its entire interest in the Company back to DASA.

On 4 April 2006, Daimler and Lagardère announced the entry into simultaneous transactions aimed at reducing by 7.5% each their respective shareholdings in the Company. Daimler entered into a forward sale agreement of approximately 61 million Company shares with a group of investment banks. Daimler indicated that it had lent these shares to the banks in anticipation of the settlement of the forward sale. Lagardère issued mandatory exchangeable bonds. The Company shares deliverable at the maturity of the bonds represented a maximum of 7.5% of the share capital of the Company, or approximately 61 million Company shares, and were delivered in three equal tranches representing 2.5% of the share capital of the Company. The first two tranches were delivered in June 2007 and June 2008, with delivery of the third tranche brought forward from June 2009 to March 2009, as discussed below.

On 8 September 2006, the Company was notified that JSC Vneshtorgbank (formerly Bank of Foreign Trade) acquired 41,055,530 shares of the Company representing 5.04% of the share capital of the Company at that date.

On 9 February 2007, Daimler reached an agreement with the Dedalus consortium by which it effectively reduced its shareholding in the Company from 22.5% to 15%, while maintaining the balance of voting rights between German and French shareholders. The Dedalus consortium thereby acquired a 7.5% equity interest in the Company, with Daimler continuing to control the voting rights of the entire 22.5% package of Company shares.

On 26 December 2007, JSC Vneshtorgbank sold and transferred 41,055,530 Company shares to the Bank for Development and Foreign Economic Affairs (*Vnesheconombank*). The Company was notified of such transaction thereafter.

On 26 January 2009, Lagardère and Natixis, the sole subscriber to and sole holder of the outstanding mandatory exchangeable bonds issued by Lagardère in 2006, signed an amendment to the subscription contract whereby they agreed, on the initiative of Natixis, to bring forward the redemption date of the mandatory exchangeable bonds — and consequently, the delivery date of the third tranche of Company shares — from 25 June 2009 to 24 March 2009. Under the terms of this amendment, Lagardère delivered 20,370,000 Company shares, representing 2.5% of the capital and voting rights of the Company, to Natixis on 24 March 2009.

On 19 March 2010, Daimler and the Dedalus consortium of private and public-sector investors confirmed the continuation of the agreement reached on 9 February 2007 concerning the equity interests and voting rights in the Company (as discussed above). At Germany's Federal Chancellery on 16 March 2010, Daimler and the investors stated their willingness to maintain the existing agreement without any changes. As a result, Daimler continued to hold 22.5% of the voting rights in the Company while its economic interest remained at 15%. Thus, the existing balance of voting rights between German and French shareholders was unchanged.

On 10 November 2011, Daimler announced that it had reached an agreement in principle with the German federal government that KfW would take over an equity interest in the Company from Daimler.

On 6 December 2012 pursuant to a transaction contemplated by the Multiparty Agreement, Daimler sold 61.1 million Company shares (approximately 7.44% of the outstanding Company shares) through an ABB. This reduced Daimler's economic interest in the Company to approximately 7.44% and its voting interest to 14.88%. KfW acquired 2.76% of the outstanding Company shares as part of the ABB. In a second transaction, KfW acquired (through a wholly owned subsidiary) 65% of the shares in Dedalus on 2 January 2013, which brought its stake in Dedalus to 78%. The remaining 22% was held by certain other German public entities. Dedalus held an economic interest of 7.44% in the Company as of the time of this acquisition. As a result of these two transactions, KfW held a voting interest of 2.76% in the Company and an economic interest of 8.56% in the Company – 2.76% directly and 5.80% via Dedalus. The other German public entities participating in Dedalus held a 1.64% economic interest in the Company via Dedalus. The joint economic interest of KfW and such German public entities in the Company was thus 10.2% following these acquisitions.

On 19 March 2013, KfW transferred the 2.76% of the Company shares which it held directly to GZBV. As part of the Consummation, 7.44% of the outstanding Company shares held by DASA were transferred to GZBV, and DASA, which now holds a 7.44% economic and voting interest in the Company, became a wholly owned subsidiary of Daimler. GZBV, which now holds a 10.2% economic and voting interest in the Company, is now owned 83.96% by KfW and 16.04% by the other German public entities which were investors in Dedalus immediately prior to such transfer.

As part of the Consummation, 7.44% of the outstanding Company shares held by Sogeade were transferred to Sogepa, and Sogeade, which now holds a 7.44% economic and voting interest in the Company, became a wholly owned subsidiary of Lagardère.

On 4 April 2013, SEPI sold 9,560,000 Company shares (approximately 1.15% of the outstanding Company shares).

On 9 April 2013, Lagardère sold its remaining 61,000,000 Company shares (approximately 7.4% of the outstanding Company shares).

On 17 April 2013, the French State sold through Sogepa 12,977,088 Company shares (approximately 1.56% of the outstanding Company shares) and Daimler sold its remaining 61,100,000 Company shares (approximately 7.5% of the outstanding Company shares).

On 26 April 2013, the French State sold 17,451,000 Company shares (approximately 2.1% of the outstanding Company shares).

On 31 July 2013, SEPI sold 2,802,450 Company shares (approximately 0.36% of the outstanding Company shares).

End of December 2013 GZBV acquired 1,872,072 Company shares (approximately 0.24% of the outstanding Company shares).

On 16 January 2014, the French State announced it sold through Sogepa around 8,000,000 Company shares (approximately 1% of the outstanding Company shares) in line with a bilateral agreement between the French and German States which provides that the German State shall increase its voting rights in the Company to 11% and the French State shall reduce its voting rights to the same level. Following this transaction, the French State through Sogepa, the German State through GZBV and the Spanish State through SEPI jointly remained the majority shareholders of the Company, with a minimum 26% of the voting rights.

The evolution in ownership of the share capital and voting rights of the Company over the past three years is set forth in the table below:

	Position as of 31 December 2014			Position as of 31 December 2013			Shareholders	Position as of 31 December 2012		
Shareholders	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares		% of capital	% of voting rights	Number of shares
SOGEPA	10,94%	10,94%	85,835,477	11.99%	12.03%	93,864,165	Sogeade	22.16%	22.30%	183,337,704
GZBV[(1)]	10.92%	10.93%	85,709,822	10.94%	10.98%	85,709,822	DASA	14.77%	14.87%	122,225,136
SEPI	4.12%	4.12%	32,330,381	4.13%	4.14%	32,330,381	SEPI	5.40%	5.44%	44,690,871
-	-	-	-	-	-	-	KfW	2.75%	2.76%	22,725,182
Sub-total New Shareholder Agt.	**25,98%**	**25,99%**	**203,875,680**	**27.06%**	**27.16%**	**211,904,368**	**Sub-total Contractual Partnership**	**45.08%**	**45.37%**	**372,978,893**
Foundation "SOGEPA"	0.00%	0.00%	0	0.07%	0.07%	575,606	French State	0.06%	0.06%	502,746
Public[(2)]	73,97%	74,01%	580,473,073	72.51%	72.84%	568,418,146	Public[(2)]	54.23%	54.57%	448,659,771
Own share buy-back[(3)]	0.06%	-	431,832	0.36%	-	2,835,121	Own share buy-back[(3)]	0.63%	-	5,226,535
Total	**100%**	**100%**	**784,780,585**	**100%**	**100%**	**783,157,635**	**Total**	**100%**	**100%**	**827,367,945**

(1) KfW & other German public entities.
(2) Including Company employees. As of 31 December 2013, the Company's employees held approximately 2.13% of the share capital (and voting rights).
(3) The shares owned by the Company do not carry voting rights.

To the knowledge of the Company, there are no pledges over the shares of the Company.

The Company requested disclosure of the identity of the beneficial holders of its shares held by identifiable holders ("*Titres au porteur identifiables*") holding more than 2,000 shares each. The study, which was completed on 31 December 2014, resulted in the identification of 3,013 shareholders holding a total of 564,226,312 Company shares (including 4,161,879 shares held by Iberclear on behalf of the Spanish markets and 34,863,419 shares held by Clearstream on behalf of the German market).

The shareholding structure of the Company as of 31 December 2014 is as shown in the diagram in "— 3.3.1 Shareholding Structure at the end of 2014".

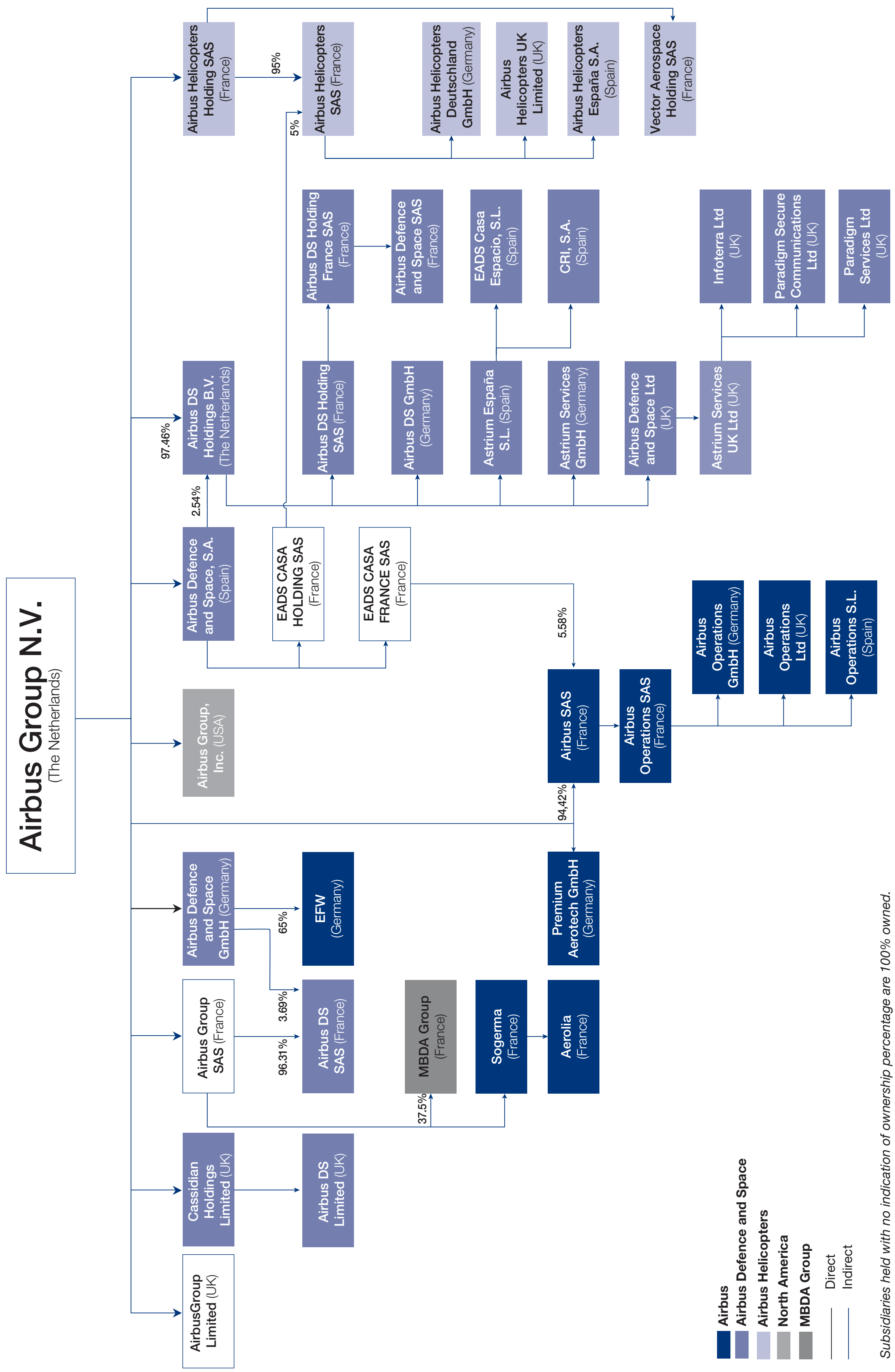
3.3.5 Persons Exercising Control over the Company

See "— 3.3.1 Shareholding Structure at the end of 2014" and "— 3.3.2 Relationships with Principal Shareholders".

3.3.6 Simplified Group Structure Chart

The following chart illustrates the simplified organisational structure of the Group as of 31 December 2014, comprising three Divisions and the main Business Units. See "— Information on the Group's Activities — 1.1.1 Overview — Organisation of the Company's Businesses". For ease of presentation, certain intermediate holding companies have been omitted.

GROUP STRUCTURE CHART



Subsidiaries held with no indication of ownership percentage are 100% owned.
Legal Forms are indicated for information purposes and are not always part of the legal name.

3.3.7 Purchase by the Company of its Own Shares

3.3.7.1 Dutch Law and Information on Share Repurchase Programmes

Pursuant to EC Regulation No. 2273 / 2003, the Company is subject to conditions for share repurchase programmes and disclosure relating thereto, as described below.

Under Dutch Civil law, the Company may acquire its own shares, subject to certain provisions of the law of the Netherlands and the Articles of Association, if (i) the shareholders' equity less the payment required to make the acquisition does not fall below the sum of paid-up and called portion of the share capital and any reserves required by the law of the Netherlands and (ii) the Company and its subsidiaries would not thereafter hold or hold in pledge shares with an aggregate nominal value exceeding one-half (50%) of the Company's issued share capital. Share acquisitions may be effected by the Board of Directors only if the shareholders' meeting has authorised the Board of Directors to effect such repurchases. Such authorisation may apply for a maximum period of 18 months.

Shares held by the Company do not carry voting rights. Usufructuaries and pledgees of shares that are held by the Company are, however, not excluded from their voting rights in such cases where the right of usufruct or pledge was vested before the share was held by the Company.

The Annual General Meeting of Shareholders held on 27 May 2014 authorised the Board of Directors, in a resolution that renewed the previous authorisation given by the Annual General Meeting of Shareholders held on 29 May 2013, for a period of 18 months from the date of such 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.

A resolution will be submitted to the Annual General Meeting of Shareholders called for 27 May 2015 in order to renew the authorisation given by the Annual General Meeting of Shareholders held on 27 May 2014 and authorise the Board of Directors, for a new period of 18 months as from the date of such 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 will replace the authorisation given by the Annual General Meeting of Shareholders held on 27 May 2014. As of 31 December 2014, the Company held 431,832 of its own shares, representing 0.06% of its share capital.

3.3.7.2 French Regulations

As a result of its listing on a regulated market in France, the Company is subject to the regulations summarised below.

Pursuant to Articles 241-1 to 241-5 of the AMF General Regulations, the purchase by a company of its own shares requires the publication of the description of the share repurchase programme. Such description must be published prior to the implementation of the share repurchase programme.

Under Articles 631-1 to 631-4 of the AMF General Regulations, a company may not trade in its own shares for the purpose of manipulating the market. Articles 631-5 and 631-6 of the AMF General Regulations also define the conditions for a company's trading in its own shares to be valid.

After purchasing its own shares, the Company is required to disclose on its website specified information regarding such purchases within at least seven trading days.

In addition, the Company must report to the AMF, on at least a monthly basis, all the specified information regarding such purchases previously published on its website and information concerning the cancellation of such repurchased shares.

3.3.7.3 German Regulations

As a foreign issuer, the Company is subject to German rules on repurchasing its own shares only to a limited extent, since German rules refer to the law of the Member State in which the Company is domiciled.

In addition, general principles of German law of insider trading, market manipulation and equal treatment of shareholders are applicable.

3.3.7.4 Spanish Regulations

As a foreign issuer, the Company is not subject to Spanish rules on trading in its own shares, which only apply to Spanish issuers.

However, according to the Conduct Rules under the Spanish Securities Act 24 / 1988 of 28 July 1988, insider trading is prohibited and the Company may not trade in its own shares for the purpose of manipulating the market.

3.3.7.5 Description of the Share Repurchase Programme to be Authorised by the Annual General Meeting of Shareholders to be held on 27 May 2015

Pursuant to Articles 241-2-I and 241-3 of the AMF General Regulations, below is a description of the share repurchase programme ("*descriptif du programme*") to be implemented by the Company:

- **date of the shareholders' meeting to authorise the share repurchase programme**: 27 May 2015;

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- **intended use of the Airbus Group N.V. shares held by the Company as of the date of this document**: the owning of shares for the performance of obligations related to employee share option programmes or other allocations of shares to employees of the Group and the Group's Companies: 336,940 shares.
- **purposes of the share repurchase programme to be implemented by the Company (by order of decreasing priority, without any effect on the actual order of use of the repurchase authorisation, which will be determined on a case-by-case basis by the Board of Directors based on need)**:
  - the reduction of share capital by cancellation of all or part of the repurchased shares, it being understood that the repurchased shares shall not carry any voting or dividend rights,
  - the owning of shares for the performance of obligations related to (i) debt financial instruments convertible into Airbus Group N.V. shares, or (ii) employee share option programmes or other allocations of shares to employees of the Group and the Group's companies,
  - the purchase of shares for retention and subsequent use for exchange or payment in the framework of potential external growth transactions, and
  - the liquidity or dynamism of the secondary market of the Airbus Group N.V. shares carried out pursuant to a liquidity agreement to be entered into with an independent investment services provider in compliance with the decision of the AMF dated 1 October 2008 related to approval of liquidity agreements recognised as market practices by the AMF;
- **procedure**:
  - maximum portion of the issued share capital that may be repurchased by the Company: 10%,
  - maximum number of shares that may be repurchased by the Company: 78,591,488 shares, based on an issued share capital of 785,914,888 shares as of 31 March 2015. Assuming the exercise of all stock options outstanding as of 31 March 2015, the threshold of 10% would represent 78,702,147 shares based on the 787,021,476 shares which would make up the entire fully-diluted share capital of the Company,
  - the amounts to be paid in consideration for the purchase of the treasury shares must not, in accordance with applicable Dutch law, exceed the equity components which are repayable or distributable to the shareholders. "Equity components repayable or distributable to the shareholders" means the contribution premiums (in relation to contributions in kind), the issue premiums (in relation to cash contributions) and the other reserves as set out in the financial statements of the Company, from which the repurchase price for the treasury shares must be deducted.
    The Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of NYSE Euronext,
  - shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to Airbus Group N.V. shares within the limits set out in this document.
    The portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme,
  - in addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options,
  - characteristics of the shares to be repurchased by the Company: shares of Airbus Group N.V., a company listed on Euronext Paris, on the *regulierter Markt* of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges,
  - maximum purchase price per share: € 100;
- **term of the share repurchase programme and other characteristics**: this share repurchase programme shall be valid until 27 November 2016 inclusive, *i.e.* the date of expiry of the authorisation requested from the Annual General Meeting of Shareholders to be held on 27 May 2015.

As of the date of this document, the Company has not entered into any liquidity agreement with an independent investment services provider in the context of the share repurchase programme.

3.3.7.6 Description of the Exceptional Share Repurchase Programme to be Authorised by the Annual General Meeting of Shareholders to be held on 27 May 2015

Pursuant to Articles 241-2-I and 241-3 of the AMF General Regulations, below is a description of the exceptional share repurchase programme ("*descriptif du programme*") to be implemented by the Company:

- **date of the shareholders' meeting to authorise the share repurchase programme**: 27 May 2015;
- **intended use of the Airbus Group N.V. shares held by the Company as of the date of this document**: For details on use of the Airbus Group N.V. shares already held by the Company, please refer to "3.3.7.5 – Description of the Share Repurchase Programme to be authorised by the Annual General Meeting of Shareholders to be held on 27 May 2015";
- **sole purpose of the share repurchase programme to be implemented by the Company**: the reduction of share capital by cancellation of all of the repurchased shares;
- **procedure**:
  - maximum portion of the issued share capital that may be repurchased by the Company: 10%,
  - maximum number of shares that may be repurchased by the Company: 78,591,488 shares, based on an issued share capital of 785,914,888 shares as of 31 March 2015. Assuming the exercise of all stock options outstanding as of 31 March 2015, the threshold of 10% would represent 78,702,147 shares based on the 787,021,476 shares which would make up the entire fully-diluted share capital of the Company,
  - the amounts to be paid in consideration for the purchase of the treasury shares must not, in accordance with applicable

Dutch law, exceed the equity components which are repayable or distributable to the shareholders. "Equity components repayable or distributable to the shareholders" means the contribution premiums (in relation to contributions in kind), the issue premiums (in relation to cash contributions) and the other reserves as set out in the financial statements of the Company, from which the repurchase price for the treasury shares must be deducted.

The Company undertakes to maintain at any time a sufficient number of shares in public hands to meet the thresholds of NYSE Euronext,

- shares may be bought or sold at any time (including during a public offering) to the extent authorised by the stock exchange regulations and by any means, including, without limitation, by means of block trades and including the use of options, combinations of derivative financial instruments or the issue of securities giving rights in any way to Airbus Group N.V. shares within the limits set out in this document.

The portion of shares repurchased through the use of block trades may amount to all the shares to be repurchased in the context of this programme,

- in addition, in the event that derivative financial instruments are used, the Company will ensure that it does not use mechanisms which would significantly increase the volatility of the shares in particular in the context of call options,
- characteristics of the shares to be repurchased by the Company: shares of Airbus Group N.V., a company listed on Euronext Paris, on the *regulierter Markt* of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges,
- maximum purchase price per share: €85;

- **term of the share repurchase programme and other characteristics**: this share repurchase programme shall be valid until 27 November 2016 inclusive, *i.e.* the date of expiry of the authorisation requested from the Annual General Meeting of Shareholders to be held on 27 May 2015.

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3.4 Dividends

3.4.1 Dividends and Cash Distributions Paid Since the Incorporation of the Company

Cash distributions paid to the shareholders since the incorporation of the Company are set forth in the table below:

Financial year	Date of the cash distribution payment	Gross amount per share[(1)]
2000	27 June 2001	€0.50
2001	28 June 2002	€0.50
2002	12 June 2003	€0.30
2003	4 June 2004	€0.40
2004	8 June 2005	€0.50
2005	1 June 2006	€0.65
2006	16 May 2007	€0.12
2007	4 June 2008	€0.12
2008	8 June 2009	€0.20
2009	-	-
2010	6 June 2011	€0.22
2011	7 June 2012	€0.45
2012	5 June 2013	€0.60
2013	3 June 2014	€0.75
2014	3 June 2015	€1.20

(1) Note: figures have not been adjusted to take into account changes in the number of shares outstanding.

3.4.2 Dividend Policy of the Company

Based on earnings per share of €2.99 in 2014, the Board of Directors has proposed payment of a dividend of €1.20 per share to the next Annual General Meeting of Shareholders. Subject to approval by the Annual General Meeting, the dividend is expected to be paid on 3 June 2015 (expected record date of 2 June 2015).

This is in line with the Group's dividend policy to target a sustainable growth in dividend with a pay-out ratio of 30% to 40%.

3.4.3 Unclaimed Dividends

Pursuant to the Articles of Association, the claim for payment of a dividend or other distribution approved by the shareholders' meeting shall lapse five years after the day on which such claim becomes due and payable. The claim for payment of interim dividends shall lapse five years after the day on which the claim for payment of the dividend against which the interim dividend could be distributed becomes due and payable.

3.4.4 Taxation

The statements below represent a broad analysis of the current Netherlands tax laws. The description is limited to the material tax implications for a holder of the Company's shares (the "**Shares**") who is not, or is not treated as, a resident of the Netherlands for any Netherlands tax purposes (a "**Non-Resident Holder**"). Certain categories of holders of the Company's shares may be subject to special rules which are not addressed below and which may be substantially different from the general rules described below. Investors who are in doubt as to their tax position in the Netherlands and in their state of residence should consult their professional Advisors. Where the summary refers to "the Netherlands" or "Netherlands", it refers only to the European part of the Kingdom of the Netherlands.

Withholding Tax on Dividends

In general, a dividend distributed by the Company in respect of Shares will be subject to a withholding tax imposed by the Netherlands at a statutory rate of 15%. Dividends include dividends in cash or in kind, deemed and constructive dividends, repayment of paid-in capital not recognised as capital for Netherlands dividend withholding tax purposes, and liquidation proceeds in excess of the average paid-in capital recognised as capital for Netherlands dividend withholding tax purposes. Stock dividends paid out of the Company's paid-in-share premium, recognised as capital for Netherlands dividend withholding tax purposes, will not be subject to this withholding tax.

A Non-Resident Holder of Shares can be eligible for a partial or complete exemption or refund of all or a portion of the above withholding tax pursuant to domestic rules or under a tax convention that is in effect between the Netherlands and the Non-Resident Holder's country of residence. The Netherlands has concluded such conventions with the US, Canada, Switzerland, Japan, almost all European Union Member States and other countries.

Withholding Tax on Sale or Other Dispositions of Shares

Payments on the sale or other dispositions of Shares will not be subject to Netherlands withholding tax, unless the sale or other disposition is, or is deemed to be, made to the Company or a direct or indirect subsidiary of the Company. In principle, a redemption or sale to the Company or a direct or indirect subsidiary of the Company will be treated as a dividend and will be subject to the rules set forth in "Withholding Tax on Dividends" above.

Taxes on Income and Capital Gains

A Non-Resident Holder who receives dividends distributed by the Company on Shares or who realises a gain from the sale or disposition of Shares, will not be subject to Netherlands taxation on income or capital gains unless:

- such income or gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment ("*vaste inrichting*") or permanent representative ("*vaste vertegenwoordiger*") in the Netherlands;
- the Non-Resident Holder is not an individual and the Non-Resident Holder has or is deemed to have, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company and such interest (i) does not form part of the assets of an enterprise and (ii) is held by the Non-Resident Holder with the main objective, or one of the main objectives, to avoid Netherlands withholding tax on dividends or Netherlands individual income tax at the level of another person or entity; or
- the Non-Resident Holder is an individual and (i) the Non-Resident Holder has, directly or indirectly, a substantial interest ("*aanmerkelijk belang*") or a deemed substantial interest in the Company and such interest does not form part of the assets

of an enterprise, or (ii) such income or gain qualifies as income from miscellaneous activities ("*belastbaar resultaat uit overige werkzaamheden*") in the Netherlands as defined in the Dutch Income Tax Act 2001 ("*Wet inkomstenbelasting 2001*").

Generally, a Non-Resident Holder of Shares will not have a substantial interest in the Company's share capital, unless the Non-Resident Holder, alone or together with certain related persons holds, jointly or severally and directly or indirectly, Shares in the Company, or a right to acquire Shares in the Company representing 5% or more of the Company's total issued and outstanding share capital or any class thereof. Generally, a deemed substantial interest exists if all or part of a substantial interest has been or is deemed to have been disposed of with application of a roll-over relief.

Gift or Inheritance Taxes

Netherlands gift or inheritance taxes will not be levied on the transfer of Shares by way of gift, or upon the death of a Non-Resident Holder, unless the transfer is construed as an inheritance or gift made by or on behalf of a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

Value Added Tax

No Netherlands value added tax is imposed on dividends on the Shares or on the transfer of the Shares.

Other Taxes and Duties

There is no Dutch registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty other than court fees payable in the Netherlands in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) with respect to the dividends relating to the Shares or on the transfer of the Shares.

Residence

A Non-Resident Holder will not become resident, or be deemed to be resident, in the Netherlands solely as a result of holding a Share or of the execution, performance, delivery and/or enforcement of rights in respect of the Shares.

3.5 Annual Securities Disclosure Report

The announcements listed below and underlying information are on display and may be inspected during the life of this Registration Document on **www.airbusgroup.com**:

Press release – Airbus Group 2013 Results: another Year of Operational and Financial Improvement	26 February 2014
Press release – Airbus Group Reports First Quarter 2014 Results	13 May 2014
Press release –Airbus launches A330neo	14 July 2014
Press release – Airbus terminates purchase order with Skymark Airlines for A380s	28 July 2014
Press release – Airbus Group Shows Continued Progress in Half-Year (H1) 2014 Results	30 July 2014
Press release – Airbus Defence and Space continues transformation with portfolio optimisation	16 September 2014
Press release – Airbus to adjust A330 production rate to nine a month	17 October 2014
Press release – Airbus Group Reports Improved Nine-Month (9m) Results 2014	14 November 2014
Press release – Airbus Group Sells Part of Its Stake in Dassault Aviation	28 November 2014
Press release – Airbus Group Achieves Record Revenues, EBIT* and Order Backlog in 2014	27 February 2015

In addition, Airbus Group publishes announcements made in the ordinary course of business which are also available on **www.airbusgroup.com**.

4

Corporate Governance

4.1 Management and Control

The corporate governance arrangements of the Company were substantially changed pursuant to the Multiparty Agreement, including changes in the composition of the Board of Directors and the rules governing its internal affairs (the "**Board Rules**"). These changes are intended to further normalise and simplify the Company's corporate governance, reflecting an emphasis on best corporate governance practices and the absence of a controlling shareholder group. Below is a summary description of such changes.

4.1.1 Corporate Governance Arrangements

Board of Directors Composition and Board Rules

Under the Articles of Association, the Board of Directors consists of at most twelve (12) Directors, who each retire at the close of the Annual General Meeting held three years following their appointment. Under the Board Rules, at least a majority of the Members of the Board of Directors (*i.e.*, 7/12) must be European Union nationals (including the Chairman of the Board of Directors) and a majority of such majority (*i.e.*, 4/7) must be both European Union nationals and residents. No Director may be an active civil servant. The Board of Directors has one (1) Executive Director and eleven (11) Non-Executive Directors. While the Board of Directors appoints the Chief Executive Officer of the Company (the "**CEO**"), the CEO is required to be an Executive Director and must be an EU national and resident; therefore it is anticipated that the Board of Directors will appoint as CEO the person appointed by the shareholders as an Executive Director. At least nine (9) of the Non-Executive Directors must be "Independent Directors" (including the Chairman of the Board of Directors).

Under the Board Rules, an "Independent Director" is a Non-Executive Director who is independent within the meaning of the Dutch Corporate Governance Code and meets additional independence standards. Specifically, where the Dutch Corporate Governance Code would determine independence, in part, by reference to a Director's relationships with shareholders who own at least 10% of the Company, the Board Rules determine such Director's independence, in relevant part, by reference to such Director's relationships with shareholders who own at least 5% of the Company.

The Remuneration and Nomination Committee of the Board of Directors (the "**RNC**") is charged with recommending to the Board of Directors the names of candidates to succeed active Board Members after consultation with the Chairman of the Board of Directors and the CEO.

The Board of Directors, deciding by simple majority vote, proposes individuals to the shareholders' meeting of the Company for appointment as Directors by the shareholders' meeting. No shareholder or group of shareholders, or any other entity, has the right to propose, nominate or appoint any Directors other than the rights available to all shareholders under Dutch law.

In addition to the membership and composition rules described above, the RNC, in recommending candidates for the Board of Directors, and the Board of Directors, in its resolutions proposed to the shareholders' meeting relative to the naming of Directors or decisions to propose replacements of any resigning or incapacitated Director, are each required to apply the following principles:

- the preference for the best candidate for the position, and
- the maintenance, in respect of the number of Members of the Board of Directors, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Company (in particular among the nationals of the four (4) Member States of the European Union where these main industrial centres are located).

The Board of Directors is required to take into account, in the resolutions proposed in respect of the nomination of Directors presented to the shareholders' meeting, the undertakings of the Company to the French State pursuant to the amendment to the French State Security Agreement and to the German State pursuant to the German State Security Agreement, in each case as described more fully above. In practice, this means that (A) two (2) of the Directors submitted to the shareholders for appointment should also be French Defence Outside Directors (as defined above) of the French Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the French State and (B) two (2) of the Directors submitted to the shareholders for appointment should also be German Defence Outside Directors (as defined above) of the German Defence Holding Company (as defined above) who have been proposed by the Company and consented to by the German State.

The RNC endeavours to avoid a complete replacement of outgoing Directors by new candidates, but rather to ensure continuity of company-specific knowledge and experience within the Board of Directors.

Remuneration and Nomination Committee

The RNC has four (4) Members, with geographic diversity. Each Member of the RNC is an Independent Director. One Member of the RNC is a Director who is appointed to the Board of Directors on the basis of the French State Security Agreement. One Member of the RNC is a Director who is appointed to the Board of Directors on the basis of the German State Security Agreement. The Board of Directors, by a Simple Majority (defined below), appoints the chair of the RNC, who may not be any of the following:

- the Chairman of the Board of Directors;
- a current or former Executive Director of the Company;
- a Non-Executive Director who is an Executive Director with another listed company; or
- a Director appointed to the Board of Directors on the basis of the French State Security Agreement or the German State Security Agreement.

Other Board Committees

The Board of Directors continues to have an Audit Committee, the responsibilities of which have not changed. The Audit Committee has four (4) Members and is chaired by an Independent Director who is not the Chairman of the Board of Directors or a current or former Executive Director of the Company. At least one (1) Member of the Audit Committee must be a financial expert with relevant knowledge and experience of financial administration and accounting for listed companies or other large legal entities.

The Board of Directors no longer has a Strategic Committee.

Role of the Board of Directors

The Board Rules specify that in addition to the Board of Directors' responsibilities under applicable law and the Articles of Association, the Board of Directors is responsible for certain enumerated categories of decisions. Under the Articles of Association, the Board of Directors is responsible for the management of the Company. Under the Board Rules, the Board of Directors delegates day-to-day management of the Company to the CEO, who, supported by the Executive Committee, makes decisions with respect to the management of the Company. However, the CEO may not enter into transactions that form part of the key responsibilities of the Board of Directors unless these transactions have been approved by the Board of Directors. Most Board of Directors' decisions are made by a simple majority of the votes of the Directors (a "**Simple Majority**"), but certain decisions must be made by a 2/3 majority (*i.e.*, eight (8) favourable votes) of the Directors regardless of whether present or represented in respect of the decision (a "**Qualified Majority**"). In addition, amendments to certain provisions of the Board Rules require the unanimous approval of the Board of Directors, with no more than one Director not present or represented (including provisions relating to nationality and residence requirements with respect to Members of the Board of Directors and the Executive Committee). However, no individual Director or class of Directors has a veto right with respect to any Board of Directors' decisions.

Matters that require Board of Directors' approval include among others, the following items (by Simple Majority unless otherwise noted):

- approving any change in the nature and scope of the business of the Company and the Group;
- approving any proposed resolution to be presented to the shareholders' meeting relating to a change of any of the articles of the Articles of Association of the Company which requires the approval of a majority of at least seventy-five percent (75%) of the valid votes cast at such shareholders' meeting (Qualified Majority);
- approving the overall strategy and the strategic plan of the Group;
- approving the operational business plan of the Group (the "**Business Plan**") and the yearly budget (the "**Yearly Budget**") of the Group, including the plans for Investment, R&D, Employment, Finance and, as far as applicable, major programmes;
- setting the major performance targets of the Group;
- monitoring on a quarterly basis, the operating performance of the Group;
- nominating, suspending or revoking the Chairman of the Board of Directors and the CEO (Qualified Majority);
- approving of all of the Members of the Executive Committee as proposed by the CEO and to approve their proposed appointment as Managing Directors of important Group companies and their service contracts and other contractual matters in relation to the Executive Committee Members and such Managing Directors;
- establishing, and approving amendments to the Board Rules and the rules for the Executive Committee (Simple Majority with certain exceptions);
- deciding upon the appointments of the Airbus Shareholder Committee, the appointments of the Company's Group Corporate Secretary and the chairmen of the Supervisory Board (or similar organ) of other important Group companies and Business Units, on the basis of the recommendations of the Remuneration and Nomination Committee, as well as the institution and amendment of the rules governing the organs of such entities;
- approving the relocation of the headquarters of the principal companies of the Group and of the operational headquarters of the Company (Qualified Majority);
- approving decisions in connection with the location of new industrial sites material to the Group as a whole or the change of the location of existing activities that are material to the Group;
- approving decisions to invest and initiate programmes financed by the Group, acquisition, divestment or sale decisions, in each case for an amount in excess of €300 million;
- approving decisions to invest and initiate programmes financed by the Group, acquisition, divestment or sale decisions, in each case for an amount in excess of €800 million (Qualified Majority);
- approving decisions to enter into and terminate strategic alliances at the level of the Company or at the level of one of its principal subsidiaries (Qualified Majority);
- approving principles and guidelines governing the conduct of the Group in matters involving non-contractual liabilities (like environmental matters, quality assurance, financial announcements, integrity) as well as the corporate identity of the Group;

- approving any share buyback, cancellation (redemption) of shares or the issuing of new shares or any similar measure leading to a change in the total number of voting rights in the Company, except in the case of any buyback or cancellation (redemption) of shares if in the ordinary course of business (in which case the management of the Company will only inform the Directors before its implementation with a reasonable prior notice) (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets;
- approving decisions in respect of other measures and business of fundamental significance for the Group or which involves an abnormal level of risk;
- approving any proposal of names of candidates to succeed active Directors made by the Remuneration and Nomination Committee, after consultation with the Chairman of the Board of Directors and the CEO, for submission to the shareholders' meeting; and
- approving entering into and terminating cooperation agreements at the level of the Company or at the level of one of its principal subsidiaries having an impact on the share capital of the Company or of the relevant subsidiary (Qualified Majority).

The Board of Directors must have a certain number of Directors present or represented at a meeting to take action. This quorum requirement depends on the action to be taken. For the Board of Directors to make a decision on a Simple Majority matter, a majority of the Directors must be present or represented. For the Board of Directors to make a decision on a Qualified Majority matter, at least ten (10) of the Directors must be present or represented. If the Board of Directors cannot act on a Qualified Majority Matter because this quorum is not satisfied, the quorum would decrease to eight (8) of the Directors at a new duly called meeting.

In addition to the Board Rules, the work of the Board of Directors is governed by a Directors' charter detailing the rights and duties of the Members of the Board of Directors, which was adopted in light of corporate governance best practices.

The Directors' Charter sets out core principles that bind each and every Director, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of their duties and avoiding any and all conflicts of interest.

Executive Committee Nomination and Composition

The CEO proposes all of the Members of the Executive Committee for approval by the Board of Directors, after consultation with (a) the Chairman of the RNC and (b) the Chairman of the Board of Directors, applying the following principles:

- the preference for the best candidate for the position;
- the maintenance, in respect of the number of Members of the Executive Committee, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centres of the Group (in particular among the nationals of the four (4) Member States of the European Union where these main industrial centres are located); and
- at least 2/3 of the Members of the Executive Committee, including the CEO and the CFO, being EU nationals and residents. The Board of Directors determines, by simple majority vote, whether to approve all of the Members of the Executive Committee as proposed by the CEO.

Role of CEO and Executive Committee

The CEO is responsible for managing the day-to-day operations of the Company. The Executive Committee (the "**Executive Committee**") supports the CEO in performing this task. The Executive Committee Members shall jointly contribute to the overall interests of the Company in addition to each member's individual operational or functional responsibility within the Group. The CEO endeavours to reach consensus among the members of the Executive Committee. In the event a consensus is not reached, the CEO is entitled to decide the matter.

4.1.2 Corporate Governance Arrangements in 2014

COMPOSITION OF THE BOARD OF DIRECTORS IN 2014

Name	Age	Term started (as Member of the Board of Directors)	Term expires	Principal function	Status
Denis Ranque	63	2013	2016	Chairman of the Board of Directors of Airbus Group N.V.	Non-Executive
Thomas Enders	56	2005, re-elected in 2013	2016	Chief Executive Officer of Airbus Group N.V.	Executive
Manfred Bischoff	72	2013	2016	Chairman of the Supervisory Board of Daimler AG	Non-Executive
Ralph D. Crosby	67	2013	2016	Former Member of the Management Boards of EADS N.V. and of Northrop Grumman Corporation	Non-Executive
Hans-Peter Keitel	67	2013	2016	Vice President of the Federation of German Industry (BDI)	Non-Executive
Hermann-Josef Lamberti	59	2007, re-elected in 2013	2016	Former Member of the Management Board of Deutsche Bank AG	Non-Executive
Anne Lauvergeon	55	2013	2016	Chairman and CEO of A.L.P S.A., Chairman of the Board of Sigfox, and Chairman of the French Innovation 2030 Committee	Non-Executive
Lakshmi N. Mittal	64	2007, re-elected in 2013	2016	Chairman and Chief Executive Officer of ArcelorMittal S.A.	Non-Executive
Sir John Parker	72	2007, re-elected in 2013	2016	Chairman of Anglo American PLC	Non-Executive
Michel Pébereau	73	2007, re-elected in 2013	2016	Honorary President of BNP Paribas and Chairman of BNP Paribas Foundation	Non-Executive
Josep Piqué i Camps	60	2012, re-elected in 2013	2016	Vice-Chairman and CEO of Obrascón Huarte Lain (OHL)	Non-Executive
Jean-Claude Trichet	72	2012, re-elected in 2013	2016	Honorary Governor of Banque de France and former President of the European Central Bank	Non-Executive

Note: Status as of 1 March 2015. The professional address of all Members of the Board of Directors for any matter relating to Airbus Group is Mendelweg 30, 2333 CS Leiden, the Netherlands.

The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors in 2014

Denis Ranque

Denis Ranque began his career at the French Ministry for Industry, where he held various positions in the energy sector, before joining the Thomson group in 1983 as Planning Director. The following year, he moved to the electron tubes division, first as Director of space business, then, from 1986, as Director of the Division's microwave tubes department. Two years later, the electron tubes division became the affiliate Thomson Tubes Électroniques, and Denis Ranque took over as Chief Executive of this subsidiary in 1989. In April 1992, he was appointed Chairman and CEO of Thomson Sintra Activités Sous-marines. Four years later, he became CEO of Thomson Marconi Sonar, the sonar systems joint venture set up by Thomson-CSF and GEC-Marconi. In January 1998, Denis Ranque was appointed Chairman and Chief Executive Officer of the Thomson-CSF group, now called Thales. He resigned from this position in May 2009, as a consequence of a change in shareholding. From February 2010 to June 2012 he has been Non-Executive Chairman of Technicolor. Since October 2001, he has also been Chairman of the Board of the École des Mines ParisTech, and since September 2002, Chairman of the Cercle de l'Industrie, an association which unites France's biggest industrial companies; both mandates ended in June 2012. He is Member of the Boards of Directors of Saint-Gobain and CMA-CGM. Since October 2013, he chairs The Haut Comité de Gouvernement d'Entreprise, the newly created independent body put in place by the French Code of corporate governance for monitoring and encouraging progress in this field. Since 2014 he is also co-Chairman of La Fabrique de l'industrie, a think tank dedicated to industry. Denis Ranque, born 1952, is a graduate of France's École Polytechnique and the Corps des Mines.

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Directors of Saint Gobain;
- Member of the Board of Directors of CMA-CGM;
- Member of the Board of Directors of Scilab Enterprise SAS;
- President of the French Haut Comité de Gouvernement d'Entreprise;
- President of the Board of Fondation de l'Ecole Polytechnique.

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Former mandates for the last five years:
- Director of CGG VERITAS (2010 to 2012);
- Director of CMA CGM (2009 to 2012);
- Director of Fonds Strategique d'Investissement (2011 to 2012);
- Chairman of Technicolor (2010 to 2012).

Tom Enders

Thomas ("Tom") Enders was appointed Chief Executive Officer (CEO) of Airbus Group, effective 1 June 2012, after having been CEO of Airbus since 2007. Before that he served as Co-CEO of EADS between 2005 and 2007. He was Head of the Group's Defence division 2000-2005. He studied Economics, Political Science and History at the University of Bonn and at the University of California in Los Angeles. Prior to joining the aerospace industry in 1991, Mr Enders worked, *inter alia*, as a Member of the "Planungsstab" of the German Minister of Defence. He has been member of the Executive Committee of Airbus Group since its creation in 1999. Mr Enders was President of the BDLI (German Aerospace Industry Association) from 2005 to 2012. He is member of the BDI Presidential Board (German Industry Association) since 2009. From 2005 to 2009 he was Chairman of the Atlantik-Brücke e.V. In 2014, Mr Enders joined the Advisory Council of the Munich Security Conference as well as the Senate of the Max-Planck-Gesellschaft. Since 2011, Tom Enders is member of the Business Advisory Group of UK Prime Minister David Cameron. He sits on the Joint Advisory Council of Allianz SE since 2013.

Current mandates in addition to the one listed in the chart above are set forth below:
- Member of the Executive Committee of Airbus Group;
- Chairman of the Shareholder Committee of Airbus SAS;
- Chairman of the Supervisory Board of Airbus Helicopters SAS;
- Chairman of the Supervisory Airbus DS Holding B.V.;
- Chairman of the Supervisory Board of Airbus Defence and Space Deutschland GmbH;
- Member of the Board of Directors of the BDI (Federation of German Industry);
- Member of the Governing Board of HSBC Trinkhaus;
- Member of the International Advisory Board of Atlantic Council of the US;
- Member of the Joint Advisory Council of Allianz SE.

Former mandates for the last five years:
- President and Chief Executive Officer of Airbus SAS from 2007-2012;
- President of the BDLI (Bundesverband der deutschen Luft- und Raumfahrtindustrie e.V.) from 2005-2012;
- Chairman of the Advisory Council for Aeronautics Research and Innovation in Europe (ACARE) from 2011-2013.

Manfred Bischoff

Manfred Bischoff was born 22 April 1942. He holds a diploma and PhD in Economics from the University of Heidelberg. Having joined Daimler-Benz AG in 1976, Mr Bischoff became Chief Financial Officer of Mercedes-Benz do Brasil in 1988. In 1989, he was appointed to the Board of Management of Deutsche Aerospace (later DaimlerChrysler Aerospace AG) as CFO and in 1995 became Chairman of the Board of Management of Daimler-Benz Aerospace (later Daimler Chrysler Aerospace AG) and a Member of the Board of Management of Daimler-Benz AG. At the foundation of EADS in 2000, Mr Bischoff became its Chairman, a position he held until April 2007, when he was elected Chairman of the Supervisory Board of DaimlerChrysler AG. Currently, Manfred Bischoff is also Member of the Board of Unicredit S.p.A., and Member of the Supervisory Board of SMS GmbH.

Current mandates in addition to the one listed in the chart above are set forth below:
- Chairman of the Supervisory Board Daimler AG;
- Member of the Supervisory Board SMS GmbH;
- Member of the Board of Directors Unicredit S.p.A.;
- Multiple memberships in non-profit Boards.

Former mandates for the last five years:
- Member of the Supervisory Board Fraport AG (until May 2012);
- Member of the Supervisory Board KPN N.V. (until April 2013);
- Chairman of the Supervisory Board and Chairman of the Shareholder Committee Voith GmbH (until September 2014).

Ralph Dozier Crosby

Ralph Crosby was Member of the Executive Committee of EADS from 2009-2012 and served as Chairman and CEO of EADS North America from 2002-2009. He presently serves as an Independent Director of American Electric Power headquartered in Columbus, Ohio, where he chairs the Human Resources Committee; and Serco, headquartered in London, United Kingdom. Furthermore, Mr Crosby serves on the Board of Directors, and Executive Committee of the Atlantic Council of the United States. Prior to joining EADS, Mr Crosby was an Executive with Northrop Grumman Corporation, where he had served as a Member of the Corporate Policy Council with positions including President of the Integrated Systems Sector, Corporate Vice President and General Manager of the company's Commercial Aircraft Division and Corporate Vice President and General Manager of the B-2 Division. Prior to his industry career, Mr Crosby served as an officer in the US Army, where his last military assignment was as military staff assistant to the Vice President of the United States. Mr Crosby is a graduate of the US Military Academy at West Point, and holds Master's degrees from Harvard University, and the University of Geneva, Switzerland. He is the recipient of the James Forrestal Award from the National Defense Industrial Association, and has been awarded Chevalier of the Légion d'Honneur of France.

Current mandates in addition to the one listed in the chart above are set forth below:
- Member of the Board of Directors (Supervisory Board) of American Electric Power Corporation;
- Member of the Board of Directors (Supervisory Board) of Serco, PLC.;
- Member of the Board of Directors and Member of the Executive Committee of the Atlantic Council of the United States.

Former mandates for the last five years:
- Executive Chairman of EADS North America (retired 31 December 2011);
- Member of the Board of Directors (Supervisory Board) of Ducommun Corporation (resigned June 2013).

Hans-Peter Keitel

Hans-Peter Keitel served as President of the Federation of German Industries (BDI) from 2009 to 2012 and now (since 2013) serves as one of its Vice Presidents. Prior to this he served nearly 20 years at Hochtief — first as Director for International Business and subsequently from 1992 to 2007 as Chief Executive Officer. He started his career in 1975 at Lahmeyer International as a technical Advisor and project manager being involved in large scale global infrastructure projects in over 20 countries. He also advised the arranging banks of the Channel Tunnel Consortium. Mr Keitel has graduated from the Universities of Stuttgart and Munich in Construction Engineering and Economics and has received a PhD in Engineering from the University of Munich.

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Supervisory Board of RWE AG;
- Member of the Supervisory Board of Voith GmbH;
- Member of the Supervisory Board of ThyssenKrupp AG;
- Member of the Supervisory Board of Commerzbank AG (until 20 May 2014);
- Member of the Supervisory Board of National-Bank AG.

Former mandates for the last five years:

- Member of the Supervisory Board of Hochtief AG;
- Member of the Supervisory Board of Deutsche Messe AG.

Hermann-Josef Lamberti

Hermann-Josef Lamberti was Member of the Management Board of Deutsche Bank AG from 1999 until 2012 and operated as the bank's Chief Operating Officer. As COO he had global responsibility for Human Resources, Information Technology, Operations and Process Management, Building and Facilities Management as well as Purchasing. He joined Deutsche Bank in Frankfurt in 1998 as Executive Vice President. From 1985, he held various management positions within IBM, working in Europe and the United States, in the fields of controlling, internal application development, sales, personal software, marketing and brand management. In 1997, he was appointed Chairman of the Management of IBM Germany. Mr Lamberti started his career in 1982 with Touche Ross in Toronto, before joining the Chemical Bank in Frankfurt. He studied Business Administration at the Universities of Cologne and Dublin, and graduated with a Master's degree.

Current mandates in addition to the one listed in the chart above are set forth below:

- Chairman of the Society of Freunde der Bachwoche Ansbach e.V.;
- Member of the Board of Trustees of Institute for Law and Finance Frankfurt;
- Member of the Board of Directors of Airbus Group N.V.;
- Chairman of the Advisory Board: Wirtschaftsinitiative FrankfurtRheinMain e.V.;
- Member of the Board of Trustees of Johann Wolfgang Goethe-Universität Fachbereich Wirtschaftswissenschaften and Member of the Board of Trustees of Frankfurt Institute for Advanced Studies (FIAS) of Goethe-Universität;
- Member of the Supervisory Board ING Group N.V.;
- Senior Business Advisor Advent International GmbH;
- Member of the Supervisory Board Open-Xchange AG;
- Owner/Managing Director Frankfurt Technology Management GmbH.

Former mandates for the last five years:

- Executive Customer of the Advisory Council of Symantec Corporation (resigned 12 May 2010);
- Member of the Board of Trustees of Baden-Badener Unternehmergespräche – Gesellschaft zur Förderung des Unternehmensnachwuchses e.V. (resigned 13 May 2010);
- Member of the Board of Trustees of Wallraf-Richartz-Museum und Museum Ludwig e.V. (resigned 31 January 2011);
- Member of the Founder Council of Wallraf-Richartz-Museum (resigned 31 January 2011); and
- Member of the Senate of Fraunhofer Gesellschaft. (resigned 31 December 2011); and
- Member of the Management Board of Deutsche Bank AG (resigned 31 May 2012);
- Member of the Supervisory Board of BVV Versicherungsverein des Bankgewerbes A.G. und BVV Versorgungskasse des Bankgewerbes e.V. (resigned 21 June 2012);
- Member of the Supervisory Board of Deutsche Börse AG (resigned 16 May 2012);
- Member of the Supervisory Board of Deutsche Bank Privat-und Geschäftskunden AG (resigned 24 May 2012);
- Member of the Board of Management of Arbeitgeberverband des privaten Bankgewerbes e:V. (resigned 21 June 2012);
- Deputy member of the Deposit Insurance Committee of Bundesverband deutscher Banken e:V. (resigned 21 June 2012);
- Delegate of the Delegates' Assembly of the Deposit Insurance Committee of Bundesverband deutscher Banken e.V. (resigned 21 June 2012);
- Member of the Financial Community Germany Committee of Bundesverband deutscher Banken e.V. (resigned 21 June 2012);
- Member of the Board of Management of Deutsches Aktieninstitut e.V. (resigned 21 June 2012);
- Member of the Board of Trustees of e-Finance Lab Frankfurt am Main (resigned 31 May 2012);
- Member of the Stock Exchange Council of Eurex Deutschland (resigned 31 May 2012);
- Member of the Stock Exchange Council of Frankfurter Wertpapierbörse AG (resigned 31 May 2012);
- Member of the Advisory Board of Institut für Unternehmensplanung – IUP (resigned 31 May 2012);
- Member of the Board of Trustees of Junge Deutsche Philharmonie (resigned 8 October 2012);
- Deputy Chairman of the Board of Trustees of the Society of Promotion of Kölner Kammerorchester e.V. (resigned 31 May 2012);
- Member of the Programme Advisory Board of LOEWE Landes-Offensive zur Entwicklung Wissenschaftlich-ökonomischer Exzellenz des Hessischen Ministeriums für Wissenschaft und Kunst (resigned 14 June 2012);
- Member of the Advisory Circle of Münchner Kreis (resigned 31 May 2012);

- Deputy member of the Advisory Board of Prüfungsverband deutscher Banken e.V. (resigned 31 May 2012);
- Member of the Administrative Council of Universitätsgesellschaft Bonn-Freunde, Förderer, Alumni (resigned 31 May 2012);
- Member of the Advisory Board in the centre for market-orientated corporate management of WHU (resigned 31 May 2012);
- Member of the Commission of Börsensachverständigen-kommission (Bundesfinanzministerium) (resigned 31 May 2012);
- Member of the Management Board and Member of the Executive Committee of Frankfurt Main Finance e.V. (resigned 31 May 2012);
- Member of the Advisory Board of Fraunhofer-IUK-Verbund (resigned 31 May 2012);
- Member of the Executive Committee and of the Steering Committee of Frankfurt RheinMain e.V. (resigned 31 May 2012);
- Member of the Senate of acatech – Deutsche Akademie der Technikwissenschaften e.V. (resigned 31 May 2012);
- Member of the Board of Directors of American Chamber of Commerce in Germany (resigned 11 May 2012);
- Member of the Board of Trustees of Hanns Martin Schleyer-Stiftung (resigned 21 June 2012);
- Member of the Editorial Board of scientific journal “Wirtschaftsinformatik” (resigned 31 May 2012);
- Member of the International Advisory Board of IESE Business School, University of Navarra (resigned 28 March 2012);
- Member of the Board of Trustees of Stiftung Lebendige Stadt (resigned 31 May 2012);
- Member of the Supervisory Board of Carl Zeiss AG (resigned 18 March 2013);
- Member of the University Council of the University of Cologne (resigned 6 June 2013);
- Member of the Steering Committee and of the Federal Committee of Wirtschaftsrat der CDU e.V. (resigned 25 June 2013);
- Member of the Managing Committee of the Institut für Wirtschaftsinformatik der HSG of the Universität St. Gallen (resigned 31 December 2013);
- Member of the Board of Trustees of the Frankfurt International School e.V.; (resigned 31 December 2013);
- Member of the Advisory Board of Barmenia Versicherungen Wuppertal (resigned 31 December 2014).

Anne Lauvergeon

Anne Lauvergeon is a graduate of the École Normale Supérieure and the French National School of Mining Engineer. She holds an advanced degree in Physics & Chemistry. From 2011 to 2014, Mrs Lauvergeon was Partner of Efficiency Capital, a fund dedicated to technology and natural resources. She was CEO of Areva from July 2001 to June 2011, and Chairman and CEO of Areva NC from June 1999 to July 2011. In 1997, she worked at Alcatel as Senior Executive Vice President, member of the Executive Committee, in charge of international business and industrial holdings. From 1995 to 1997 she was Partner of Lazard Frères & Cie. Before that, from 1990 to 1995, she worked for the French President’s office, in charge of international economy and foreign trade missions in 1990, then as Deputy Chief of Staff and personal representative to the French President, in charge of the G7/G8 Summits’ from 1991. Anne Lauvergeon began her career in 1983 in the steel industry, at Usinor, before working on nuclear & chemical safety issues in Europe at the French Atomic Energy Commission. Mrs Lauvergeon is Doctor Honoris Causa of the Imperial College, London (2008), Fellow of the Royal Academy of Engineering (UK 2011) and Fellow of the Royal Academy of Belgium (2012).

Current mandates in addition to the one listed in the chart above are set forth below:

- Member of the Board of Directors of TOTAL S.A.;
- Member of the Board of Directors of AMERICAN EXPRESS;
- Member of the Board of Directors of RIO TINTO;
- Member of the Board of Directors of SUEZ ENVIRONNEMENT;
- Chairman of the Board of Directors of École Nationale Supérieure des Mines de Nancy;
- Member of the Board of Directors of PSL University (Paris Sciences et Lettres);
- Chairman of A2i fund Agir pour l’Insertion dans l’Industrie (Union des Industries Métallurgiques et Minières);

Former mandates for the last five years:

- CEO of AREVA (resigned June 2011);
- Chairman and CEO of AREVA NC (resigned July 2011);
- Member of the Executive Committee of Mouvement des Entreprises de France (resigned in 2012);
- Member of the Board of GDF SUEZ (resigned April 2012);
- Member of the Trilateral Commission (resigned in 2013);
- Member of the Executive Committee of Global Compact (resigned July 2013);
- Board member of VODAFONE Plc (resigned July 2014);
- Chairman of the Supervisory Board of the French newspaper LIBERATION (resigned February 2014).

Lakshmi N. Mittal

Lakshmi N. Mittal is the Chairman and CEO of Arcelor Mittal. He founded Mittal Steel Company in 1976 and led its 2006 merger with Arcelor to form ArcelorMittal, the world’s largest steelmaker. He is widely recognised for his leading role in restructuring the global steel industry, and has over 35 years’ experience working in steel and related industries. Among his manifold mandates, Mr Mittal is Member of the Board of Directors of Goldman Sachs, of the World Economic Forum’s International Business Council, and of the Foreign Investment Council in Kazakhstan. Furthermore, he has been awarded numerous recognitions from international institutions and magazines and is closely associated with a number of non-profit organisations.

Current mandates in addition to the one listed in the chart above are set forth below:

- Chairman of the Board of Directors and CEO of ArcelorMittal S.A.;
- Chairman of the Board of Directors of Aperam S.A.;
- Member of the Board of Directors of Goldman Sachs;
- Member of the Executive Committee of World Steel Association;
- Member of the World Economic Forum’s International Business Council;
- Member of the Foreign Investment Council in Kazakhstan;
- Member of Board of Trustees of Cleveland Clinic;
- Member of Executive Board of Indian School of Business;
- Governor of ArcelorMittal Foundation;
- Trustee of Gita Mittal Foundation;

- Trustee of Gita Mohan Mittal Foundation;
- Trustee of Lakshmi and Usha Mittal Foundation;
- Chairman of Governing Council of LNM Institute of Information Technology;
- Trustee of Mittal Champion Trust;
- Trustee of Mittal Children's Foundation.

Former mandates for the last five years:

- Member of the Board of Directors of ICICI Bank Limited (resigned May 2010);
- Member of the Board of Commonwealth Business Council Limited (resigned February 2011);
- Member of the Business Council (resigned December 2011);
- Member of the Managing Committee of Lakshmi Niwas and Usha Mittal Foundation (resigned December 2011);
- Member of the Board of ArcelorMittal USA Inc. (resigned September 2012);
- Member of the Presidential International Advisory Board of Mozambique;
- Member of the Advisory Board of the Kellogg School of Management;
- President of Ispat Inland ULC (resigned January 2013);
- Member of the Prime Minister of India's Global Advisory Council;
- Member of President's Domestic and Foreign Investors Advisory Council, Ukraine;
- Gold Patron of Prince's Trust;
- Member of the Board of ONGC Mittal Energy Ltd.;
- Member of the Board of ONGC Mittal Energy Services Ltd.

Sir John Parker

Sir John Parker is Chairman of Anglo American PLC, Deputy Chairman of DP World (Dubai), Non-Executive Director of Carnival PLC and Carnival Corporation. He has completed his term 2011-2014 as President of the Royal Academy of Engineering. He stepped down as Chairman of National Grid PLC in December 2011. His career has spanned the engineering, shipbuilding and defence industries, with some 25 years' experience as CEO including Harland & Wolff and the Babcock International Group. He also chaired the Court of the Bank of England between 2004 and 2009. Sir John Parker studied Naval Architecture and Mechanical Engineering at the College of Technology, Queens University, Belfast.

Current mandates in addition to the one listed in the chart above are set forth below:

- Director of Carnival PLC and Carnival Corporation;
- Deputy Chairman of D.P. World (Dubai);
- Director of White Ensign Association Limited;
- President of the Royal Academy of Engineering;
- Visiting fellow of the University of Oxford.

Former mandates for the last five years:

- Chancellor of the University of Southampton (resigned July 2011);
- Member of the International Advisory Board of Citigroup (dissolved December 2011);
- Chairman of National Grid PLC (resigned January 2012).

Michel Pébereau

Michel Pébereau was Chairman of the Board of BNP Paribas between 2003 and 2011. He presided over the merger that created BNP Paribas in 2000, becoming Chairman and Chief Executive Officer (CEO). In 1993, he was appointed Chairman and CEO of the Banque Nationale de Paris and privatised it. Previously, he was Chairman and CEO of the Crédit Commercial de France. He started his career in 1967 at the Inspection Générale des Finances. In 1970 he joined the French Treasury, where he held various high ranking posts. Mr Pébereau is an alumnus of the École Nationale d'Administration and of the École Polytechnique.

Current mandates in addition to the one listed in the chart above are set forth below:

- Manager of "MJP Conseil";
- Chairman of the Board of "Fondation BNP Paribas";
- Chairman of "Centre des Professions Financières";
- Chairman of the Board of "Fondation ARC pour la Recherche sur le Cancer";
- Member of the Board of Directors of "BNP Paribas S.A.";
- Member of the Board of Directors of "Total S.A.";
- Member of the Board of Directors of "Pargesa Holding S.A.", Switzerland;
- Member of the Board of Directors of "BNP Paribas (Suisse) S.A.";
- Vice Chairman and Member of the Supervisory Board of "Banque Marocaine pour le Commerce et l'Industrie", Morocco;
- Member of the Executive Committee of "Institut de l'Entreprise";
- Member of the "Académie des Sciences Morales et Politiques";
- Member of "Fondation Nationale des Sciences Politiques";
- Member of the "Conseil d'orientation Strategique of Mouvement des Entreprises de France";
- Chairman of the Strategic Board of « ESL Network (SAS);
- Partner of "Paris fait son cinéma (SAS)";
- Honorary President of CCF (now HSBC France);
- Member of "Centre National Éducation Économie (CNEE)";
- Member of the Sponsoring Committee of "Cercle Jean-Baptiste Say";
- Chairman of "Club des partenaires of TSE";
- Member of the Sponsoring Committee of "Collège des Bernardins";
- Member of the Board Directors of "Fondation Jean-Jacques Laffont – TSE";
- Chairman of the Strategic Board of « Institut Vaucanson".

Former mandates for the last five years:

- Censor of "Galeries Lafayette S.A.";
- Member of the Board of Directors of Lafarge (until May 2011);
- Chairman of the Board of Directors of BNP Paribas (until December 2011);
- Member of the Board of Directors of Axa (until April 2013);
- Member of the Board of Directors of Saint-Gobain (until June 2013);
- Member of the Supervisory Board of "Institut Aspen France".

Josep Piqué i Camps

Josep Piqué i Camps resigned as Non-Executive Chairman of Vueling in 2013, and took over the position of Vice-Chairman and CEO of Obrascón Huarte Lain (OHL), one of the largest international concession and construction groups. He started his career as an economist of the studies service "la Caixa" and became General Director of the Catalan Industry in 1986. Two years later, he joined the company Ercros, where he eventually became CEO and Chairman. After serving several years within the Circle of Economics of Barcelona, he led it as Chairman (1995-96). In the following, Mr Piqué was successively appointed Minister for Industry and Energy (1996-00), Government Spokesperson (1998-00), Minister of Foreign Affairs (2000-02) and Minister of Science and Technology (2002-03). Furthermore to his engagements, he served as Deputy, Senator and President of the Popular Party of Catalonia (2003-07). Mr Piqué holds a PhD in Economic and Business Studies and is a Law graduate from the University of Barcelona, where he also serves as lecturer of Economic Theory.

Current mandates in addition to the one listed in the chart above are set forth below:

- Vice-Chairman and CEO of Obrascón Huarte Lain (OHL);
- Advisory Board of Seat, Volkswagen Group;
- Chairman of Spain–Japan Council Foundation;
- Member of the Board of Directors of Plasmia Biotech, S.L.;
- Member of the Board of Directors of Circulo de Economia.

Former mandates for the last five years:

- Chairman of Mixta Africa until 2010;
- Member of the Board of Directors of Applus Technologies Holding, S.L. until 2012;
- Chairman of Vueling until 2013;
- Member of the Board of Directors of Ezentis, S.A. until 2013;
- Member of the Board of Directors of Grupo San Jose, S.A. until 2013;
- Chairman of Tres60 Servicios Audiovisuales, S.A.

Jean-Claude Trichet

Jean-Claude Trichet was President of the European Central Bank, of the European Systemic Risk Board and of the Global Economy meeting of Central Bank Governors in Basel until the end of 2011. Previously, he was in charge of the French Treasury for six years and was Governor of Banque de France for ten years. Earlier in his career, he held positions within the French Inspection Générale des Finances, as well as the Treasury department, and was Advisor to the French President for microeconomics, energy, industry and research (1978-81). Mr Trichet graduated from the École des Mines de Nancy, the Institut d'Études Politiques de Paris and the University of Paris in Economics, is a Doctor Honoris Causa of several universities and an alumnus of the École Nationale d'Administration.

Current mandates in addition to the one listed in the chart above are set forth below:

- President of "JCT Conseil, Paris";
- Chairperson of the G30 (non-profit organisation), Washington D.C.;
- Chairman of the Board of Directors of the BRUEGEL Institute, Washington DC (non-profit organisation);
- European Chairman of the Trilateral Commission (non-profit organisation).

Former mandates for the last five years:

- President of the European Central Bank (end of mandate 1 November 2011);
- President of the Global Economy meeting of Central Bank Governors in Basel (end of mandate 1 November 2011);
- President of the European Systemic Risk Board (end of mandate 01 November 2011);
- President of the Group of Governors and Heads of Supervision (GHOS) (end of mandate 01 November 2011);
- President of SOGEPA -Société de Gestion de Participations Aéronautiques- (from 2012 up to 2013).

Independent Directors

The Independent Directors appointed pursuant to the criteria of independence set out above are Denis Ranque, Manfred Bischoff, Hans-Peter Keitel, Hermann-Josef Lamberti, Anne Lauvergeon, Lakshmi N. Mittal, Sir John Parker, Michel Pébereau, Josep Piqué I Camps and Jean-Claude Trichet.

Prior Offences and Family Ties

To the Company's knowledge, none of the Directors (in either their individual capacity or as Director or senior manager of any of the entities listed above) has been convicted in relation to fraudulent offences, been the subject of any bankruptcy, receivership or liquidation, nor been the subject of any official public incrimination and/or sanction by a statutory or regulatory authority, nor been disqualified by a court from acting as a Member of the administrative, management or supervisory bodies of any issuer or conduct of affairs of any company, during at least the last five years. As of the date of this document, there are no family ties among any of the Directors.

Operation of the Board of Directors in 2014

Board of Directors Meetings

The Board of Directors met 7 times during 2014 and was regularly informed of developments through business reports from the Chief Executive Officer, including progress on the strategic and operational plans. The average attendance rate at these meetings was at 88%.

Throughout 2014, the Board of Directors received reports on the technical and commercial progress of significant programmes, such as A350 XWB, A400M, A380 and Super Puma. During two off-site Board meetings, one in Marignane at Airbus Helicopters, and the other in Toulouse at Airbus, the Board seized the opportunity to meet with local management and with the operative workforce, visited the Super Puma final assembly line, was introduced to the X6-helicopter concept, and experienced a flight on the A350 XWB on the day of its certification.

In terms of making new decisions, the Board launched a new engine option (neo) of the A330, conducted a detailed and comprehensive product portfolio assessment in line with the Group's strategy review initiated in 2013, approved and monitored Airbus Group's joint venture with Safran, and decided on the divestment of a part of the Company's stake in Dassault Aviation.

Moreover, the Board of Directors focused on the Group's financial results and forecasts, asset management, supply chain challenges, the services business, compliance in key business processes and in major programmes, as well as efficiency and innovation initiatives. It reviewed Enterprise Risk Management results, the internal audit plan, compliance programme, litigation and legal risks, investor relations, financial communication and dividend policy.

In order to avoid large bloc replacements of Directors in one single episode, with the corresponding loss of experience, induction and integration challenges, the Board of Directors discussed and envisaged a smoother, yearly replacement schedule; besides, the Board of Directors has adopted criteria limiting the appointment of a Director to a maximum of three consecutive terms of three years each (with possible exceptions), and setting an age limit of seventy five years at the time of appointment. The Board perceives this to be the first step to a more optimal turnover of the Board of Directors, the principle of which is embodied in the provisions of the Internal Rules of the Board of Directors. Further steps to implement the staggered Board will be proposed at the AGM of 2016 to create a schedule of staggered retirements and inductions consistent with the Dutch Corporate Governance Code and with the present Internal Rules of the Board of Directors.

BOARD ATTENDANCE

Directors	Attendance
Number of meetings in 2014	7
Denis Ranque (Chairman)	7/7
Thomas Enders (CEO)	7/7
Manfred Bischoff	5/7
Ralph D. Crosby	7/7
Hans-Peter Keitel	6/7
Hermann-Josef Lamberti	7/7
Anne Lauvergeon	6/7
Lakshmi N. Mittal	6/7
Sir John Parker	7/7
Michel Pébereau	6/7
Josep Piqué i Camps	3/7
Jean-Claude Trichet	7/7

Board Evaluation 2014

The evaluation of the Board of Directors was conducted through December 2014 and January 2015 by Spencer Stuart, through individual interviews of all board members. The interviews covered the Directors' expectations, governance fit, board effectiveness, board composition, committees as viewed from the Board and as viewed by their members, board areas of expertise and working processes, chairmanship, interaction with executive management, shareholders, and stakeholders. The subsequent discussion of the report by the whole board was action-oriented.

Board members were unanimous in finding that the Board meets the highest standards internationally, and to point out the steady progress made by the Board, especially since the implementation of the new governance, which is considered balanced and effective. Board dynamics and performance are rated high. The Board's decision-making process fits both Directors' and management's expectations, and the contribution of Board Committees is high. Mutual trust between board and management is strong.

Several improvement suggestions emerged from the interviews.

- support documentation and form:
  - make minutes of previous meetings and board files of upcoming meetings available earlier,
  - enrich the flow of information sent between board meetings,
  - make presentations shorter and more analytical;
- speakers and guests, restricted sessions as best-practice:
  - increase opportunities for the Board to meet the management of Business Units, for instance in the context of meetings held at industrial sites,
  - institutionalise such practices as routinely scheduled Board-only or Non-Executive Directors' time-slots;
- content:
  - better involve board members in the preparation of the strategic session of the Board,
  - improve ability to react to unforeseen events,
  - revisit and analyse past key decisions and their implementation.

One upcoming focus of the Board will be the preparation of Director turnover and replacement, as senior members progressively hand over to new Directors. Gender and geographical diversity, as well as specific industry specific skills will be key criteria to satisfy as the Remuneration and Nomination Committee organises its search of candidates.

Board Committees in 2014

In 2014, membership on Board Committees was as follows:

Directors	Audit Committee	Remuneration & Nomination Committee
Denis Ranque (Chairman)		
Thomas Enders (CEO)		
Mansfred Bischoff		
Ralph D. Crosby		
Hans-Peter Keitel		X
Hermann-Josef Lamberti	Chairman	
Anne Lauvergeon	X	
Lakshmi N. Mittal		X
Sir John Parker		Chairman
Michel Pébereau	X	
Josep Piqué i Camps	X	
Jean-Claude Trichet		X
Number of meetings in 2014	4	3
Average attendance rate in 2014	75%	83%

Note: Status as of 1 March 2015.

The Audit Committee

Pursuant to the Board Rules, the Audit Committee makes recommendations to the Board of Directors on the approval of the annual financial statements and the interim (Q1, H1, Q3) accounts, as well as the appointment of external auditor and the determination of his remuneration. Moreover, the Audit Committee has the responsibility for ensuring that the internal and external audit activities are correctly directed and that audit matters are given due importance at meetings of the Board of Directors. Thus, it discusses with the auditors their audit programme and the results of the audit of the accounts and it monitors the adequacy of the Group's internal controls, accounting policies and financial reporting. It also oversees the operation of the Group's ERM system and the Compliance Organisation.

The rules and responsibilities of the Audit Committee are set out in the Audit Committee Charter.

The Chairman of the Board of Directors and the Chief Executive Officer are invited to attend meetings of the Audit Committee. The Chief Financial Officer and the Head of Controlling & Accounting are requested to attend meetings to present management proposals and to answer questions. Furthermore, the Head of Corporate Audit and the Chief Compliance Officer are requested to report to the Audit Committee on a regular basis.

The Audit Committee is required to meet at least four times a year. In 2014, it fully performed all of the above described duties, and met four times with an average attendance rate of 75%.

The Remuneration and Nomination Committee

Pursuant to the Board Rules, the Remuneration and Nomination Committee makes recommendations to the Board of Directors regarding the appointment of members of the Group Executive Committee (upon proposal by the Chief Executive Officer and approval by the Chairman); the Company's Corporate Secretary; the members of the Airbus Shareholder Committee; and the chairmen of the Supervisory Board (or similar organ) of other important Group member companies and Business Units. The Remuneration and Nomination Committee also makes recommendations to the Board of Directors regarding remuneration strategies and long-term remuneration plans and decides on the service contracts and other contractual matters in relation to the Board of Directors and Group Executive Committee Members. The rules and responsibilities of the Remuneration and Nomination Committee have been set out in the Remuneration and Nomination Committee Charter.

The Chairman of the Board of Directors and the Chief Executive Officer are invited to attend meetings of the Remuneration and Nomination Committee. The Head of Airbus Group Human Resources is requested to attend meetings to present management proposals and to answer questions.

In addition to making recommendations to the Board of Directors for major appointments within the Group, the Remuneration and Nomination Committee reviews top talents, discusses measures to improve engagement and to promote diversity, reviews the remuneration of the Group Executive Committee Members for this year, the Long-Term Incentive Plan, and the variable pay for the previous year.

The guiding principle governing management appointments in the Group is that the best candidate should be appointed to the position ("best person for the job"), while at the same time seeking to achieve a balanced composition with respect to gender, experience, national origin, etc. The implementation of these principles should, however, not create any restrictions on the diversity within the Company's executive management team.

The Remuneration and Nomination Committee is required to meet at least twice a year. In 2014, it fully performed all of the above described duties and met three times with an average attendance rate of 83%.

Executive Committee in 2014

The Chief Executive Officer, supported by an Executive Committee, is responsible for managing the day-to-day operations of the Company. The Executive Committee is chaired by the Chief Executive Officer and its members are appointed on the basis of their performance of their individual responsibilities as well as their respective contribution to the overall interest of the Airbus Group. The Executive Committee met 5 times during 2014.

Amongst others the following matters are discussed at the Executive Committee meetings:

- appointment by the heads of the Airbus Group Divisions and functions of their management teams;
- major investments;
- setting up and control of the implementation of the strategy for the Group's businesses;
- Airbus Group policy matters and management and organisational structure of the business;
- performance level of the Group's businesses and support functions; and
- all business issues, including the operational plan of the Group and its Divisions and Business Units.

The Executive Committee members are responsible to jointly contribute to the overall interests of the Group, in addition to each member's individual operational or functional responsibility. In their management of the operations of the Airbus Group, the CEO and the Executive Committee are overseen and supported by the Board and in particular by the Chairman.

The Chief Executive Officer endeavors to reach consensus among the members of the Executive Committee. In the event a consensus cannot be reached, the Chief Executive Officer is entitled to decide the matter. Such decision shall be binding on the members of the Executive Committee. If there is a fundamental or significant disagreement with respect to any undecided matter, the dissenting Executive Committee member may request that the Chief Executive Officer submit such matter to the Chairman for his opinion.

Under the Board Rules in effect in 2014, the Executive Committee members were appointed by the Board of Directors on the proposal of the Chief Executive Officer following consultation with the Chairman and the Chairman of the Remuneration and Nomination Committee. The proposals for appointment are made applying the following principles (i) the preference for the best candidate for the position, and (ii) the maintenance, in respect of the number of members of the Executive Committee, of the observed balance among the nationalities of the candidates in respect of the location of the main industrial centers of Airbus Group (in particular among the nationals of the four Member States of the European Union where these main industrial centers are located) and (iii) at least 2/3 of the members of the Executive Committee, including the CEO and the CFO, will be EU national and residents.

Composition of the Executive Committee in 2014

Name	Age	Start of term	Principal Occupation
Tom Enders	56	2012	Chief Executive Officer Airbus Group
François Auque	58	2010	EVP Space Systems, Airbus Defence and Space
Thierry Baril	49	2012	Chief Human Resources Officer Airbus Group & & Airbus
Jean J. Botti	57	2011	Chief Technical Officer Airbus Group
Fabrice Brégier	53	2012	Airbus Chief Executive Officer
Günter Butschek*	54	2012	Airbus Chief Operating Officer
Guillaume Faury	46	2013	Airbus Helicopters Chief Executive Officer
Bernhard Gerwert	61	2012	Airbus Defence and Space Chief Executive Officer
Marwan Lahoud	48	2012	Chief Strategy and Marketing Officer Airbus Group
John Leahy	64	2012	Airbus Chief Operating Officer – Customers
Allan McArtor	72	2014	Airbus Group, Inc. Chief Executive Officer
Domingo Ureña-Raso*	56	2009	EVP Military Aircraft, Airbus Defence and Space
Harald Wilhelm	48	2012	Chief Financial Officer Airbus Group & Airbus

Note: Status as of 31 December 2014. The professional address of all Members of the Executive Committee for any matter relating to Airbus Group is Mendelweg 30, 2333 CS Leiden, The Netherlands.

* As announced in the corresponding Airbus Group press releases of 16 December 2014 and of 29 January 2015, Günter Butschek and Domingo Ureña-Raso resigned from their positions. Tom Williams and Klaus Richter have joined the Airbus Group Executive Committee as of 1 January 2015.

Tom Enders – Airbus Group CEO

Thomas ("Tom") Enders was appointed Chief Executive Officer (CEO) of Airbus Group, effective 1 June 2012, after having been CEO of Airbus since 2007. Before that he served as Co-CEO of EADS between 2005 and 2007. He was Head of the Group's Defence division 2000-2005. He studied Economics, Political Science and History at the University of Bonn and at the University of California in Los Angeles. Prior to joining the aerospace industry in 1991, Mr Enders worked, *inter alia*, as a Member of the "*Planungsstab*" of the German Minister of Defence. He has been member of the Executive Committee of Airbus Group since its creation in 1999. Mr Enders was President of the BDLI (German Aerospace Industry Association) from 2005 to 2012. He is member of the BDI Presidential Board (German Industry Association) since 2009. From 2005 to 2009 he was Chairman of the Atlantik-Brücke e.V. In 2014, Mr Enders joined the Advisory Council of the Munich Security Conference as well as the Senate of the Max-Planck-Gesellschaft. Since 2011, Tom Enders is member of the Business Advisory Group of UK Prime Minister David Cameron. He sits on the Joint Advisory Council of Allianz SE since 2013.

François Auque – EVP Space Systems, Airbus Defence and Space

François Auque was appointed Chief Executive Officer of Astrium, now merged with Cassidian and Airbus Military into Airbus Defence and Space, in 2000. Previously, he was Chief Financial Officer together with Managing Director for satellites of Aerospatiale Matra after having been Chief Financial Officer of Aerospatiale since 1991. He spent his earlier career with the Suez Group and the French Cour des comptes. Mr Auque graduated from École des Hautes Études Commerciales, Institut d'Études Politiques and is an alumnus of École Nationale d'Administration.

Thierry Baril, Airbus Group and Airbus CHRO

Thierry Baril was appointed Chief Human Resources Officer of EADS and Airbus in June 2012. Formerly Executive Vice President Human Resources at Eurocopter, he joined Airbus in 2007 as Executive Vice President Human Resources and Member of the Airbus Executive Committee. Prior in his career, he gained experience in Human Resources matters having served in various HR positions within Alcatel, General Electric and Alstom. Mr Baril holds a university degree in HR Management, having graduated in 1988 from the Institut de Gestion Sociale.

Jean Botti – Airbus Group CTO

Jean Botti was appointed Chief Technical Officer of EADS in 2006. He joined from General Motors, where he was Chief Technologist and then Business Line Executive of the Delphi Powertrain business. He started his career in 1978 as product engineer for Renault Mr Botti holds a degree from INSA Toulouse, an MBA from Central Michigan University and a PhD from the Conservatoire des Arts et Métiers and completed the course of Research and Development Management at the Massachusetts Institute of Technology (MIT). Mr Botti is an SAE fellow as well as a Member of the French Academy of Technology, a member of the German Academy of Technologies (ACATECH) and of the European Key enabling technology Board. He holds 3 PhD honorary degrees from University of Cardiff, University of Bath and University of South Alabama. He is member of the French Académie de l'Air et de l'Espace and Chevalier de la Légion d'honneur.

Fabrice Brégier, Airbus CEO

Fabrice Brégier was appointed President and Chief Executive Officer of Airbus in May 2012 after being its COO for six years as well as Head of Operational performance across the EADS Group. Previously, he was appointed President and CEO of Eurocopter in 2003, CEO of MBDA in 2001 and CEO of BAe Matra Dynamics in 1998. Mr Brégier joined Matra Défense in 1993. He is alumnus of École Polytechnique and École des Mines.

Günter Butschek – Airbus COO

After joining Airbus in 2011 as Head of Operations, Mr Butschek was appointed Chief Operating Officer of Airbus and Member of the EADS Executive Committee in 2012. Mr Butschek spent most of his career within Daimler AG having served several positions in logistics, Human Resources, procurement and manufacturing in the Mercedes-Benz passenger Cars division. From 2002, he also led the Dutch entity Netherlands Car B.V., a subsidiary of Mitsubishi and cooperation with DaimlerChrysler, and furthermore ran Beijing Benz Automotive in China from 2005. Mr Butschek graduated in Economics.

Guillaume Faury, Airbus Helicopters CEO

Guillaume Faury was appointed CEO of Eurocopter, now Airbus Helicopters, in May 2013. Before assuming this role, he served as Executive Vice President for Research and Development at Peugeot S.A. since 2009. Prior to joining Peugeot, Mr Faury spent 10 years at Eurocopter during which he held several senior management positions. Long committed to the aerospace industry, Mr Faury is an aerospace engineer and a licensed flight test engineer.

Bernhard Gerwert – Airbus Defence and Space CEO

Bernhard Gerwert was appointed Chief Executive Officer of Cassidian, now merged with Astrium and Airbus Military into Airbus Defence and Space, in 2012. Previously, he served the Division as Member of the Management Board, being successively appointed CEO of Cassidian Air Systems from 2007 to 2011 and then Chief Operation Officer from 2011. Starting his career in 1979, Mr Gerwert held various leadership positions in Engineering, Product Support, Finance and project management at MBB, DASA, Dornier, DaimlerChrysler Aerospace and EADS. Mr Gerwert graduated in Electrical Engineering from the University of Paderborn and in Industrial Engineering from the University of Bielefeld.

Marwan Lahoud, Airbus Group CSMO

Mr Lahoud was appointed Chief Strategy and Marketing Officer of EADS in June 2007. Previously, he was CEO of MBDA. He worked for Aerospatiale during the merger with Matra and as well at the foundation of EADS. Within EADS, he served as Senior Vice President Merger & Acquisition. Mr Lahoud is an alumnus of École Polytechnique and graduated from the École Nationale Supérieure de l'Aéronautique et de l'Espace.

John Leahy, Airbus COO-Customers

John Leahy was appointed Chief Operation Officer – Customers of Airbus and Member of the Airbus Executive Committee in 2005, in addition to his responsibilities as Chief Commercial Officer of Airbus (since 1994). In 2012 he has been appointed Member of the EADS Executive Committee. Mr Leahy joined Airbus North America in 1985 after working seven years at Piper Aircraft. He became Head of Sales in 1988 and finally President of Airbus North America. One of Mr Leahy's greatest achievements was to raise Airbus' global market share from 18% in 1995 to over 50% today. Mr Leahy holds an MBA from Syracuse University and a BA from Fordham University.

Allan McArtor, Chairman and CEO of Airbus Group, Inc.

Since June 2001, Allan McArtor has been overseeing the activities and strategy of Airbus in the United States, Canada and Latin America, and was instrumental in establishing Airbus' industrial presence in the US with the A320 family Assembly Line in Mobile, Alabama. Before joining Airbus, he held a series of leadership and senior management positions in the military, civil and government sectors. He was the FAA Administrator under President Ronald Reagan. He was responsible for Federal Express' worldwide air operations. And he founded Legend Airlines. Allan McArtor was a combat fighter pilot in Vietnam, an Associate Professor of Engineering Mechanics at the Air Force Academy, and was a pilot with the US Air Force "Thunderbirds". He is a 1964 graduate of the US Air Force Academy (BSE) and holds a Masters Degree (MSE) from Arizona State University.

Domingo Ureña Raso, Head of Military Aircraft, Airbus Defence and Space

As Head of Military Aircraft, Domingo Ureña-Raso was responsible for all military and unmanned aerial vehicle programmes of Airbus Defence and Space and was member of the Group Executive Committee of Airbus Group being responsible to represent the interest in Spain. After several missions in different countries and having been in charge of the Power8 and "Future EADS" programmes, he was appointed Head of Airbus Military in 2009. Mr Ureña-Raso holds degrees from the Polytechnic University of Madrid, from ESSEC in Paris and has an MBA.

Harald Wilhelm, Airbus Group and Airbus CFO

Mr Wilhelm was appointed Chief Financial Officer of EADS and a Member of the EADS Executive Committee in 2012. Simultaneously, he pursues his mission as Chief Financial Officer of Airbus and Member of the Airbus Executive Committee (since 2008). Mr Wilhelm joined Airbus in 2000, serving in various financial positions and being finally appointed Chief Controlling Officer of Airbus in 2007. Earlier in his career, he developed strong M&A experience at DASA. Mr Wilhelm holds a degree in Business Studies from the University of Munich.

4.1.3 Dutch Corporate Governance Code, "Comply or Explain"

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 the Company, in its continuous efforts to adhere to the highest standards, applies most of the current recommendations of the Dutch Code, it must, in accordance with the "apply or explain" principle, provide the explanations below. For the full text of the Dutch Code, please refer to **www.commissiecorporategovernance.nl**.

For the financial year 2014, the Company states the following:

1. Retirement of Members of the Board of Directors.

- Provision III.3.6 of the Dutch Code recommends that there be a retirement schedule to avoid, as far as possible, a situation in which many non-Executive Members of the Board of Directors retire at the same time.
- The Company combines the advantages of a staggered Board with the legitimate interest of shareholders to review the performance of each and every Director periodically. Thus, the Company aims at replacing one third of the Board every three years, while renewing the mandate of the other eight Members of the Board of Directors.

2. Duration of mandate

- Provision III.3.5 of the Dutch Code recommends that there be no more than three four-year terms for non-Executive Members of the Board of Directors.
- In principal, the Company does not limit the number of consecutive terms in office of a Director. However, since the Company aims at replacing about one third of the Board Members every three years, and since the term of appointment is no longer than three years, the Company should comply with the Dutch Code.

3. Vice-chairmanship

- Provision III.4.1(f) of the Dutch Code recommends the election of a vice-Chairman, to deal with the situation when vacancies occur.
- The Board of Directors is headed by the Chairman of the Board of Directors. In case of dismissal or resignation of the Chairman, the Board of Directors shall immediately designate a new Chairman. There is therefore no need for a vice-Chairman to deal with the situation when vacancies occur.

4. Termination indemnity

- Provision II.2.8 of the Dutch Code recommends that the maximum remuneration in the event of dismissal be one year's salary, and that if the maximum of one year's salary would be manifestly unreasonable for an Executive Board Member who is dismissed during his first term of office, such Board Member be eligible for severance pay not exceeding twice the annual salary.

- The Company foresees a termination indemnity for the Chief Executive Officer equal to one and a half times the annual total target salary in the event that the Board of Directors has concluded that the Chief Executive Officer can no longer fulfil his position as a result of change of the Company's strategy or policies or as a result of a change in control of the Company. The termination indemnity would be paid only provided that the performance conditions assessed by the Board of Directors would have been fulfilled by the Chief Executive Officer.

5. Securities in Airbus Group as long-term investment

- Provision III.7.2 of the Dutch Code recommends that Non-Executive Directors who hold securities in the Company should keep them as a long-term investment. It does not encourage Non-Executive Directors to own shares.
- The Company does not require its Non-Executive Directors who hold shares in its share capital, to keep such shares as a long-term investment. Although Non-Executive Directors are welcome to own shares of the Company, the Company considers it is altogether unclear whether share ownership by Non-Executive Directors constitutes a factor of virtuous alignment with stakeholder interest or maybe a source of bias against objective decisions.

6. Dealings with analysts

- Provision IV.3.1 of the Dutch Code recommends meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the Company's website and by means of press releases. In addition, it recommends that provisions shall be made for all shareholders to follow these meetings and presentations in real time and that after the meetings the presentations shall be posted on the Company's website.
- The Company does not always allow shareholders to follow meetings with analysts in real time. However, the Company ensures that all shareholders and other parties in the financial markets are provided with equal and simultaneous information about matters that may influence the share price.

7. Gender diversity

- Pursuant to the Bill on Management and Supervision that was enacted on 1 January 2013, a Board of Directors is composed in a balanced way if it contains at least 30% women and at least 30% men. The contemplated balance of the composition of the Board of Directors shall as much as possible be taken into account at, among others, new appointments and recommendations.
- The Company does not comply with these composition guidelines yet. With the election of the first woman to the Company's Board of Directors at the Extraordinary General Meeting in March 2013, the Board today contains 8% women. The Company is pleased with this development but not satisfied with its extent and will continue to promote gender diversity within its Board of Directors by striving to increase the proportion of female Directors.

4.1.4 Enterprise Risk Management System

The aerospace and defence industry's complex programmes delivered over volatile market cycles, amplify risk and opportunity. Airbus Group's long-term development and production lifecycle make Enterprise Risk Management ("**ERM**") a crucial mechanism for both mitigating the risks faced by the company and identifying future opportunities.

ERM is a key management process serving to mitigate key risks and increase opportunity. Applied across the Group, its subsidiaries and major suppliers, ERM is striving for achieving and applying common understanding, methodology, practice and language. By mapping all material risks, planning how to mitigate them and how to seize opportunities, ERM is designed to protect the achievement of the following:

- Strategy: the selection of high level strategic objectives consistent with risk appetite;
- Operations: effectiveness and efficiency of management, operations and resource allocation, in line with performance and financial targets;
- Reporting: reliability of reporting, in particular financial reporting; and
- Compliance: compliance with applicable laws and regulations.

ERM is a permanent top-down and bottom-up process, which is consistently executed across Airbus Group Divisions on each level of the organisation. It is designed to identify and manage risks and opportunities focusing on business-relevant aspects. A particular focus is put on the operational dimension due to the importance of Programmes and Operations for Airbus Group.

Required key activities in Risk and Opportunity Management are:

- anticipation of future events and conditions;
- transparent communication;
- early warning;
- early risks reduction;
- seizing and capturing of opportunities.

Enterprise Risk Management is an operational process embedded into day-to-day management activities of Programmes, Operations and Functions. A reporting synthesis is made and consolidated on a regular basis (quarterly and yearly). The aim of the ERM process is to:

- identify, assess, control and mitigate risks, and seize and capture opportunities;
- monitor the ERM process and to report status and results;
- allow risk-adjusted decisions and management processes (*e.g.* planning; decision-making);
- enhance risk-response/opportunity-capture decisions and actions;
- align risk tolerance with strategy setting, and decision making with operational and Programme activities;

- identify and manage cross-enterprise risks/opportunities by understanding interrelated impacts.

Through ERM, the Airbus Group Management ensures the:

- implementation of a suitable internal risk management and internal control system;
- management of the risk profile associated to the company's strategy;
- management of the risks associated with the company activities;
- ERM reporting to the Board of Directors and Audit Committee (AC) respectively;
- discussion of the internal risk management and control systems with the Board of Directors and the Audit Committee.

The Airbus Group Board of Directors supervises the:

- corporate strategy and the risks inherent to the business activities;
- design and effectiveness of the internal risk management and internal control systems.

4.1.4.1 ERM Process

The objectives, principles and process for the ERM system as endorsed by the Board of Directors are set forth in the Company's ERM Policy and communicated throughout the Group. The Company's ERM Policy is supplemented by various manuals, guidelines, handbooks, etc. The ERM system is based on the Internal Control and Enterprise Risk Management Framework of the Committee of Sponsoring Organisations of the Treadway Commission (COSO II). External standards that contribute to the Company's ERM system include the Internal Control and ERM frameworks of COSO, as well as industry-specific standards as defined by the International Standards Organisation (ISO).

The ERM system comprises an integrated hierarchical bottom-up and top-down process to enable better management and transparency of risks and opportunities. At the top, the Board of Directors and the Audit Committee discuss major risks and opportunities, related risk responses and opportunity capture as well as the status of the ERM system, including significant changes and planned improvements. This is based on systematic bottom-up information including management judgement. The results are then fed back into the organisation. The design of the ERM system seeks to ensure compliance with applicable laws and regulations with respect to internal control and risk management, addressing both subjects in parallel.

The ERM process consists of four elements: the operational process, which consists of a sequence of eight consistent, standardised components to enhance operational risk and opportunity management; the reporting process, which contains procedures for the status reporting of the ERM system and the risk / opportunity situation; the compliance process, which comprises procedures to assess the effectiveness of the ERM system; and the support process, which includes procedures to increase the quality and provide further substantiation of the quality of the ERM system.

The ERM process applies to all possible sources of risks and opportunities, with both internal and external sources, quantifiable and unquantifiable, potentially affecting the Company in the short-, middle- and long-term. It also applies to all of the Company's businesses, activities and departments. Management at each level discusses ERM when they run the business, as part of their decision-making and related activities. Accordingly, the ERM process is part of the management process and interrelated with other processes. The details of application of the ERM process vary with the risk appetite of management and the size, structure and nature of the organisational unit, programme/project, department or process. Nonetheless, the fundamental principles of the Company's ERM Policy generally apply.

For a discussion of the main risks to which the Group is exposed, see "— Risk Factors".

4.1.4.2 ERM Governance and Responsibility

The governance structure and related responsibilities for the ERM system are as follows:

- the Board of Directors supervises the design and effectiveness of the ERM system including management actions to mitigate the risks inherent in the Company's business activities. It discusses the major risks at least quarterly based on ERM reporting or as required depending on development of business risks. It is supported by the Audit Committee, which discusses at least yearly the activities with respect to the operation, design and effectiveness of the ERM system, as well as any significant changes and planned improvements prior to presentation to the full Board of Directors;
- the Group's Chief Executive Officer, backed by the Group Executive Committee, is responsible for an effective ERM system, the related internal environment (*i.e.* values, culture) and risk philosophy. He is supported by the Group's Chief Financial Officer who supervises the Head of Risk and Opportunity Management Airbus & Airbus Group, and the ERM system design and process implementation;
- the Head of Risk and Opportunity Management Airbus & Airbus Group has primary responsibility for the ERM strategy, priorities, system design, culture development and reporting tool. He supervises the operation of the ERM system and is backed by a dedicated risk management organisation on Group and Division level, which actively seeks to reduce overall risk criticality. The risk management organisation is structured as a cross-divisional Centre of Competence ("**COC**") networked with the risk owners on the different organisational levels and pushes for a proactive risk management culture; and
- the executive management assume responsibility for the operation and monitoring of the ERM system in their respective area of responsibility. They seek to ensure transparency and effectiveness of the ERM system and adherence to its objectives. They take responsibility for the implementation of appropriate response activities to reduce probability and impact of risk exposures, and conversely for the implementation of appropriate responses to increase probability and impact of opportunities.

4.1.4.3 ERM Effectiveness

The Company's ERM system needs to be effective. To support the assessment of the ERM effectiveness, the Company has established recurring ERM self-assessment mechanisms, to be applied across the Group. This seeks to allow the Company to reasonably assure the effectiveness of its ERM system. The ERM effectiveness is analysed by:

- Corporate Audit, based on internal corporate audit reports;
- ERM CoC, based on ERM reports, confirmation letters, *in situ* sessions (risk reviews etc.), participation to key controls (*e.g.* major Programme Maturity Gate Reviews).For the coverage of all of its activities, the Company has defined 20 high level business processes. In order to achieve ERM effectiveness, the ERM process as an overlaying process must be an integral part of these business processes. ERM effectiveness is assured if the achievement of the ERM process objectives is secured by adequate ERM controls which are operating effectively throughout the organisation and are within the respective risk appetite level.

Operating effectiveness is measured *inter alia* by assessing any potential major failings in the ERM system which have been discovered in the business year or any significant changes made to the ERM system.

The combination of the following controls is designed to achieve reasonable assurance about ERM effectiveness:

Organisation	ERM control with explanations
Board of Directors / Audit Committee	**Regular monitoring** The Board of Directors and the Audit Committee review, monitor and supervise the ERM system.
Top Management	**ERM as part of the regular divisional business reviews** This control is an important step of the ERM compliance process. All results of the operational risk management process, self-assessment and confirmation procedures are presented by the Divisions or Business Units to top management and discussed and challenged at the Company's CEO / CFO level.
Management	**ERM confirmation letter procedure** Entities and processes / department heads that participate in the annual ERM compliance procedures need to sign ERM confirmation letters, especially on internal control effectiveness and deficiencies or weaknesses. The scope of participants is determined by aligning coverage of Airbus Group business with management's risk appetite.
ERM department	**ERM effectiveness measurement** Assess ERM effectiveness by performing operational risk management for the ERM process, benchmarks, etc.
Corporate Audit	**Audits on ERM** Provide independent assurance to the Audit Committee on the effectiveness of the ERM system.
Ethics and Compliance	**Alert System** Provide evidence for deficiencies of the ERM system.

4.1.4.4 Developments in 2014 and Outlook

The ERM function has an important role to play to make the business robust, support operational decision making, improve performance, protect margins and reduce exposure level.

A cross-Divisional ERM CoC is set up to further develop operational risk reduction and synergies. This is a matrix CoC in which 3 ERM teams join their efforts. The ERM CoC supports and challenges programmes and organisations, pushes for early risks reduction and opportunities capturing, as well as an enhanced R&O / anticipation culture in the Group, including cross Divisional Risk Reviews.

In 2014 the ERM CoC acted to achieve and improve the:

- sustainability of the compliance dimension;
- proximity to the business and giving priority to the operational dimension, simplification of ERM processes and reports, adopting a lean approach, and focusing activities;
- team spirit throughout the CoC with constant mutual awareness of areas at stake needing support and expertise from other parts of the CoC;
- development of a strong network in the Group, linking the various communities for best practices sharing;
- cross-challenges and cross-fertilisations between the Divisions.

4.1.4.5 Board Declaration

The Board of Directors believes to the best of its knowledge that the internal risk management and control system over financial reporting has worked properly in 2014 and provides reasonable assurance that the financial reporting does not contain any errors of material importance.

No matter how well designed, all ERM systems have inherent limitations, such as vulnerability to circumvention or management overrides of the controls in place. Consequently, no assurance can be given that the Company's ERM system and procedures are or will be, despite all care and effort, entirely effective.

4.1.4.6 Business Processes Covered by the ERM System

Based on the Company's activities, 20 high-level business processes have been identified within the Company. They are categorised into core processes (research and development, production, sales, after-sales and programme management), support processes (corporate sourcing, Human Resources, accounting, fixed assets, treasury, information technology, mergers and acquisitions, legal and insurance) and management processes (strategy, corporate audit, controlling, compliance, risk management and management controls). These business processes, together with the corresponding ERM processes, are designed to control process risks that have significant potential to affect the Group's financial condition and results of operations. Below is a description of the main business processes at the respective headquarters' level which were in place during 2014.

Accounting

At the core of the Company's ERM system are accounting processes and controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other financial information used by management and disclosed to the Company's investors and other stakeholders. The integrated approach to planning and reporting aims to improve internal communication and transparency across departments and organisational units within the Company.

The Company's financial control model defines the planning and reporting procedures that apply to all operational units of the Group, as well as the responsibilities of the Chief Financial Officer, who is charged with developing, implementing and monitoring these procedures. Among the Chief Financial Officer's primary tasks is oversight of the preparation of the Consolidated Financial Statements of Airbus Group N.V., which are prepared under the direct supervision of the Chief Accounting Officer ("**CAO**"). The CAO is responsible for the operation of the Group's consolidation systems and rules and for the definition of group-wide accounting policies which comply with IFRS, reporting rules and financial guidelines in order to ensure the consistency and quality of financial information reported by the Divisions and Business Units. The Company's accounting policies are set out in a written accounting manual, which is agreed with the Company's external auditors. Changes to the Company's accounting manual require approval by the CAO, and, where significant changes are involved, the Chief Financial Officer or the Board of Directors (based upon the advice of the Audit Committee).

Control of the financial planning and reporting processes is achieved not only through the development of group-wide accounting systems and policies, but also through an organised process for providing information from the reporting units on a timely basis as an up-to-date decision-making tool to control the operational performance of the Group. This information includes regular cash and treasury reports, as well as other financial information used for future strategic and operative planning and control and supervision of economic risks arising from the Group's operations. The Divisional Chief Financial Officers frequently meet with the CAO and his responsible staff to discuss the financial information generated by the Divisions.

Prior to being disclosed to the public and subsequently submitted for approval to the shareholders, the consolidated year-end financial statements are audited by the Company's external auditors, reviewed by the Audit Committee and submitted for approval by the Board of Directors. A similar procedure is used for the semi-annual and quarterly closing. Group auditors are involved before the Company's financial statements are submitted to the Board of Directors.

Treasury

Treasury management procedures, defined by the Company's Central Treasury department at Group headquarters, enhance management's ability to identify and assess risks relating to liquidity, foreign exchange rates and interest rates. Controlled subsidiaries fall within the scope of the centralised treasury management procedures, with similar monitoring procedures existing for jointly controlled affiliates, such as MBDA.

Cash management. The management of liquidity to support operations is one of the primary missions of the Company's Central Treasury department. Regular cash planning, in conjunction with the Planning / Reporting department, as well as monthly cash reporting by the Central Treasury department, provide management with the information required to oversee the Group's cash profile and to initiate necessary corrective action in order to ensure overall liquidity. To maintain targeted liquidity levels and to safeguard cash, the Company has implemented a cash pooling system with daily cash sweeps from the controlled subsidiaries to centrally managed accounts. Payment fraud prevention procedures have been defined and communicated throughout the Group. For management of credit risks related to financial instruments, see "— Notes to the Consolidated Financial Statements (IFRS) — Note 34a: Financial risk management".

Hedge management. Commercial operations generate material foreign exchange and interest rate exposures. A Group hedging policy is defined and updated regularly by the Board of Directors. In order to ensure that all hedging activity is undertaken in line with the Group hedging policy, the Company's Central Treasury department executes all hedging transactions. The Central Treasury department conducts on-going risk analysis and proposes appropriate measures to the Divisions and Business Units with respect to foreign exchange and interest rate risk. Subsidiaries are required to calculate, update and monitor their foreign exchange and interest rate exposure with the Company's Central Treasury department on a monthly basis, in accordance with defined treasury procedures. See "— Management's Discussion and Analysis of Financial Condition and Results of Operations — 2.1.7 Hedging Activities".

Sales financing. In connection with certain commercial contracts, the Company may agree to enter into sales financing arrangements. In respect of sales financing at Airbus, an annual sales financing budget is defined as part of the Company's operative planning process. Sales financing transactions are approved on a case-by-case basis with the involvement of top management, in line with certain risk assessment guidelines and managed by a group-wide integrated organisation.

Sales

Commercial contracts entered into by the Company's operating subsidiaries have the potential to expose the Group to significant financial, operational and legal risks. To control these risks, management has implemented contract proposal review procedures that seek to ensure that the Company does not enter into material commercial contracts that expose it to unacceptable risk or are not in line with the Group's overall objectives. These procedures include (i) Board of Directors-approved thresholds and criteria for determining the risk and profitability profiles and (ii) a mandated pre-approval process for contracts defined as “high-risk”. Contracts falling within the defined threshold categories require approval by the respective Divisional Chief Financial Officer. Contracts that are deemed “high-risk” and exceed certain thresholds must be submitted to a standing Commercial Committee (with the Chief Financial Officer and the Chief Strategy and Marketing Officer serving as Chairmen, and a possible escalation to the Chief Executive Officer when needed). This committee is responsible for reviewing the proposal and giving recommendations when necessary, based on which the concerned Business Unit is allowed to remit its offer. In the case of Airbus, due to the nature and size of its business, contracts are approved in accordance with Airbus’ own corporate governance policy based on the Company’s guidelines which follow the same principle, with participation of the Company. In general, where the Company shares control of a subsidiary with a third party, the Commercial Committee is responsible for developing the Company’s position on proposed commercial contracts.

Legal

The Company is subject to myriad legal requirements in each jurisdiction in which it conducts business. The mission of the Company’s Legal department, in coordination with the Division and Business Unit Legal departments, is to actively promote and defend the interests of the Group on all legal issues and to ensure its legal security at all times. By carrying out this mission it is responsible for implementing and overseeing the procedures designed to ensure that the Company’s activities comply with all applicable laws, regulations and requirements. It is also responsible for overseeing all major litigation affecting the Group, including Intellectual property.

The Company’s Legal department, together with the Corporate Secretary, also plays an essential role in the design and administration of (i) the Company’s corporate governance procedures and (ii) the legal documentation underlying the delegation of powers and responsibilities which define the Company’s management and its internal control environment.

Corporate Audit & Forensic

The Company’s Corporate Audit & Forensic department, reporting to the CEO, provides independent assurance to the Executive Committee and Audit Committee Members based upon a risk-oriented approved annual audit plan. The Corporate Audit & Forensic department (i) reviews the achievement of the Group’s strategic, financial or operational objectives, (ii) reviews the reliability and integrity of Group reporting, (iii) reviews the effectiveness of the ERM system, (iv) reviews the efficiency and effectiveness of selected processes, entities or functions and (v) reviews compliance with laws, regulations, Group guidelines and procedures. Corporate Audit & Forensic also conducts ad hoc reviews, performed at the request of Group Executive Committee Members. In 2011, the *Institut français de l’audit et du contrôle internes* (IFACI) reviewed the Corporate Audit & Forensic department and certified that it fulfilled the requirements of the International Professional Practices Framework. Corporate Audit & Forensic also includes a team of forensic experts in charge of conducting investigations of compliance allegations.

Corporate Sourcing

The performance of the Company is to a large extent determined through its supply chain. Therefore, sourcing is a key lever for the Company in its marketplace.

The Company’s size and complexity requires a common approach to maximise market levers and to avoid inefficiencies in the procurement process. To help ensure that sourcing is carried out in the most effective, efficient and ethical manner, a set of common procurement processes, which support a common sourcing strategy and ultimately the Group strategy and vision, is defined by the head of Corporate Sourcing and the Group’s Procurement Leadership Team.

The common approach and processes are then implemented and optimised across all Divisions through the Sourcing Commodity Boards and Networks. These Sourcing Commodity Boards and Networks comprise representatives from all Divisions. They are tasked by the Group’s Procurement Leadership Team to define and roll out across the Company’s strategic sourcing topics such as Supplier Relationship Management, Common Processes and Tools, Global Sourcing, Joint Procurement, Compliance, Corporate Social Responsibility, Procurement Academy and Procurement Performance Management. The procurement processes are regularly reviewed by means of performance indicators, audits and self-assessments and thus consistently challenged and optimised.

Ethics and Compliance

See “— 4.1.5 Ethics and Compliance Organisation” below.

4.1.5 Ethics and Compliance Organisation

"Within the Airbus Group, it's not just our results that matter – it's the way we achieve them" as our CEO has stated it. The Group Ethics and Compliance Programme (the "**Group E&C Programme**") seeks to ensure that Group business practices conform to applicable laws and regulations as well as to ethical business principles and to establish a culture of integrity. We believe that such a culture helps us sustain the Group's global competitiveness.

There are two foundation documents in the Group E&C Programme: the "Standards of Business Conduct" which were revised in 2013 and "Our Integrity Principles" which summarises the Group's 6 key Ethics and Compliance commitments and which was rolled out group-wide to each individual employee in 2013 by his / her manager.

The Group E&C Organisation balances proximity to day-to-day business activities with the necessary independence. Hence, the Group SVP Ethics and Compliance Officer ("**ECO**"), who is appointed by the Board of Directors, reports both to the Group Chief Executive Officer and the Audit Committee while the Divisions' Ethics and Compliance Officers report both to Division CEO and the Group ECO. Each Division E&C Officer runs a Divisional E&C Organisation that is embedded within the business through a network of E&C representatives. In recent years, we have enlarged our footprint of E&C representatives and they are now present in all functions and locations of the Business. They are the voice and the face of our E&C Programme to help us build an E&C culture. In 2014 we continued to extend the breadth of the Group E&C Programme by appointing an E&C Manager in China. This appointment complements a network of four E&C Managers previously appointed in Brazil, India, Russia and the Kingdom of Saudi Arabia. The Country E&C Managers report to the ECO.

At Group level, dedicated Compliance Risks Officers are empowered to issue standards applicable throughout the Group, test effectiveness and control adherence. The Group International Compliance Office addresses corruption and bribery risks. The Group Export Compliance Office ensures that the activities of the Group comply with all relevant export control rules and with the internal "sensitive countries" policy. The Group Procurement Compliance Officer supervises compliance in the supply chain while the Group Data Protection Compliance Officer is in charge of data privacy risk.

These Compliance Risks Officers manage a network of more than 100 risks specialists that are embedded in the Divisions within the Business.

Like previous years, E&C was a top priority for the Group in 2014 and the E&C Organisation had a set of objectives. Similarly, each of our Executives had E&C objectives to meet.

Our E&C Cycle includes the following steps which are put in motion by empowered E&C Resources:

Employees, customers, suppliers, and third-party intermediaries are encouraged to freely share their E&C concerns with the Management or with E&C Resources. While we have a non-retaliation principle, we recognise that a confidential channel for reporting may be useful and we have an alert system called OpenLine. Subject to local legal restrictions, OpenLine is available to employees of controlled entities in France, Germany, Spain, the UK, Australia, Brazil and Canada. It has been extended to China, Mexico and Saudi Arabia in 2014. The Airbus Group OpenLine can be used by employees to raise concerns in relation with Corruption and Bribery, Accounting, Finance, Anti-Competitive practices, Harassment, Conflicts of Interest, Quality or Product Safety.

The Group ECO reports to the Audit Committee on compliance allegations twice a year. The report contains details on Group significant compliance allegations, including the allegations described above under "— 1. Information on Group's Activities — 1.1.8 Legal and Arbitration Proceedings". As a matter of transparency and to leverage on lessons learned, this report is shared with the top management.

In 2014, the Company was awarded an Anti-Corruption Compliance System certificate delivered by an external verification company called ETHIC Intelligence.

Like in previous years, in 2014 the Group participated to various collective actions on Ethics and Compliance and Anti-Corruption. Notably, Airbus Group signed the Call to Action, *A Call from Business to Governments to Address Corruption and Foster Good Governance*, in the frame of the Global Compact 10th Principle. In 2014, Airbus Group also continued to chair the International Forum for Business Ethical Conduct (IFBEC), a sectorial association that develops global Ethics and Compliance standards in the Aerospace and Defence industry.

4.2 Interests of Directors and Principal Executive Officers

4.2.1 Remuneration Policy

The Company's Remuneration Policy covers all Members of the Board of Directors: the CEO (who is the only Executive Director) and the other Members of the Board (which is comprised of Non-Executive Directors).

It should be noted that although the Policy relating to executive remuneration only refers to the CEO, these principles are also applied to the other members of the Group Executive Committee, who do not serve on the Board of Directors, and to a large extent to all executives across the Group. Upon proposal by the CEO, the Remuneration and Nomination Committee ("**RNC**") analyses and recommends, and the Board of Directors decides the remuneration of the members of the Group Executive Committee.

For the changes to the Remuneration Policy that will be proposed for adoption by the 2015 General Meeting of Shareholders, see "— 4.2.1.3 — Proposed Amendments to the Remuneration Policy".

To see how the Remuneration Policy was applied in 2014 in respect of the CEO (the only Executive Member of the Board of Directors)[1], see "— 4.2.1.4 — Implementation of the Remuneration Policy in 2014: CEO".

To see how the Remuneration Policy was applied in 2014 in respect of the non-Executive Members of the Board of Directors, see "— 4.2.1.5 — Implementation of the Remuneration Policy in 2014: Non-Executive Fees".

4.2.1.1 Executive Remuneration – Applicable to the CEO

a) Remuneration Philosophy

The Company's Remuneration philosophy has the objective of providing remuneration that will attract, retain and motivate high calibre executives, whose contribution will ensure that the Company achieves its strategic and operational objectives, thereby providing long-term sustainable returns for all shareholders.

The Board of Directors and the RNC are committed to making sure that the executive remuneration structure is transparent and comprehensible for both executives and investors, and to ensure that executive rewards are consistent and aligned with the interests of long-term shareholders.

Before setting the targets to be proposed for adoption to the Board of Directors, the RNC considers the financial outcome scenarios of meeting performance targets, as well as of maximum performance achievements, and how these may affect the level and structure of the executive remuneration.

(1) The cumulated remuneration of all Executive Committee Members is presented in the financial notes nr 36.

b) Total Direct Compensation and Peer Group

The Total Direct Compensation for the CEO comprises a Base Salary, an Annual Variable remuneration ("**VR**") and a Long-Term Incentive Plan ("**LTIP**"). The three elements of the Total Direct Compensation are each intended to comprise 1/3 of the total, assuming the achievement of performance conditions is 100% of target.

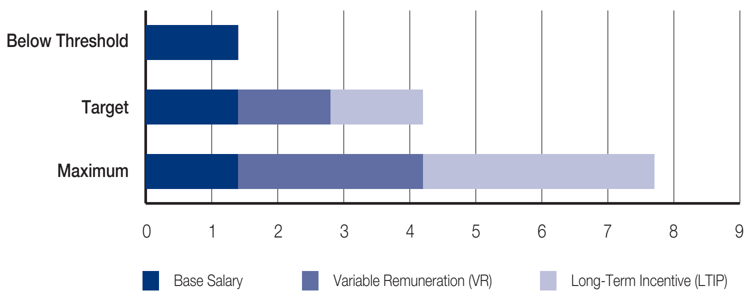
The level of Total Direct Compensation for the CEO is set at the median of an extensive peer group. The benchmark is regularly reviewed by the RNC and is based on a peer group which comprises:

- global companies in Airbus Group's main markets (France, Germany, UK and US); and
- companies operating in the same industries as Airbus Group worldwide.

The elements of the Total Direct Compensation are described below:

Remuneration Element	Main drivers	Performance Measures	Target and Maximum
Base Salary	Reflects market value of position.	Not applicable	1/3 of Total Direct Compensation (when performance achievement is 100% of target)
Annual Variable Remuneration (VR)	Rewards annual performance based on achievement of company performance measures and individual objectives.	Collective (50% of VR): divided between EBIT* (45%); FCF (45%) and RoCE (10%). Individual (50% of VR): Achievement of annual individual objectives, divided between Outcomes and Behaviour.	The VR is targeted at 100% of Base Salary for the CEO and, depending on the performance assessment, ranges from 0% to 200% of target. The VR is capped at 200% of Base Salary.
Long-Term Incentive Plan (LTIP)	Rewards long term commitment and company performance, and engagement on financial targets, over a five year period.	Vesting ranges from 0% to 150% of initial grant, subject to cumulative performance over a three-year period. In principle, no vesting if cumulative negative EBIT*. If EBIT* is positive, vesting from 50% to 150% of grant based on EPS (75%) and Free Cash Flow (25%)	The original allocation to the CEO is capped at 100% of Base Salary at the time of grant. Since 2012, the overall pay-out is capped at a maximum 250% of the original value at the date of grant. The value that could result from share price increases is capped at 200% of the reference share price at the date of grant.

SCENARIOS CEO TOTAL DIRECT COMPENSATION



Indications are in million euro.

"Below Threshold" includes annual base Salary; Annual Variable Remuneration at 0%; LTIP not vesting.

"Target" includes Base Salary, Annual Variable Remuneration at target and LTIP grant face value.

"Maximum" includes Base Salary; maximum Annual Variable Remuneration value (200%); LTIP grant projected at vesting date (250%).

4

c) Base Salary

The Base Salary of the CEO is determined by the Board of Directors, taking into account the peer group analysis mentioned above.

d) Annual Variable Remuneration

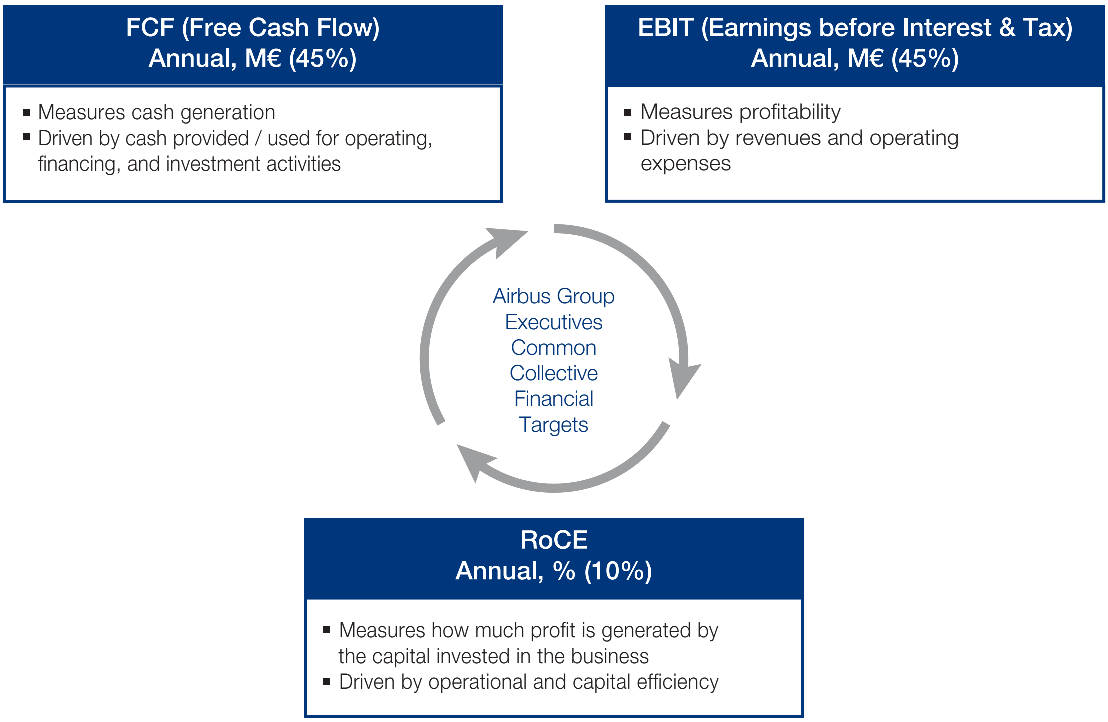
The VR is a cash payment that is paid each year, depending on the achievement of specific and challenging performance targets. The level of VR for the CEO is targeted at 100% of Base Salary; it is capped at a maximum level of 200% of Base Salary. The entire VR is at-risk, and therefore if performance targets are not achieved sufficiently, no VR is paid.

The performance measures that are considered when awarding the VR to the CEO are split equally between Common Collective performance measures and Individual performance measures.

Common Collective Component

The Common Collective component is based on EBIT* (45%), Free Cash Flow (45%) and RoCE (10%) objectives. Each year, the Airbus Group Board of Directors sets the goals for these key value drivers at Group and Division levels. The Common Collective financial targets relate closely to internal planning and to guidance given to the capital market (although there may be variations therefrom).

To calculate the Common Collective annual achievement levels, actual EBIT*, Free Cash Flow and RoCE performance are compared against the targets that were set for the year. This comparison forms the basis to compute achievement levels, noting that the actual EBIT*, Free Cash Flow, and RoCE levels are occasionally adjusted for a limited number of factors which are outside management control (such as certain foreign exchange impacts or unplanned Merger and Acquisition activities). The RNC's intention is to ensure ambitious financial targets and to incentivise the CEO's commitment to meeting these targets.



Individual

The Individual element focuses on **Outcomes** and **Behaviour**. Individual Performance is assessed in these two important dimensions:

- **Outcomes** encompass various aspects of what the CEO can do to contribute to the success of the business: specific business results he helps achieve, projects he drives and processes he helps improve. The individual targets of the CEO are comprehensive and shared with all employees via the Company Top Priorities.
- **Behaviour** refers to the way results have been achieved, which is also critical for long term success: how the CEO and Board of Directors work as a team, how the CEO leads the Group Executive Committee, quality of communication, encouragement of innovation, etc. A specific part of the Behaviour assessment relates to ethics, compliance and quality issues.

e) Long-Term Incentive Plan

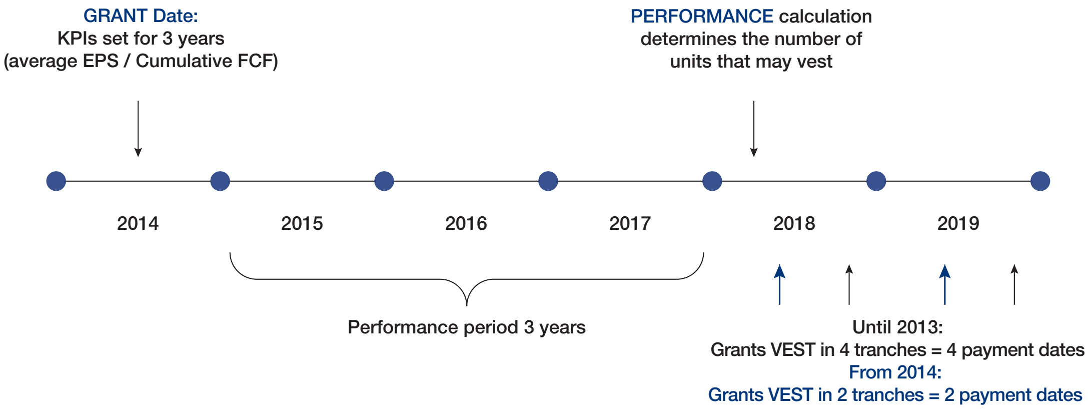
For the CEO, the Company's current LTIP is comprised only of Performance Units. One Unit is equal in value to one Airbus Group share.

The Board of Directors has the discretion, subject to shareholder approval at the Annual General Meeting of Shareholders, to replace all or part of future LTIP allocations with substantially similar instruments, such as performance shares or other equity-related allocations. As with the Performance Units, the value of the CEO's LTIP allocations would continue to be capped as a percentage of Base Salary at the date of grant and be subject to comparable performance conditions.

Performance Units

Performance Units are the long-term equity-related incentive awards that are currently granted to the CEO. LTIP awards are granted each year. Each grant is subject to a three-year cumulative performance objective. At the end of the three-year period, the grant is subjected to a performance calculation to determine whether and to what extent it should vest. Depending on continued employment, grants attributed until 2013 will vest in four tranches, the payment of which takes place approximately 6, 12, 18 and 24 months following the end of the performance period. Depending on continuous employment, grants attributed from 2014 would vest in two tranches, the payment of which would take place approximately 6 and 18 months following the end of the performance period.

LTIP-SCHEME



At the date of grant, the CEO must decide what portion of the allocation (subject to the performance calculation) will be released as cash payments and what portion will be converted into shares. At least 25% (and up to 75%) of the award must be deferred into shares, and will only be released on the last vesting date.

For each payment in cash, one unit is equal to the value of one Airbus Group share at the time of vesting. The Airbus Group's share value is the average of the opening share price, on the Paris Stock Exchange, during the twenty trading days preceding and including the respective vesting dates. For the conversion into shares, one unit corresponds to one Airbus Group share.

For the CEO, the value of the Performance Unit allocation is capped, at the time of grant, at 100% of Base Salary. The number of Units that vest can vary between 0% and 150% of the Units granted. The level of vesting is subject to the following performance measures:

- 0-50% of the allocation: This element of the Performance Unit award will vest unless the Airbus Group reports negative cumulated **EBIT*** results. In this case the Board of Directors has the discretion to review the vesting of this portion of the Performance Unit award.
- 50-150% of the allocation: This element of the Performance Unit award vests based on one performance criteria: average **earnings per share**. Starting with the 2013 plan, the Company proposes that this element be based on two performance criteria: average **earnings per share** (75%) and cumulative **Free Cash Flow** (25%).

The vesting of Performance Units is subject to the following maximum caps:

- The maximum level of vesting is 150% of the number of Units granted.
- The value that could result from share price increases is capped at 200% of the reference share price at the date of grant.
- The overall pay-out is capped at 250% of the value at the date of grant.

f) Share Ownership Guideline

The Board of Directors has established a share ownership guideline pursuant to which the CEO is expected to acquire Airbus Group shares with a value equal to 200% of Base Salary and to hold them throughout his tenure.

g) Benefits

The benefits offered to the CEO comprise a company car and accident insurance. Travel cost reimbursements are based on the company travel policy as applicable to all employees.

h) Retirement

The CEO is entitled to a retirement benefit. The Company's policy is to provide a pension at retirement age that equals 50% of Base Salary, once the CEO has served on the Group Executive Committee for five years. This pension can increase gradually to 60% of Base Salary, for executives who have served on the Group Executive Committee for over ten years, and have been Airbus Group employees for at least 12 years.

i) Contracts and Severance

In the case of contract termination, the CEO is entitled to an indemnity equal to 1.5 times the Total Annual Target (defined as Base Salary and target Annual Variable Remuneration) with respect to applicable local legal requirements if any. This will not apply if the CEO mandate is terminated for cause, in case of dismissal, if he resigns or, if the CEO has reached retirement age.

The CEO's contract includes a non-compete clause which applies for a minimum of one year, and can be extended at the Company's initiative for a further year. The Board of Directors has the discretion to invoke the extension of the non-compete clause. The compensation for each year that the non-compete clause applies is equal to 50% of the last Total Annual Income (defined as Base Salary and Annual Variable Remuneration most recently paid) with respect to applicable local legal requirements if any.

Past LTIP awards may be maintained, in such cases as in the case of retirement or if a mandate is not renewed by the Company without cause. The vesting of past LTIP awards follows the plans' rules and regulations and is not accelerated in any case. LTIP awards are forfeited for executives who leave the Company of their own initiative, but this is subject to review by the Board of Directors.

j) Clawback

Recent changes to Dutch law introduced the possibility for the Company to deduct or claw back part of the CEO's variable cash remuneration (*i.e.* VR) or equity-related remuneration (excluding the LTIP element settled in cash) served by the Company if certain circumstances arise.

Any revision, claw back, or amounts deducted from the CEO's remuneration will be reported in the financial notes of the relevant Annual Report.

k) Loans

Airbus Group does not provide loans or advances to the CEO.

4.2.1.2 Non-Executive Remuneration – Applicable to Non-Executive Members of the Board of Directors

The Company's Remuneration Policy with regard to non-Executive Members of the Board of Directors is aimed at ensuring fair compensation and protecting the independence of the Board's members.

Fees and Entitlements

Non-Executive Members of the Board are entitled to the following:

- a base fee for membership or chair of the Board;
- a committee fee for membership or chair on each of the Board's Committees;
- an attendance fee for the attendance of Board meetings.

Each of these fees is a fixed amount. Non-Executive Members of the Board do not receive any performance or equity-related compensation, and do not accrue pension rights with the Company in the frame of their mandate, except what they would receive in the frame of a current or past executive mandate. These measures are designed to ensure the independence of Board members and strengthen the overall effectiveness of the Company's corporate governance.

The company does not encourage Non-Executive Directors to purchase Airbus Group shares.

Under the current policy, Members of the Board are entitled to the following fees:

- fixed fee for membership of the Board EUR / year:
  - Chairman of the Board: 180,000,
  - Member of the Board: 80,000;
- fixed fee for membership of a committee EUR / year:
  - Chairman of a committee: 30,000,
  - Member of a committee: 20,000;
- attendance fees EUR / Board meeting:
  - Chairman: 10,000,
  - Member: 5,000.

Committee chairmanship and Committee Membership fees are cumulative if the concerned Non-Executive Director belongs to two different Committees. Fees are paid twice a year at the end of each semester (as close as possible to the Board meeting dates).

4.2.1.3 Proposed Amendments of the Remuneration Policy

At the 2015 Annual General Meeting, the Board of Directors is proposing that shareholders adopt a number of amendments to the Airbus Group Remuneration Policy.

The following changes are being proposed:

- the first proposed change affects eligibility to the LTIP plan, which is not automatically granted and no-Grant policy for leavers is instituted;
- the second proposed change is to reduce the number of LTIP vesting dates to 2, spread across the fourth and the fifth year of the plan, whereas they currently stand at 4;
- the third proposed change is to bring down to 5 shares the minimal acquisition, allowing broader access and to cap the level of matching shares.

4.2.1.4 Implementation of the Remuneration Policy in 2014: CEO

a) Benchmarking

The RNC regularly benchmarks the CEO's Total Direct Compensation (Base Salary, Annual Variable Remuneration and LTIP) against an extensive peer group.

The last review took place in October 2014, and was completed with the assistance of an independent consultant: Towers Watson. The relevant peer groups that were considered were proposed by Towers Watson, and comprised 31 companies[1] having comparable economic indicators such as revenue, number of employees and market capitalisation. Financial institutions were excluded from the peer group.

Based on this review the RNC concluded again this year, that the CEO's Total Direct Compensation was slightly below the median level of the peer group.

(1) **France:** Air Liquide, Danone, Michelin, Renault, Sanofi, Schneider Electric, GDF Suez, Vinci.
Germany: BASF, Bayer, BMW, Daimler, Lufthansa, Deutsche Post World Net, Deutsche Telekom, E.ON, Henkel, RWE, SAP, Siemens, ThyssenKrupp.
UK: Anglo American, BP, GlaxoSmithKline, Glencore, Imperial Tobacco, Rio Tinto, Rolls-Royce, Royal Dutch Shell, Unilever.
US: AT&T, Boeing, Caterpillar, Cisco Systems, Coca-Cola, General Electric, IBM, Intel, Johnson & Johnson, Microsoft, Pfizer, Procter and Gamble, United Technologies, Verizon.

b) Base Salary

For 2014, the Base Salary was set by the Board of Directors at € 1,400,004 (unchanged compared to the annualised salary paid in the previous year). The CEO's Base Salary level was set in July 2012, shortly after his appointment. The intention of the Board of Directors is not to review this Base Salary level in 2015. Any review of the CEO's Base Salary will also take into consideration salary increases of employees across the Group.

c) Annual Variable Remuneration

As stipulated in the Company's Remuneration Policy, the CEO's Annual Variable Remuneration is targeted at 100% of Base Salary and capped at 200% of Base Salary. It is subject to the fulfilment of Collective and Individual performance targets.

For 2014, the Annual Variable Remuneration amounted to an aggregate € 1,939,000, composed of € 959,000 for the Common Collective Component and € 980,000 for the Individual part.

The **Common Collective Component** results from a composite 137% achievement of EBIT*, Free Cash Flow and RoCE objectives.

This achievement mainly reflects a significant **Free Cash Flow** over-performance against the budgeted target and against the initial guidance given to the market; the main drivers of that success were the larger than expected pre delivery payments received at Airbus, and the improved management of working capital at Airbus Helicopters.

EBIT*, compared to the budgeted target and the guidance, was globally good, but weighed-down by unplanned A400M provisions.

RoCE bore a limited influence.

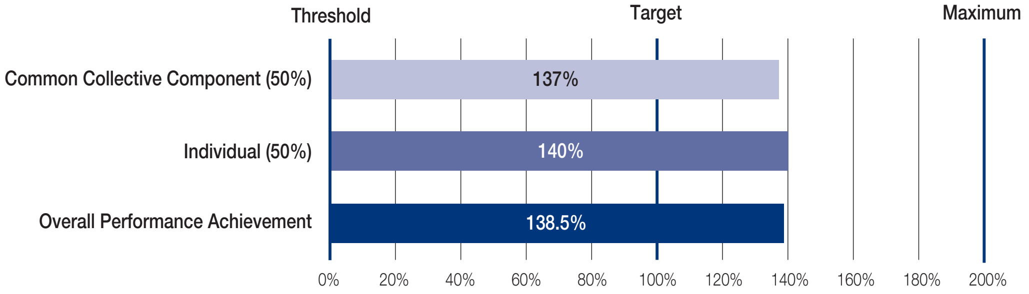
Normalisation adjustments of EBIT* and Free Cash Flow were made to exclude currency exchange differences against the budget rate, or those arising from phasing mismatches. Importantly, the windfall results of the Dassault shares sale were excluded from EBIT* and Free Cash Flow to determine the achievement level. On the other hand, the A400M charges were apportioned equally between the consolidated Group performance, Airbus and Airbus Defence and Space, so that the corresponding shortage be shared among the parties bearing responsibility.

The **Individual part** results from a composite achievement of 140%, assessed by the RNC and approved by the Board on the basis of the CEO's performance and behaviour, mostly with respect to the 8 Group priorities agreed at the start of the year. For each of these, outcomes, leadership, personal performance and contributions were examined.

The **main factors** determining the high assessment were: demonstrated results on driving short-term and sustainable performance improvements, including the actual restructuring of the Airbus Defence and Space organisation, and good progress of an initiative for leaner and effective headquarters called the Corporate Function Reshaping project; in defining and executing strategy: the sweeping review of the Airbus Defence and Space division product portfolio, the subsequent shedding of non-core assets and the initiative to ensure the future of the space launcher business in a different ownership and industrial setup; actions to ensure that product lines at Airbus (A330neo) and Airbus Helicopters remain current and competitive; numerous encounters with key stakeholders in key markets; in the field of innovation: group-wide initiatives (such as eFan), and the development of a coherent Research and Technology blueprint, with particular focus on efficient manufacturing technologies, hybrid and electric concepts, advanced on-board energy and autonomy; in the management of people, beyond significant social mitigation measures to soften the impact of restructuring, dedication to in-depth succession planning and to the selection of top leadership talents; with regards to quality: improvement of customer satisfaction, deployment of an all-encompassing Quality policy, and progress on the Cyber Security protection of the Group. With regard to the above realisations, the RNC and the Board considered that the CEO's role had been decisive.

Conversely, **certain areas** were considered as work-in-progress, and contributed to **lowering the achievement assessment**, such as the operational disappointments leading to sudden charges on the A400M programme; besides, certain on-going objectives are repeated into 2015 priorities, such as those relating to continuing to set a commanding tone from the top regarding the updating of processes supporting Ethics and Compliance; the completion of a group vision on responsibility and eco-efficiency, and the introduction of an updated group-wide environmental policy; the implementation of the "one-roof" management of our activities in key countries. The RNC and the Board noted that the CEO's performance assessment is also consistent with the average outcome of the Executive Committee Members' assessments.

PERFORMANCE AGAINST TARGET 2014



d) Long-Term Incentive Plan

As stipulated in the Company's Remuneration Policy the CEO is eligible for a Performance Unit award under the Company's LTIP. The value of the Performance Unit award is capped at 100% of Base Salary at the date of grant. During 2014 the CEO was granted 29,500 Performance Units.

The table below gives an overview of the Performance Units granted to the Chief Executive Officer in 2014 pursuant to the LTIP*:

	Unit plan: number of Performance Units	
	Granted in 2014	Vesting dates
Thomas Enders	29,500	Vesting schedule is made up of 2 tranches over 2 years: (i) 50% expected in June 2018; (ii) 50% expected in June 2019.

* There is no obligation under the Dutch Financial Supervision Act to notify the cash units under the LTIP to the AFM. The CEO's cash units are therefore no longer reflected in the AFM register.

In 2014, the CEO received both cash payments and vested shares in connection with the vesting of 2009 and 2010 LTIP awards:

Cash: The total cash payment to the CEO amounted to €2,374,997.

Shares: In connection with the 2009 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore the CEO received 14,145 vested shares on the last vesting date for the 2009 LTIP (19 November 2014).

In connection with the 2010 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the vesting of 9,248 Performance Units was delayed and these will be released in the form of shares on the last vesting date for the 2010 LTIP (which will take place in 2015).

In connection with the 2011 LTIP award, the CEO had elected that 25% of his grant should be deferred into shares. Therefore, the vesting of 16,448 Performance Units will be delayed and these will be released in the form of shares on the last vesting date for the 2011 LTIP (which will take place in 2016).

Date of grants	Number	Share price at grant date	Value at grant date	(Un)conditional	Performance achievement	Units with performance achievement	Dates of vesting	2014 Share value at vesting dates
2009	46,000	€14.50	€667,000	Conditional	123%	56,580	4 vestings in 2013 - 2014	3rd vesting – 28 May 2014 : €50.37 4th vesting – 19 November 2014 : €46.72
2010	54,400	€18.40	€1,000,960	Conditional	136%	73,984	4 vestings in 2014 - 2015	1st vesting – 16 May 2014 : €50.24 2nd vesting – 19 November 2014 : €46.72
2011*	51,400	€21.41	€1,100,474	Conditional	128%*	65,792	4 vestings in 2015 - 2016	Not yet known
2012	50,300	€27.83	€1,399,849	Conditional	Not yet known	Not yet known	4 vestings in 2016 - 2017	Not yet known
2013	30,300	€46.17	€1,398,951	Conditional	Not yet known	Not yet known	4 vestings in 2017 - 2018	Not yet known
2014	29,500	€47.45	€1,399,775	Conditional	Not yet known	Not yet known	2 vestings in 2018 - 2019	Not yet known

Calculations may involve rounding to the nearest unit.

* The LTIP 2011 performance achievement stands at 128%. The three year average EPS, corrected for impacts of IAS 11 accounting and of foreign currency exchange was €2.10, more than 35% over the comparable objective set at the time of initial grant.

e) Stock Options

The Company's Stock Option Plan has been discontinued and no awards have been made under the plan since 2006.

Following a recommendation of the RNC and in compliance with the relevant AMF best practice recommendations, the Board of Directors recommended setting up a Blind Trust to which certain executives signed up after the Group's Annual General Meeting in late May 2013. The independence of the trust protects the integrity of the relevant executive and guarantees compliance with all applicable market regulations.

The CEO has entrusted the exercise of his options (granted between 2003 and 2006) to the Blind Trust, and thereby relinquished any control over the trading decisions. Under this scheme, the criteria for trading decisions are set in advance by the trust, and are implemented by the relevant bank following a substantial time buffer (of approximately three months) without any prior knowledge or influence of the signatory.

Any exercise or sale that occurred in 2014 was executed under the Blind Trust framework and related to the Stock Option awards mentioned above. It appears along with the CEO's outstanding Stock Option awards in: "Notes to the Company Financial Statements – Note 11: Remuneration."

f) Benefits

As stipulated in the Company's Remuneration Policy the CEO's benefits comprise a company car and accident insurance. The monetary value of these benefits for 2014 amounted to €68,415.

g) Retirement

As of 31 December 2014, the present value of the CEO's pension defined benefit obligation amounted to €18,584,426 vs. 12,921,270 a year ago. While the plan benefits remain identical, the present value of the pension obligation was calculated applying a 3,6% discount rate in 2013 compared to a 1,9% discount rate in 2014, which mainly explains the change in value. For the fiscal year 2014 the current service and interest costs related to the CEO's pension promise represented an expense of €1,043,679. This obligation has been accrued in the Consolidated Financial Statements.

The defined benefit obligation for the CEO's Company pension results from the Company's pension policy as described above and takes into account (1) the seniority of the CEO in the Company and on its Group Executive Committee and (2) the significantly lower public pension promise deriving from the German social security pension system, compared to a pension resulting from membership in the French pension system.

h) Clawback

The Board has not applied any claw back in 2014.

4.2.1.5 Implementation of the Remuneration Policy in 2014: Non-Executive Fees

The RNC recommended and the Board of Directors decided not to increase non-executive fees in 2014, and therefore the non-executive fees remain unchanged from the level set in October 2007. The CEO is the only Member of the Board of Directors who is not entitled to any Board membership fee.

Summary table of the 2014 and 2013 fees of all non-Executive Members of the Board (current and former):

	Directors' remuneration related to 2014*			Directors' remuneration related to 2013*		
	Fixum	Attendance Fees	Total	Fixum	Attendance Fees	Total
	(in €)	(in €)	(in €)	(in €)	(in €)	(in €)
Current Non Executive Board Members*						
Denis Ranque(1)	180,000	70,000	250,000	135,000	60,000	195,000
Manfred Bischoff(2)	80,000	25,000	105,000	60,000	45,000	105,000
Ralph D Crosby Jr(3)	80,000	35,000	115,000	60,000	45,000	105,000
Hans-Peter Keitel(4)	100,000	30,000	130,000	75,000	45,000	120,000
Hermann-Josef Lamberti(5)	110,000	35,000	145,000	115,000	60,000	175,000
Anne Lauvergeon(6)	100,000	30,000	130,000	75,000	45,000	120,000
Lakshmi N. Mittal(7)	100,000	30,000	130,000	95,000	35,000	130,000
Sir John Parker(8)	110,000	35,000	145,000	115,000	50,000	165,000
Michel Pébereau(9)	100,000	30,000	130,000	95,000	55,000	150,000
Josep Piqué i Camps(10)	100,000	15,000	115,000	95,000	50,000	145,000
Jean-Claude Trichet(11)	100,000	35,000	135,000	95,000	60,000	155,000
Former Non Executive Board Members						
Dominique D'Hinnin(12)	N/A	N/A	N/A	30,000	10,000	40,000
Arnaud Lagardère(13)	N/A	N/A	N/A	45,000	20,000	65,000
Wilfried Porth(14)	N/A	N/A	N/A	25,000	10,000	35,000
Bodo Uebber(15)	N/A	N/A	N/A	25,000	5,000	30,000
TOTAL	**1,160,000**	**370,000**	**1,530,000**	**1,140,00**	**595,000**	**1,735,000**

* The Fixum related to 2013 was paid in 2014; the Fixum related to 2014 will be paid in 2015.
(1) New Chairman of the Company's Board of Directors as of 01/04/2013 (Only attendance fees until 01/09/2013, application of fixed fee pro rata after 01/09/2013).
(2) New Member of the Company Board of Directors as of 01/04/2013.
(3) New Member of the Company Board of Directors as of 01/04/2013.
(4) New Member of the Company Board of Directors and RNC as of 01/04/2013.
(5) Member of the Company Board of Directors and Chairman of the Audit Committee for the entire year 2013, Member of the RNC until 31/03/2013.
(6) New Member of the Company Board of Directors and Audit Committee as of 01/04/2013.
(7) Member of the Company Board of Directors for the entire year 2013, new Member of the RNC as of 01/04/2013.
(8) Member of the Company Board of Directors and Chairman of the RNC for the entire year 2013, Member of the Audit Committee until 31/03/2013.
(9) Member of the Company Board of Directors for the entire year 2013, new Member of the Audit Committee as of 01/04/2013.
(10) Member of the Company Board of Directors for the entire year 2013, new Member of the Audit Committee as of 01/04/2013.
(11) Member of the Company Board of Directors for the entire year 2013, new Member of the RNC as of 01/04/2013.
(12) Member of the Company Board of Directors, Audit Committee and RNC until 31/03/2013.
(13) Chairman of the Company Board of Directors until 31/03/2013.
(14) Member of the Company Board of Directors and RNC until 31/03/2013.
(15) Member of the Company Board of Directors and Audit Committee until 31/03/2013.

4.2.2 Long-Term Incentives Granted to the Chief Executive Officer

See "— 4.3.3 Long-Term Incentive Plans".

4.2.3 Related Party Transactions

Reflecting Article 2:129(6) of the Dutch Civil Code, Article 18.5 of the Articles of Association provides that *"A Director shall not take part in the deliberations or decision-making if he has a direct or indirect personal interest which conflicts with the interests of the Company and of the enterprise connected with it. If as a result thereof no resolution of the Board of Directors can be adopted, the resolution is adopted by the General Meeting".*

During the years 2012, 2013 and 2014, no agreement was entered into by the Company with one of its Directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm's length conditions. See "— Notes to the Consolidated Financial Statements (IFRS) — Note 36: Related party transactions" for the year ended 31 December 2014 and "— Notes to the Consolidated Financial Statements (IFRS) — Note 36: Related party transactions" for the year ended 31 December 2013, as incorporated by reference herein.

For a description of the relationships between the Company and its principal shareholders, see "— General Description of the Company and its Shareholders — 3.3.2 Relationships with Principal Shareholders". Other than the relationships between the Company and its principal shareholders described therein, there are no potential conflicts of interest between the duties to the Company of the Directors and their respective private interests or other duties.

4.3 Employee Profit Sharing and Incentive Plans

4.3.1 Employee Profit Sharing and Incentive Agreements

The Company's remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Group. In 2012, a Performance and Restricted Unit plan was established for the senior management of the Group (see "— 4.3.3 Long-Term Incentive Plans"), and employees were offered shares at favourable conditions within the context of a new employee share ownership plan (see "— 4.3.2 Employee Share Ownership Plans").

The success sharing schemes which are implemented at the Company in France, Germany, Spain and the UK follow one set of common rules of the Group, ensuring a consistent application in these four countries.

4.3.2 Employee Share Ownership Plans

Airbus Group supports a strong employee shareholder culture. Since its creation, the Company has regularly offered qualifying employees the opportunity to purchase shares on favourable terms through the Employee Share Ownership Plan or awarded shares under a Free Share Plan.

In July 2014, the Board of Directors decided to cancel the ESOP scheme for 2014 due to the volatility of the share price and the financial situation.

The following table summarises the main terms of the ESOPs conducted from 2000-2013[3]:

Year	Price per share	Nominal value per share	Number of shares issued	Date of issuance
2000	€15.30	€1	11,769,259	21 September 2000
2001	€10.70	€1	2,017,894	5 December 2001
2002	€8.86[1] / €7.93[2]	€1	2,022,939	4 December 2002
2003	€12.48	€1	1,686,682	5 December 2003
2004	€18	€1	2,017,822	3 December 2004
2005	€18.86	€1	1,938,309	29 July 2005
2007	€19.62[1] / €17.16[2]	€1	2,037,835	9 May 2007
2008	€12.79[1] / €11.70[2]	€1	2,031,820	25 July 2008
2009	€10.76	€1	1,358,936	18 December 2009
2011	€22.15[1] / €21.49[2]	€1	2,445,527	29 July 2011
2012	€28.55[1] / €27.07[2]	€1	2,177,103	30 July 2012
2013	€42.02[1] / €44.20[2]	€1	2,113,245	29 July 2013

(1) Shares purchased within context of Group employee savings plan.
(2) Shares purchased directly.
(3) In 2010, the normal ESOP plan was replaced through a worldwide 10 years EADS – Special Anniversary Free Share Plan for about 118,000 employees in 29 countries. Each eligible employee was granted 10 free EADS N.V. shares, resulting in the distribution of 1,184,220 shares in total. Such shares were distributed out of treasury and therefore had no impact on the issued share capital.

Future ESOP

The Company intends to implement an ESOP in 2015 with a modified design, subject to approval by the Board of Directors. The 2015 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 matching shares. The total offering would be up to approximately 2.0 million shares of the Company, *i.e.* up to 0.45% of its issued share capital, open to all qualifying employees (including the CEO). Under the umbrella of the ESOP 2015, a dedicated UK tax saving plan (Share Incentive Plan – SIP) would also be deployed in March 2015.

Non-Executive Members of the Board are not eligible to participate in the ESOP.

4.3.3 Long-Term Incentive Plans

Based on the authorisation granted to it by the shareholders' meetings (see dates below), the Board of Directors approved stock option plans in 2004, 2005 and 2006. In 2009, 2010, 2011, 2012, 2013 and 2014, the Board of Directors approved the granting of Performance Units and Restricted Units in the Company. The grant of so-called "units" will not physically be settled in shares but represents a cash settled plan in accordance with IFRS 2.

The principal characteristics of these options as well as Performance and Restricted Units as of 31 December 2014 are set out in the "Notes to the Consolidated Financial Statements (IFRS) — Note 35: Share-based payment". They are also summarised in the tables below:

	Sixth tranche
Date of shareholders' meeting	6 May 2003
Date of Board of Directors meeting (grant date)	8 October 2004
	Stock option plan
Number of options granted	7,777,280
Number of options outstanding[(1)]	-
Options granted to:	
▪ Mr Philippe Camus	135,000
▪ Mr Rainer Hertrich	135,000
▪ the 10 employees having being granted the highest number of options during the year 2003 (fifth tranche) and 2004 (sixth tranche)	808,000
Total number of eligible employees	1,495
Exercise date	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules – see "— General Description of the Company and its Share Capital — 3.1.11 Disclosure of Holdings").
Expiry date	7 October 2014
Conversion right	One option for one share
Vested	100%[(1)]
Exercise price	€24.32
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	5,034,613

(1) As regards to the sixth tranche, vesting of part of the options granted to the top Airbus Group executives was subject to performance conditions. As a result, part of these conditional options have not vested and were therefore forfeited during the year 2007.

	Seventh tranche
Date of shareholders' meeting	11 May 2005
Date of Board of Directors meeting (grant date)	9 December 2005
	Stock option plan
Number of options granted	7,981,760
Number of options outstanding[(1)]	1,729,141
Options granted to:	
▪ Mr Thomas Enders	135,000
▪ Mr Noël Forgeard	135,000
▪ the 10 employees having being granted the highest number of options during the year 2005 (seventh tranche)	940,000
Total number of eligible beneficiaries	1,608
Exercise date	50% of options may be exercised after a period of two years from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see "— General Description of the Company and its Share Capital — 3.1.11 Disclosure of Holdings"). As regards to the seventh tranche, part of the options granted to the top Airbus Group executives was performance related.
Expiry date	8 December 2015
Conversion right	One option for one share
Vested	100%[(1)]
Exercise price	€33.91
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	3,536,793

(1) As regards to the seventh tranche, vesting of part of the options granted to the top Airbus Group executives was subject to performance conditions. As a result, part of these conditional options have not vested and were therefore forfeited during the year 2008.

	Eighth tranche
Date of shareholders' meeting	4 May 2006
Date of Board of Directors meeting (grant date)	18 December 2006
	Stock option plan
Number of options granted	1,747,500
Number of options outstanding[(1)]	511,750
Options granted to:	
▪ Mr Thomas Enders	67,500
▪ Mr Louis Gallois	67,500
▪ the 10 employees having being granted the highest number of options during the year 2006 (eighth tranche)	425,000
Total number of eligible beneficiaries	221
Date from which the options may be exercised	50% of options may be exercised after a period of two years from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules – see "— General Description of the Company and its Share Capital – 3.1.11 Disclosure of Holdings")
Date of expiration	16 December 2016
Conversion right	One option for one share
Vested	100%
Exercise price	€25.65
Exercise price conditions	110% of fair market value of the shares at the date of grant
Number of exercised options	1,034,750

	Eleventh tranche	
Date of Board of Directors meeting (grant date)	13 November 2009	
	Performance and Restricted Unit plan	
	Performance Units	**Restricted Units**
Number of units granted(1)	2,697,740	928,660
Number of units outstanding(2)	-	-
Units granted to:		
▪ Mr Louis Gallois*	46,000	-
▪ the 10 employees having being granted the highest number of units during the year 2009 (eleventh tranche)	356,000	96,000
Total number of eligible beneficiaries	1,749	
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ▪ 25% expected in May 2013; ▪ 25% expected in November 2013; ▪ 25% expected in May 2014; ▪ 25% expected in November 2014.	
Number of vested units(2)	3,133,644	898,855

(1) Based on 100% target performance achievement. 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 Airbus Group) 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) Re-evaluation based on 123% performance achievement for the remaining outstanding Performance Units.
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

	Twelfth tranche	
Date of Board of Directors meeting (grant date)	10 November 2010	
	Performance and Restricted Unit plan	
	Performance Units	**Restricted Units**
Number of units granted(1)	2,891,540	977,780
Number of units outstanding(2)	1,919,982	456,400
Units granted to:		
▪ Mr Louis Gallois*	54,400	-
▪ the 10 employees having being granted the highest number of units during the year 2010 (twelfth tranche)	341,600	79,000
Total number of eligible beneficiaries	1,711	
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ▪ 25% expected in May 2014; ▪ 25% expected in November 2014; ▪ 25% expected in May 2015; ▪ 25% expected in November 2015.	
Number of vested units(2)	1,795,100	467,640

(1) Based on 100% target performance achievement. 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 Airbus Group) 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) Re-evaluation based on 136% performance achievement for the remaining outstanding Performance Units.
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Thirteenth tranche
Date of Board of Directors meeting (grant date)		9 November 2011
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,588,950	877,750
Number of units outstanding	2,496,688	841,950
Units granted to:		
▪ Mr Louis Gallois*	51,400	-
▪ the 10 employees having being granted the highest number of units during the year 2011 (thirteenth tranche)	320,050	-
Total number of eligible beneficiaries		1,771
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ▪ 25% expected in May 2015; ▪ 25% expected in November 2015; ▪ 25% expected in May 2016; ▪ 25% expected in November 2016.
Number of vested units	2,500	4,375

(1) Based on 100% target performance achievement. 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 Airbus Group) 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).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Fourteenth tranche
Date of Board of Directors meeting (grant date)		13 December 2012
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	2,121,800	623,080
Number of units outstanding	2,065,012	600,740
Units granted to:		
▪ Mr Thomas Enders*	50,300	-
▪ the 10 employees having being granted the highest number of units during the year 2012 (fourteenth tranche)	251,800	-
Total number of eligible beneficiaries		1,797
Vesting dates		The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ▪ 25% expected in May 2016; ▪ 25% expected in November 2016; ▪ 25% expected in May 2017; ▪ 25% expected in November 2017.
Number of vested units	1,000	2,800

(1) Based on 100% target performance achievement. 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 Airbus Group) 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).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Fifteenth tranche
Date of Board of Directors meeting (grant date)		13 November 2013
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	1,241,020	359,760
Number of units outstanding	1,229,660	355,640
Units granted to:		
▪ Mr Thomas Enders*	30,300	-
▪ the 10 employees having being granted the highest number of units during the year 2013 (fourteenth tranche)	173,100	-
Total number of eligible beneficiaries		1,709
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 4 payments over 2 years: ▪ 25% expected in May 2017; ▪ 25% expected in November 2017; ▪ 25% expected in May 2018; ▪ 25% expected in November 2018.	
Number of vested units	-	-

(1) Based on 100% target performance achievement. 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 Airbus Group) 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).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

		Sixteen tranche
Date of Board of Directors meeting (grant date)		13 November 2014
	Performance and Restricted Unit plan	
	Performance Units	Restricted Units
Number of units granted(1)	1,100,620	292,580
Number of units outstanding	1,100,620	292,580
Units granted to:		
▪ Mr Thomas Enders*	29,500	-
▪ the 10 employees having being granted the highest number of units during the year 2014 (fourteenth tranche)	176,460	-
Total number of eligible beneficiaries		1,621
Vesting dates	The Performance and Restricted Units will vest if the participant is still employed by a Group company at the respective vesting dates and, in the case of Performance Units, upon achievement of mid-term business performance. Vesting schedule is made up of 2 payments over 2 years: ▪ 50% expected in June 2018; ▪ 50% expected in June 2019.	
Number of vested units	-	-

(1) Based on 100% target performance achievement. 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 Airbus Group) 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).
* For more information in respect of units granted to the Chief Executive Officer, see "— Notes to the Company Financial Statements — Note 11: Remuneration".

The information in respect of stock options and performance and restricted shares cancelled and exercised during the year are set out in “Notes to the Consolidated Financial Statements (IFRS) — Note 35: Share-based payment”.

SHAREHOLDING IN THE COMPANY OF THE MEMBERS OF THE BOARD OF DIRECTORS

Member of the Board of Directors	Shareholding
▪ Mr Thomas Enders	46,025 ordinary shares 0 stock option
▪ Mr Denis Ranque	2,000 ordinary shares
▪ Mr Manfred Bischoff	1,292 ordinary shares
▪ Mr Ralph D. Crosby, Jr.	40,000 stock options

No other Member of the Board of Directors holds shares or other securities in the Company.

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Entity Responsible for the Registration Document

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5.1 Entity Responsible for the Registration Document

Airbus Group N.V.

5.2 Statement of the Entity Responsible for the Registration Document

The Company declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Registration Document is, to the best of the Company's knowledge, in accordance with the facts and contains no omission likely to affect its import.

Airbus Group N.V. represented by:

Thomas Enders

Chief Executive Officer

5.3 Information Policy

- Contact details for information:
  Mr Philippe Balducchi
  Head of Investor Relations and Financial Communication, Airbus Group N.V.
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  P.O. Box B03-5A4
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  E-mail: ir@airbus.com
- Special toll-free hotlines are available to shareholders in France (0 800 01 2001), Germany (00 800 00 02 2002) and Spain (00 800 00 02 2002). An international number is also available for the rest of the world (+33 800 01 2001)
- An e-mail box is dedicated to shareholders' messages: ir@airbus.com

A website, **www.airbusgroup.com**, provides a wide range of information on the Company, including the Board of Directors Report. Additionally, for the life of this Registration Document, copies of:

- the Company's Articles of Association;
- the Registration Document filed in English with, and approved by, the AFM on 3 April 2013;
- the Registration Document filed in English with, and approved by, the AFM on 4 April 2014; and
- the Consolidated Financial Statements (IFRS) and the Company Financial Statements of Airbus Group N.V. for the years ended 31 December 2012, 2013 and 2014, together with the related Auditors' reports, may be inspected at the Company's registered office at: Airbus Group N.V., Mendelweg 30, 2333 CS Leiden, the Netherlands, Seat (*statutaire zetel*) Amsterdam, Tel.: +31 (0)71 5245 600.

5.4 Undertakings of the Company regarding Information

Given the fact that the shares of the Company are listed on Euronext Paris, on the *regulierter Markt* (in the sub-segment Prime Standard) of the Frankfurt Stock Exchange and on the Madrid, Bilbao, Barcelona and Valencia Stock Exchanges, the Company is subject to certain laws and regulations applicable in France, Germany and Spain in relation to information, the main ones of which are summarised in "General Description of the Company and its Share Capital — 3.1.3 Governing Laws and Disclosures".

5.5 Significant Changes

As of the date of this Registration Document, there has been no significant change in the Group's financial or trading position since 31 December 2014.

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2014

ANNUAL REPORT

www.airbusgroup.com

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