Unaudited Condensed IFRS Consolidated Financial Information of Airbus Group N.V. for the nine-month period ended 30 September 2014

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Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 30 September 2014 M €	%	1 January - 30 September 2013 *) M €	%	Deviation M €
Revenues	40,497	100	38,947	100	1 550
Cost of sales	-34,099	-84	-33,005	-85	-1 094
Gross margin	**6,398**	**16**	**5,942**	**15**	**456**
Selling, administrative & other expenses	-2,012	-5	-2,138	-5	126
Research and development expenses	-2,376	-6	-2,152	-6	-224
Other income	235	0	129	0	106
Share of profit from associates under the equity method and other income from investments	304	1	319	1	-15
Profit before finance result and income taxes	**2,549**	**6**	**2,100**	**5**	**449**
Interest income	117	0	137	0	-20
Interest expense	-395	-1	-400	-1	5
Other financial result	-334	-1	-172	0	-162
Finance result	**-612**	**-2**	**-435**	**-1**	**-177**
Income taxes	-529	-1	-460	-1	-69
Profit for the period	**1,408**	**3**	**1,205**	**3**	**203**
Attributable to:					
Equity owners of the parent **(Net income)**	**1,399**	**3**	**1,203**	**3**	**196**
Non-controlling interests	9	0	2	0	7

Earnings per share	€	€	€
Basic	1,79	1,51	0,28
Diluted	1,78	1,51	0,27

*) Previous year's figures are adjusted due to the application of IFRS 11.

Unaudited Condensed IFRS Consolidated Income Statements for the third quarter of 2014 and 2013

	1 July - 30 September 2014 M €	%	1 July - 30 September 2013 *) M €	%	Deviation M €
Revenues	13,297	100	13,277	100	20
Cost of sales	-11,341	-85	-11,348	-85	7
Gross margin	**1,956**	**15**	**1,929**	**15**	**27**
Selling, administrative & other expenses	-641	-5	-692	-5	51
Research and development expenses	-812	-6	-753	-6	-59
Other income	71	1	36	0	35
Share of profit from associates under the equity method and other income from investments	156	1	121	1	35
Profit before finance result and income taxes	**730**	**6**	**641**	**5**	**89**
Interest income	38	0	53	0	-15
Interest expense	-127	-1	-140	-1	13
Other financial result	-271	-2	69	0	-340
Finance result	**-360**	**-3**	**-18**	**-1**	**-342**
Income taxes	-103	-1	-177	-1	74
Profit for the period	**267**	**2**	**446**	**3**	**-179**
Attributable to:					
Equity owners of the parent **(Net income)**	**264**	**2**	**445**	**3**	**-181**
Non-controlling interests	3	0	1	0	2

Earnings per share	€	€	€
Basic	0,34	0,56	-0,22
Diluted	0,34	0,56	-0,22

*) Previous year's figures are adjusted due to the application of IFRS 11.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 30 September 2014	1 January - 30 September 2013 *)
Profit for the period	**1,408**	**1,205**
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	-749	-185
Actuarial losses on defined benefit plans from investments using the equity method	-35	-21
Tax on items that will not be reclassified to profit or loss	229	61
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	170	-78
Net change in fair value of cash flow hedges	-4,206	1,254
Net change in fair value of available-for-sale financial assets	39	-2
Changes in other comprehensive income from investments accounted for using the equity method	-31	4
Tax on items that will be reclassified to profit or loss	1,302	-384
Other comprehensive income, net of tax	**-3,281**	**649**
Total comprehensive income of the period	**-1,873**	**1,854**
Attributable to:		
Equity owners of the parent	-1,873	1,860
Non-controlling interests	0	-6
Total comprehensive income of the period	**-1,873**	**1,854**

*) Previous year's figures are adjusted due to the application of IFRS 11.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income for the third quarter 2014 and 2013

in M €	1 July - 30 September 2014	1 July - 30 September 2013 *)
Profit for the period	**267**	**446**
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans	-299	153
Actuarial losses on defined benefit plans from investments using the equity method	-38	-15
Tax on items that will not be reclassified to profit or loss	98	-35
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	184	-122
Net change in fair value of cash flow hedges	-3,882	1,821
Net change in fair value of available-for-sale financial assets	69	51
Changes in other comprehensive income from investments accounted for using the equity method	-4	-3
Tax on items that will be reclassified to profit or loss	1,211	-570
Other comprehensive income, net of tax	**-2,661**	**1,280**
Total comprehensive income of the period	**-2,394**	**1,726**
Attributable to:		
Equity owners of the parent	-2,386	1,726
Non-controlling interests	-8	0
Total comprehensive income of the period	**-2,394**	**1,726**

*) Previous year's figures are adjusted due to the application of IFRS 11.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	30 September 2014		31 December 2013 *)		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	12,786	14	12,500	14	286	2
Property, plant and equipment	16,167	18	15,654	17	513	3
Investments in associates under the equity method	3,853	4	3,858	4	-5	0
Other investments and long-term financial assets	1,523	2	1,756	2	-233	-13
Other non-current assets	2,204	2	3,727	4	-1,523	-41
Deferred tax assets	4,737	5	3,733	4	1 004	27
Non-current securities	5,061	6	4,298	5	763	18
	46,331	51	45,526	50	805	2
Current assets						
Inventories	27,343	30	24,023	27	3,320	14
Trade receivables	5,831	6	6,628	7	-797	-12
Other current assets	4,260	5	4,311	5	-51	-1
Current securities	2,202	2	2,585	3	-383	-15
Cash and cash equivalents	5,156	6	7,201	8	-2,045	-28
	44,792	49	44,748	50	44	0
Total assets	**91,123**	**100**	**90,274**	**100**	**849**	**1**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	785	1	783	1	2	0
Reserves	7,570	8	7,202	8	368	5
Accumulated other comprehensive income	212	0	2,929	3	-2,717	-93
Treasury shares	-18	0	-50	0	32	-64
	8,549	9	10,864	12	-2 315	-21
Non-controlling interests	4	0	42	0	-38	-90
	8,553	9	10,906	12	-2 353	-22
Non-current liabilities						
Non-current provisions	9,710	11	9,604	11	106	1
Long-term financing liabilities	5,180	6	3,804	4	1,376	36
Deferred tax liabilities	1,169	1	1,454	2	-285	-20
Other non-current liabilities	20,751	23	18,155	20	2,596	14
	36,810	41	33,017	37	3,793	11
Current liabilities						
Current provisions	4,678	5	5,222	6	-544	-10
Short-term financing liabilities	1,893	2	1,826	2	67	4
Trade liabilities	9,627	11	9,668	11	-41	0
Current tax liabilities	609	1	616	0	-7	-1
Other current liabilities	28,953	31	29,019	32	-66	0
	45,760	50	46,351	51	-591	-1
Total liabilities	82,570	91	79,368	88	3 202	4
Total equity and liabilities	**91,123**	**100**	**90,274**	**100**	**849**	**1**

*) Previous year's figures are adjusted due to the application of IFRS 10 and 11.

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

in M €	1 January - 30 September 2014	1 January - 30 September 2013
Profit for the period attributable to equity owners of the parent (Net income)*)	**1,399**	**1,203**
Profit for the period attributable to non-controlling interests	9	2
Adjustments to reconcile profit for the period to cash (used for) operating activities		
Depreciation and amortization*)	1,468	1,340
Valuation adjustments*)	345	384
Deferred tax expense*)	325	241
Change in income tax assets, income tax liabilities and provisions for income tax	4	-121
Results on disposals of non-current assets	-97	-1
Results of companies accounted for by the equity method *)	-257	-268
Change in current and non-current provisions *)	85	-240
Reimbursement from / contribution to plan assets	-349	-35
Change in other operating assets and liabilities *)	-4,168	-5,431
Cash (used for) operating activities *)	**-1,236**	**-2,926**
Investments:		
- Purchases of intangible assets, PPE *)	-1,639	-2,059
- Proceeds from disposals of intangible assets, PPE *)	168	4
- Acquisitions of subsidiaries and joint ventures (net of cash)	-47	-15
- Proceeds from disposals of subsidiaries (net of cash)	-34	0
- Payments for investments in associates and other investments and long-term financial assets *)	-30	-257
- Proceeds from disposals of associates and other investments and long-term financial assets *)	117	354
- Dividends paid by companies valued at equity *)	136	100
Change of securities *)	-160	793
Cash (used for) investing activities *)	**-1,489**	**-1,080**
Change in long-term and short-term financing liabilities *)	900	2,578
Cash distribution to Airbus Group N.V. shareholders	-587	-467
Dividends paid to non-controlling interests	-1	-1
Changes in capital and non-controlling interests	47	219
Change in treasury shares	102	-1,913
Cash provided by financing activities *)	**461**	**416**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents *)	219	-63
Net decrease of cash and cash equivalents *)	**-2 045**	**-3,653**
Cash and cash equivalents at beginning of period *)	**7,201**	**8,171**
Cash and cash equivalents at end of period *)	**5,156**	**4,518**

*) Previous year's figures are adjusted due to the application of IFRS 10 and 11.

Unaudited Condensed IFRS Consolidated Statements of Changes in Equity

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	Total
Balance at 1 January 2013	**10,403**	**17**	**10,420**
Retrospective adjustment *)	-143	-1	-144
Balance at 1 January 2013, adjusted	**10,260**	**16**	**10,276**
Profit for the period *)	1,203	2	1,205
Other comprehensive income *)	657	-8	649
Total comprehensive income *)	1,860	-6	1,854
Cash distribution to shareholders/ dividends to non-controlling interests	-467	-1	-468
Capital increase	216	3	219
Equity transactions (IAS 27)	-117	18	-99
Change in treasury shares	-1,913	0	-1,913
Others	78	0	78
Balance at 30 September 2013, adjusted *)	**9,917**	**30**	**9,947**
Balance at 1 January 2014	**11,011**	**43**	**11,054**
Retrospective adjustment *)	-147	-1	-148
Balance at 1 January 2014, adjusted *)	**10,864**	**42**	**10,906**
Profit for the period	1,399	9	1,408
Other comprehensive income	-3,272	-9	-3,281
Total comprehensive income	-1,873	0	-1,873
Cash distribution to shareholders/ dividends to non-controlling interests	-587	-1	-588
Capital increase	47	0	47
Change in treasury shares	102	0	102
Others	-4	-37	-41
Balance at 30 September 2014	**8,549**	**4**	**8,553**

*) Previous year's figures are adjusted due to the application of IFRS 11.

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 September 2014

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements present the operations of **Airbus Group N.V.** (formerly European Aeronautic Defence and Space Company EADS N.V.) and its subsidiaries (the “Group”), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (current registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros (“€”). On 2 January 2014, the Group has been rebranded from EADS to Airbus Group as part of a wider reorganization including integration of the Group’s space and defence activities with associated restructuring measures. The Group’s core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the nine-month period ended 30 September 2014 were authorized for issue by the Airbus Group Board of Directors on 13 November 2014.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) as endorsed by the European Union (EU) as at 30 September 2014 and Part 9 of Book 2 of the Netherlands Civil Code. They comprise (i) IFRS, (ii) International Accounting Standards (“IAS”) and (iii) Interpretations originated by the IFRS Interpretations Committee (“IFRIC”) or former Standards Interpretation Committee (“SIC”).

These Unaudited Condensed IFRS Interim Consolidated Financial Statements are prepared in compliance with IAS 34 and should be read in conjunction with Airbus Group’s (previously EADS) Consolidated Financial Statements as of 31 December 2013. Except for the amended Standards to be applied for the first time in the first nine months 2014 (mentioned below in the next section), Airbus Group’s accounting policies and techniques are unchanged compared to 31 December 2013.

Financial reporting rules applied for the first time in the first nine months 2014:

The following new or amended Standards were applied for the first time in the first nine months 2014 and are effective for Airbus Group as of 1 January 2014. If not otherwise stated, their first application has not had a material impact on Airbus Group’s Consolidated Financial Statements as well as its basic and diluted earnings per share.

Amendments to IAS 32 “Financial Instruments: Presentation” clarify the IASB’s requirements for offsetting financial instruments.

Amendments to IAS 36 “Impairment of Assets” modify the recoverable amount disclosures for non-financial assets.

Amendments to IAS 39 “Financial Instruments: Recognition and Measurement” provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations.

The IASB issued IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities” and consequential amendments to IAS 27 “Separate Financial Statements” and amendments to IAS 28 “Investments in Associates and Joint Ventures” as well as the Transition Guidance (Amendments for IFRS 10, IFRS 11 and IFRS 12). IFRS 10 supersedes the requirements related to Consolidated Financial Statements in IAS 27 “Consolidated and Separate Financial Statements” (amended 2008) as well as SIC 12 “Consolidation – Special Purpose Entities”. IFRS 11 supersedes IAS 31 “Interests in Joint Ventures” (amended 2008) and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”. IFRS 12 replaces disclosure requirements in IAS 27, IAS 28 and IAS 31.

IFRS 10 defines the principle of control and establishes control as the sole basis for determining which entity should be consolidated in the Consolidated Financial Statements: An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The standard provides additional guidance to determine control in cases difficult to assess such as in situations where an investor holds less than a majority of voting rights, but has the practical ability to direct the relevant activities of the investee unilaterally by other means as well as in cases of agency relationships which were neither addressed by IAS 27 nor by SIC 12.

IFRS 11 provides guidance for the accounting of joint arrangements by focusing on the rights and obligations arising from the arrangement. The standard distinguishes between two types of joint arrangements: joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. IFRS 11 requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement applicable to the particular assets, liabilities, revenues and expenses. A joint venturer is required to recognize an investment and to account for this investment using the equity method. The proportionate consolidation method may no longer be used for joint ventures.

IFRS 12 provides disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, structured entities (formerly referred to as “special purpose entities”) and off-balance sheet vehicles in one single standard. The standard requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

The first time application of IFRS 10 and IFRS 11 has an impact on Airbus Group’s consolidation scope: The application of the new control concept as defined by IFRS 10 resulted in the exclusion of three special purpose entities which were previously fully consolidated under IAS 27 and SIC 12 from the consolidation scope and the consolidation of two special purpose entities formerly not consolidated. Additionally, twelve entities which were previously classified as joint ventures under IAS 31 and consolidated by using the proportional consolidation method in accordance with the Airbus Group accounting policy choice under IAS 28 are now accounted for using the equity method as described above under IFRS 11. This had a material impact on the Group’s financial statement. The first time application of IFRS 11 did not result in any reassessment regarding the classification of Airbus Group entities as joint ventures under IAS 31.

The following tables summarise the impacts on the comparative information on the Group's financial position, income statement and statement of cash flows resulting from the change in consolidation scope:

Condensed consolidated statement of financial position as at 31 December 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Non-current assets			
Intangible assets	13,653	-1,153	12,500
Property, plant & equipment	15,925	-271	15,654
Investment in associates	2,902	956	3,858
Other non-current assets	13,733	-219	13,514
	46,213	-687	45,526
Current assets			
Inventories	25,060	-1,037	24,023
Trade receivables	7,239	-611	6,628
Other current assets	7,034	-138	6,896
Cash and cash equivalents	7,765	-564	7,201
	47,098	-2,350	44,748
Total assets	93,311	-3,037	90,274
Total equity	11,054	-148	10,906
Non-current liabilities			
Non-current provisions	10,046	-442	9,604
Other non-current liabilities	23,630	-217	23,413
	33,676	-659	33,017
Current liabilities			
Current provisions	5,323	-101	5,222
Trade liabilities	10,372	-704	9,668
Other current liabilities	32,886	-1,425	31,461
	48,581	-2,230	46,351
Total equity and liabilities	93,311	-3,037	90,274

Condensed consolidated income statement for the first nine months ended 30 September 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Revenues	39,966	-1,019	38,947
Cost of sales	-33,789	784	-33,005
Gross Margin	**6,177**	**-235**	**5,942**
Selling, administrative & other expenses	-2,253	115	-2,138
Research and development expenses	-2,179	27	-2,152
Other income	118	11	129
Share of profit from associates and other income from investments	252	67	319
Profit before finance result and income taxes	**2,115**	**-15**	**2,100**
Interest result	-257	-6	-263
Other financial result	-188	16	-172
Finance result	**-445**	**10**	**-435**
Income taxes	-473	13	-460
Profit for the period	**1,197**	**8**	**1,205**

Condensed consolidated statement of cash flow as of 30 September 2013

in M €	As previously reported	IFRS 10 and 11	As restated
Cash (used for) operating activities	-2,884	-42	-2,926
Cash (used for) investing activities	-1,213	133	-1,080
Cash provided by financing activities	458	-42	416
Others	-69	6	-63
Net decrease of cash and cash equivalents	**-3,708**	**55**	**-3,653**

As of 1 January 2013, the impacts resulting from the change in consolidation scope on the Group's financial position are in the same order of magnitude and restated on a consistent basis as presented above for 31 December 2013.

3. Acquisitions and other M&A transactions

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 M €.

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 March 1st, 2014, leading to a negative consideration of 9 M €.

On 10 July 2014, Airbus Defence & Space sold its Test & Services activities to a consortium consisting of ACE Management S.A., Paris (France) and IRDI S.A., Toulouse (France). In the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 June 2014 the assets and liabilities of the Test & Services consolidated perimeter were classified as a disposal group held for sale according to IFRS 5. The disposal was performed via an acquisition company Test & Mesures Groupe SAS in which Airbus Defence & Space will retain temporarily 33.5%. The total consideration received amounted to 35 M € (thereof 28 M € consideration received in cash and 7 M € for the shares in Test & Mesures Groupe SAS). The amount of net assets sold was 31 M €.

On 25 July 2014, Airbus Group N.V., Leiden (Netherlands) acquired 100% 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 M € 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.

On 28 July 2014, Airbus Operations S.L.U., Getafe (Spain), acquired 58.49% shares in Alestis Aerospace S.L., La Rinconada (Spain), from Hiscan Patrimonio S.A.U., Pamplona (Spain), Caixabank S.A., Barcelona (Spain), Banca Mare Nostrum S.A., Madrid (Spain) and Grupo Empresarial Alcor S.L., Vitoria (Spain), for a total consideration of 22 M €. 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 programs. For the year 2013 Alestis Aerospace S.L. reported revenues of 146 M €.

4. Segment information

In order to improve competitiveness and better adapt to shrinking traditional markets, the Group's defence and space businesses are combined within one Division from 1 January 2014 onwards. Improving access to international customers, creating synergies in the Group's operations and product portfolio and better focus the Group's research and development activities are among the goals of this reorganization. Having conducted a strategy review, the Group decided pooling their defence and space businesses into one Division. This structural change shall provide optimized market access, cost and market synergies and improved competitiveness overall. The Group operates in three reportable segments which reflect the internal organizational and management structure according to the nature of the products and services provided.

- *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.
- *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 Cassidian, Astrium and Airbus Military form the new reportable segment Airbus Defence and Space.

The following table presents information with respect to the Group's business segments. As a rule, inter-segment transfers are carried out on an arm's length basis. The Group's activities managed in the US, the holding function of the Group's Headquarters and other activities not allocable to the reportable segments, combined together with consolidation effects, are disclosed in the column "Others/ HQ / Conso.". The corresponding prior period information has been restated.

in M €	Airbus	Airbus Helicopters	Airbus Defence and Space	Total segments	Others/ HQ/ Conso.	Consolidated
Nine-month period ended 30 September 2014						
Total revenues	28,820	4,260	8,197	41,277	349	41,626
Internal revenues	-587	-337	-191	-1,115	-14	-1,129
Revenues	**28,233**	**3,923**	**8,006**	**40,162**	335	**40,497**
Research and development expenses	-1,869	-230	-249	-2,348	-28	**-2,376**
Profit before finance result and income taxes	1,754	241	356	2,351	198	**2,549**
EBIT pre-goodwill imp. and exceptionals (see definition below)	1,773	241	370	2,384	199	**2,583**
Finance result						-612
Income taxes						-529
Profit for the period						**1,408**
Nine-month period ended 30 September 2013 **)						
Total revenues *)	27,328	4,132	8,382	39,842	348	40,190
Internal revenues *)	-628	-374	-222	-1,224	-19	-1,243
Revenues *)	**26,700**	**3,758**	**8,160**	**38,618**	**329**	**38,947**
Research and development expenses *)	-1,681	-218	-238	-2,137	-15	**-2,152**
Profit before finance result and income taxes *)	1,503	216	348	2,067	33	**2,100**
EBIT pre-goodwill imp. and exceptionals (see definition below) *)	1,523	217	356	2,096	35	**2,131**
Finance result *)						-435
Income taxes *)						-460
Profit for the period *)						**1,205**

*) Previous year's figures are adjusted due to the application of IFRS 11.
**) Previous year's figures are adjusted due to the new segment structure.

5. EBIT pre-goodwill impairment and exceptionals

Airbus Group uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the former EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges thereon. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions. EBIT pre-goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments' economic performance.

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

in M €	1 January - 30 September 2014	1 January - 30 September 2013
Profit before finance result and income taxes *)	**2,549**	**2,100**
Goodwill and exceptionals:		
Impairment and disposal of goodwill	5	0
Exceptional depreciation (fixed assets in cost of sales)	29	31
EBIT pre-goodwill impairment and exceptionals*)	**2,583**	**2,131**

*) Previous year's figures are adjusted due to the application of IFRS 11.

6. Significant income statement items

Revenues of 40,497 M € (first nine months 2013 adjusted: 38,947 M €) increased by +1,550 M €, mainly at Airbus (+1,492 M €). The revenue growth in Airbus results from a more favourable delivery mix.

The **Gross margin** increased by +456 M € to 6,398 M € compared to 5,942 M € (adjusted) in the first nine months of 2013 with contributions from each division. Gross margin rate increased from 15.3% to 15.8%. In Airbus, the increase was driven by operational improvement including A380 progress towards breakeven and the favourable evolution of maturing hedges. This was partially offset by A350 XWB support costs and higher R&D.
The A350 XWB Entry into service is scheduled for the end of 2014. Airbus continues to make significant progress on A350 XWB program. Type certificate from EASA has been obtained on 30 September 2014. Airbus is in the most critical phase of the A350 XWB program. 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.

Research and development expenses increased by -224 M € to -2,376 M € (first nine months 2013 adjusted: -2,152 M €) mainly due to an increase in A350 XWB.

Other income increased by +106 M € to 235 M € (first nine months 2013 adjusted: 129 M €) mainly as a result of the sale of the Paris Headquarters building.

Share of profit from associates under the equity method and other income from investments of 304 M € (first nine months 2013 adjusted: 319 M €) mainly consists of the share of the result of Dassault Aviation of 182 M € (first nine months 2013: 174 M €), of GIE ATR, of Airtanker and of MBDA. The Dassault Aviation at equity result in the first nine months 2014 includes a positive catch-up on 2013 results.

Finance result amounted to -612 M € (first nine months 2013 adjusted: -435 M €) and includes interest result of -278 M € (first nine months 2013 adjusted:-263 M €) and other financial result of -334 M € (first nine months 2013 adjusted:-172 M €).
Other financial result mainly includes the negative impact from unwinding of discounted provisions (-156 M €, first nine months 2013:-101 M €) and the negative impact from foreign exchange valuation of monetary items (-109 M €, first nine months 2013: -53 M €).

The **income tax** expense of -529 M € (first nine months 2013 adjusted: -460 M €) corresponds to an effective income tax rate of 27.3% (first nine months 2013 adjusted: 27.6%).

7. Significant items of the statement of financial position

Non-current assets

Intangible assets increased by +286 M € to 12,786 M € (prior year-end adjusted: 12,500 M €), This mainly relates to Airbus (8,695 M €), Airbus Defence and Space (3,377 M €) and Airbus Helicopters (696 M €) and includes goodwill of 9,999 M € (prior year-end adjusted: 9,872 M €). Included within goodwill is a +76 M € increase from the acquisition of Alestis.
The last annual impairment tests, which were performed in the fourth quarter 2013, led to an impairment charge of 15 M €. Capitalization of development costs for the A350 XWB program started in the second quarter 2012. In the first nine months 2014, an amount of 60 M € has been capitalized resulting in a total amount of 788 M €.

Property, plant and equipment increased by +513 M € to 16,167 M € (prior year-end adjusted: 15,654 M €) and includes leased assets of 319 M € (prior year-end adjusted: 351 M €). The increase was mainly driven by the A350 XWB program. Property, plant and equipment also includes “Investment property” amounting to 66 M € (prior year-end adjusted: 69 M €).

Investments in associates under the equity method of 3,853 M € (prior year-end adjusted: 3,858 M €) mainly include the equity investment in Dassault Aviation, Atlas Group, MBDA and Airbus FAC Ltd China. The equity investment in Dassault Aviation includes an IFRS catch-up adjustment for income and other comprehensive income relating to the prior period.

Other investments and other long-term financial assets of 1,523 M € (prior year-end adjusted: 1,756 M €) are related to Airbus for an amount of 491 M € (prior year-end adjusted: 702 M €), mainly concerning the non-current portion of aircraft financing activities.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -1,523 M € to 2,204 M € (prior year-end adjusted: 3,727 M €) resulted from the negative variation of the non-current portion of fair values of derivative financial instruments (-1,553 M €).

Deferred tax assets increased by + 1,004 M € to 4,737 M € (prior year-end adjusted: 3,733 M €) mainly as a result of variations in the fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets (440 M €, prior year-end: 1,993 M €), in other current assets (234 M €, prior year-end adjusted: 716 M €), in other non-current liabilities (1,736 M €, prior year-end: 671 M €) and in other current liabilities (1,544 M €, prior year-end adjusted: 302 M €) which corresponds to a total net fair value of -2,606 M € (prior year-end: +1,736 M €). The volume of hedged US dollar-contracts remains almost stable at 75 billion US dollar as at 30 September 2014 compared to 76 billion US dollar as at 31 December 2013. The US dollar spot rate is 1.26 USD/€ and 1.38 USD/€ at 30 September 2014 and at 31 December 2013 respectively. The average US dollar hedge rate for the hedge portfolio of the Group remains stable at 1.34 USD/€ as at 30 September 2014 and at 31 December 2013.

Non-current securities with a remaining maturity of more than one year increased by +763 M € to 5,061 M € (prior year-end adjusted: 4,298 M €). The movement is related to the cash management policy of the Group.

Current assets

Inventories of 27,343 M € (prior year-end adjusted: 24,023 M €) increased by +3,320 M €. This is mainly related to Airbus (+2,142 M €), Airbus Defence and Space (+859 M €) and Airbus Helicopters (+275 M €). The increase in Airbus is mainly driven by the increased activity on the A350 XWB program.

Trade receivables decreased by -797 M € to 5,831 M € (prior year-end adjusted: 6,628 M €), mainly in Airbus Defence and Space.

Other current assets include “Current portion of other long-term financial assets”, “Current other financial assets”, “Current other assets” and “Current tax assets”. The decrease of -51 M € to 4,260 M € (prior year-end adjusted: 4,311 M €) includes the negative variation of the current portion of fair values of derivative financial instruments (-482 M €) partly compensated by increases in VAT receivables (+254 M €) and prepaid expenses (+141 M €).

Current securities with a remaining maturity of one year or less decreased by -383 M € to 2,202 M € (prior year-end adjusted: 2,585 M €).

Cash and cash equivalents decreased from 7,201 M € (prior year-end adjusted) to 5,156 M € (see also note 8 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounted to 8,549 M € (prior year-end adjusted: 10,864 M €) representing a decrease of -2,315 M €. This decrease was due to a dividend distribution of -587 M € (0.75 € per share) and a reduction in other comprehensive income of -3,272 M €, mainly derived from the mark to market revaluations of the hedge portfolio. This was partly offset by a net income of +1,399 M € and the sale of treasury shares of +102 M €.

Non-controlling interests decreased to 4 M € (prior year-end adjusted: 42 M €). The decrease mainly resulted from the acquisition of Alestis and the subsequent recognition of its minorities shareholders (-38 M €).

Non-current liabilities

Non-current provisions of 9,710 M € (prior year-end adjusted: 9,604 M €) include the non-current portion of pension provisions, which increased by +722 M € to 6,588 M € (prior year-end adjusted: 5,866 M €). Included as part of this pension provision increase + 750 M € resulted from a decrease in discount rates of 0.8% in the euro zone and of 0.3% in the GBP-currency area, which is partially offset by payments into plan assets amounting to -349 M €.
Other provisions are also included in non-current provisions, and decreased by -616 M € to 3,122 M € (prior year-end adjusted: 3,738 M €). This decrease is mainly linked to the A350 XWB program on which inventories are presented net of the respective portion of the contract loss provision.

The provision for contract losses as part of other provisions also relates to Airbus Defence & Space in conjunction with the A400M. After three aircraft deliveries in the third quarter 2014 and hence four in the first nine months of 2014, the A400M program enters into a phase of progressive enhancement of military capabilities with some delays incurred. The sequence of progressive enhancements is under negotiation with the customers. Negative cost and risk evolution mostly driven by military functionalities challenges, delays in aircraft acceptance and industrial ramp-up together with associated mitigation actions are under assessment and will be finalized for the 2014 full year accounts.

Included in non-current (and current) provision are costs for the A380 program related to in service technical issues identified and with solutions defined, which reflects the latest facts and circumstances. Contractually, Airbus is not liable towards airlines for losses of use, revenue or profit or for any other direct, incidentally or consequential damages. However, in view of overall commercial relationships, contract adjustments may occur, and be considered on a case by case basis.

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions increased by +1,376 M € to 5,180 M € (prior year-end adjusted: 3,804 M €). This increase is mainly due to a 1 billion € bond issued on 2 April 2014 with a 10 year-maturity. The bond will pay a 2.375% coupon.

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increased in total by +2,596 M € to 20,751 M € (prior year-end adjusted: 18,155 M €). Advance payments received increased by +1,375 M € and the negative fair values of financial instruments by 1,065 M €.

Current liabilities

Current provisions decreased by -544 M € to 4,678 M € (prior year-end adjusted: 5,222 M €) and comprise the current portion of pensions provisions (331 M €) and of other provisions (4,347 M €). The decrease is mainly linked to the A400M program on which inventories are presented net of the respective portion of the contract loss provision.

Short-term financing liabilities increased by +67 M € to 1,893 M € (prior year-end adjusted: 1,826 M €), mainly due to higher liabilities from the commercial paper program.

Trade liabilities decreased by -41 M € to 9,627 M € (prior year-end adjusted: 9,668 M €). This decrease occurred mainly at Airbus.

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. These liabilities decreased by -66 M € to 28,953 M € (prior year-end adjusted: 29,019 M €), and are mainly due to the decrease in advance payments received (-1,673 M €) offset by higher liabilities from refundable government advances (+199 M €), higher deferred income (+ 86 M €) and an increase in the negative fair values of derivative financial instruments (+1,242 M €).

8. Significant cash flow items

Cash (used for) operating activities has improved by +1,690 M € to -1,236 M € (first nine months 2013 adjusted: -2,926 M €).
Gross cash flow from operations (before changes in other operating assets and liabilities) of +2,932 M € increased compared to the prior period (first nine months 2013 adjusted: +2,505 M €).
Changes in other operating assets and liabilities amounts to -4,168 M € (first nine months 2013 adjusted: -5.431 M €) and is mainly due to an increase in inventories in all divisions. This increase reflects investment in programs to support both production and development, particularly for A350 XWB and A400M.

Cash (used for) investing activities amounts to -1,489 M € (first nine months 2013 adjusted: -1,080 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -1,639 M € (first nine months 2013 adjusted: -2,059 M €) reflecting investments to support the ramp-up phase mainly for A350 XWB.
Proceeds from disposal of intangible assets and property, plant and equipment amounts to +168 M€ (first nine months 2013 adjusted: +4 M €) and results mainly from the sale of the Paris Headquarters building.
Proceeds from disposal of subsidiaries amounts to -34 M € (first nine months 2013: 0 M €) and corresponds to the sales of Test & Services and ND Satcom GmbH.
Acquisitions of subsidiaries and joint ventures amounts to -47 M € (first nine months 2013 adjusted: -15 M €) and mainly reflects acquisitions of Alestis and Airbus Group Bank.
Dividends paid by companies valued at equity amounts to +136 M € (first nine months 2013 adjusted: 100 M €) and comprises mainly MBDA (+57 M €), Dassault (+42 M €) and Atlas Group (+23 M €).

Cash provided by financing activities increased by +45 M € to +461 M € (first nine months 2013 adjusted: + 416 M €). This increase comprises changes in long-term and short-term financing liabilities of + 900M € (first nine months 2013 adjusted: 2,578 M €) and changes in treasury shares of + 102 M € (first nine months 2013: 1,913 M €). The increase in long-term and short-term financing liabilities is mainly due to a 1 billion € bond issued on 2 April 2014 with a 10 year-maturity (please refer to Note 7 “Significant items of the statement of financial position”).This increase is partly offset by the cash distribution to shareholders of -587 M € (first nine months 2013: -467 M €).

9. Financial instruments

Fair values of financial instruments have been determined with reference to available market information at the end of the reporting period and the valuation methodologies as described in detail in note 34 b) to the 2013 Consolidated Financial Statements. For the first nine months 2014, Airbus Group has applied the same methodologies for the fair value measurement of financial instruments. Considering the variability of their value-determining factors, the use of carrying amounts for fair values as a proxy and the volume of financial instruments, the fair values presented herein may not be indicative of the amounts that the Group could realise in a current market environment. The following items are the main exceptions to this general rule:

30 September 2014 in M €	Financial Instruments Total	
	Book Value	Fair Value
Other investments and long-term financial assets		
- Equity instruments	398	398*)
Long-term and short-term financing liabilities	7,073	7,337

31 December 2013**) in M €	Financial Instruments Total	
	Book Value	Fair Value
Other investments and long-term financial assets		
- Equity instruments	359	359*)
Long-term and short-term financing liabilities	5,630	5,760

*) For certain unlisted equity investments price quotes are not available and fair values may not be reliably measurable using valuation techniques because the range of reasonable fair value estimates is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. These equity investments are accounted for at cost, and their fair values as reported in the table above, equal their carrying amounts.

**) Previous year's figures are adjusted due to the application of IFRS 10 and 11.

The fair value hierarchy consists of the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as of 30 September 2014:

30 September 2014 in M €	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other investments and long-term financial assets				
Equity Instruments	240	0	0	240
Other non-current and current assets				
Derivative Instruments	0	664	10	674
Securities	7,103	160	0	7,263
Cash equivalents	2,464	1,157	0	3,621
Total	**9,807**	**1,981**	**10**	**11,798**
Financial liabilities measured at fair value				
Derivative instruments	0	-3,280	0	-3,280
Other liabilities	0	0	-140	-140
Total	**0**	**-3,280**	**-140**	**-3,420**

31 December 2013 *) in M €	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Other investments and long-term financial assets				
Equity Instruments	252	0	0	252
Other non-current and current assets				
Derivative Instruments	0	2,675	34	2,709
Securities	6,876	7	0	6,883
Cash equivalents	3,777	1,286	0	5,063
Total	**10,905**	**3,968**	**34**	**14,907**
Financial liabilities measured at fair value				
Derivative instruments	0	-973	0	-973
Other liabilities	0	0	-180	-180
Total	**0**	**-973**	**-180**	**-1,153**

*) Previous year's figures are adjusted due to the application of IFRS 10 and 11

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

Financial assets and liabilities on Level 3	Balance at 1 January 2014	Total gains or losses in Profit or loss	Total gains or losses in Other comprehensive income	Issues	Settlements	Reclassification	Balance at 30 September 2014
Financial assets – Derivative instruments							
Commodity swap agreements	26	6	0	0	-22	0	10
Other derivative instruments	8	0	0	0	-8	0	0
Total	**34**	**6**	**0**	**0**	**-30**	**0**	**10**
Financial liabilities – Other liabilities							
Written put options on non-controlling interests	-129	-1	0	0	0	0	-130
Earn-out agreements	-51	25	0	0	16	0	-10
Other	0	0	0	0	0	0	0
Total	**-180**	**24**	**0**	**0**	**16**	**0**	**-140**

Financial assets and liabilities on Level 3	Balance at 1 January 2013	Total gains or losses in Profit or loss	Total gains or losses in Other comprehensive income	Issues	Settlements	Reclassification	Balance at 30 December 2013
Financial assets – Derivative instruments							
Commodity swap agreements	41	35	0	0	-50	0	26
Other derivative instruments	8	-1	1	0	0	0	8
Total	**49**	**34**	**1**	**0**	**-50**	**0**	**34**
Financial liabilities – Other liabilities							
Written put options on non-controlling interests 1)	0	0	1	-101	3	-32	-129
Earn-out agreements 2)	0	1	0	0	0	-52	-51
Other	-5	0	0	0	5	0	0
Total	**-5**	**1**	**1**	**-101**	**8**	**-84**	**-180**

1) Reclassification of 32 M € for written put options on non-controlling interest issued in 2012 from financial liabilities recognised at amortised cost during 2013.

2) 52 M € of earn-outs for entities acquired in 2012 have been recorded within Other Provisions of 2012 Consolidated Financial Statements and have been reclassified to Level 3 financial liabilities at fair value through profit or loss.

The financial assets measured at fair value that are classified as Level 3 mainly consist of short-term commodity contracts whose notional amounts vary with the actual volumes of certain commodity purchases made by the Group in specific months.

A deviation of 10% of actual monthly volumes purchased from expected monthly volumes purchased would increase or decrease (depending on whether actual volumes are 10% more or 10% less than expected volumes) the total Level 3 fair value of these short term commodity contracts by 1 M € (prior year-end: 3 M €).

The financial liabilities measured at fair value that are classified as Level 3 consist of several written put options on non-controlling interest ("NCI puts") of Airbus Group subsidiaries. The fair values of these NCI puts vary, among others with the weighted average cost of capital ("WACC") and the growth rate used to determine the terminal value. An increase (decrease) of the discount rates by 50 basis points results in a decrease (increase) of the NCI put values by 5 M € (6 M €). An increase (decrease) in the growth rates by 50 basis point increases (decreases) the NCI put values by 5 M € (4 M €) respectively. (Changes correspond to those disclosed for prior year-end).

Another element of financial liabilities measured at fair value classified as Level 3 are earn-out payments that have been agreed with former shareholders of entities acquired by the Group in business combinations. Fair Value measurement is based on the expectation regarding the achievement of defined target figures by the acquired entity or its ability to close identified customer contracts. The release of 25 M € concerns the subsequent adjustment of the earn-out agreement related to the purchase of Cassidian Airborne Solutions GmbH, Bremen (Germany).

10. Number of shares

The total number of shares issued is 784,799,440 and 783,157,635 as of 30 September 2014 and 31 December 2013 respectively. The increase is mainly caused by the issuance of new shares. The Group's shares are exclusively ordinary shares with a par value of 1.00 €.

During the first nine months 2014, the number of treasury stock held by Airbus Group decreased from 2,835,121 as of 31 December 2013 to 753,944 as of 30 September 2014. While most of these shares were sold back to the market, 56,993 shares were cancelled (in the first nine months 2013: 53,197,232 shares).

In 2014, the Group issued 1,698,798 new shares due to the exercise of stock options (in the first nine months 2013: 8,111,822 new shares).

11. Earnings per share

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

	1 January - 30 September 2014	1 January - 30 September 2013
Net income attributable to equity owners of the parent *)	1,399 M €	1,203 M €
Weighted average number of ordinary shares outstanding	782 546 682	796 762 889
Basic earnings per share *)	1,79	1,51

*) Previous year's figures are adjusted due to the application of IFRS 11.

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's categories of dilutive potential ordinary shares are stock options and share-settled performance units for Executive Committee members relating to long-term incentive plans for 2009 to 2013. Since in the first nine months 2014 the average price of Airbus Group shares exceeded the exercise price of the 6th, 7th and 8th stock option plan as well as the share-settled performance units (in the first nine months of 2013: the 5th, 6th, 7th and 8th stock option plan), 1,350,682 potential shares (in the first nine months 2013: 1,428,686 shares) were considered in the calculation of diluted earnings per share.

	1 January - 30 September 2014	1 January - 30 September 2013
Net income attributable to equity owners of the parent *)	1,399 M €	1,203 M €
Weighted average number of ordinary shares outstanding (diluted)	783 897 364	798 191 575
Diluted earnings per share *)	1,78	1,51

*) Previous year's figures are adjusted due to the application of IFRS 11.

12. Related party transactions

In the first nine months of 2014 the Group considers that neither governmental nor other shareholders are meeting the definition of a related party under IAS 24.

Before 2 April 2013, the French government, Daimler AG, Lagardère group, the Spanish government (SEPI) and its related entities were considered as related parties. Due to the Completion ("Consummation") of the Multiparty Agreement, on 2 April 2013, the Group no longer considers the French government, Daimler AG, Lagardère group and the Spanish government (SEPI) as related parties. The Group has entered into various transactions with related entities that have all been carried out in the normal course of business.

13. Number of employees

The number of employees as at 30 September 2014 is 139,248 as compared to 138,404 (adjusted) as at 31 December 2013.

14. Litigation and claims

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 material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on Airbus Group N.V.'s or the Group's financial position or profitability.

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 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. On 23 September 2012, the US 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 EU did not agree, the matter is now under WTO panel review pursuant to WTO rules.

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 addition the court decided to return the case to the prosecutor to correct inaccuracies in the charges. It is unlikely that the case will resume before the second half of 2015.

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 this investigation.

Eurofighter Austria

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

Commercial disputes

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

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. As always, the outcome of a legal proceeding is uncertain.

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.

15. Subsequent events

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.

Following the publication of investigations by the Romanian authorities relating to the border surveillance project in Romania in mid-October 2014 Airbus Group confirms that Airbus Defence and Space GmbH has been informed that also the German prosecution office investigates with respect to potential irregularities in relation to this project and two other projects. No legal entity of the Airbus Group is subject of any accusations.