

First Half-year 2008 Report

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the six-month period ended June 30, 2008

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Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - June 30, 2008		January 1 - June 30, 2007		Deviation	
	M €	%	M €	%	M €	%
Revenues	19,739	100	18,356	100	1,383	8
Cost of sales	-16,593	-84	-15,866	-86	-727	5
Gross margin	3,146	16	2,490	14	656	26
Selling, administrative & other expenses	-1,053	-5	-1,174	-7	121	-10
Research and development expenses	-1,130	-6	-1,266	-7	136	-11
Other income	62	0	129	1	-67	-52
Share of profit from associates under the equity method and other income from investments	110	1	143	1	-33	-23
Profit before finance costs and income taxes	1,135	6	322	2	813	252
Interest income	290	1	225	1	65	29
Interest expenses	-300	-2	-334	-2	34	-10
Other financial result	-482	-2	-108	-1	-374	346
Finance costs	-492	-3	-217	-2	-275	127
Income taxes	-232	-1	-31	0	-201	648
Profit for the period	411	2	74	0	337	455
Attributable to:						
Equity holders of the parent /						
Net income	403	2	71	0	332	468
Minority interests	8	0	3	0	5	167
Earnings per share	€		€		€	
Basic	0.50		0.09		0.41	
Diluted	0.50		0.09		0.41	

Note: For retrospective adjustments concerning the first half-year 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

Unaudited Condensed Consolidated Financial Information for the six-month period ended June 30, 2008

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2008 and 2007

	April 1 - June 30, 2008		April 1 - June 30, 2007		Deviation	
	M €	%	M €	%	M €	%
Revenues	9,886	100	9,422	100	464	5
Cost of sales	-8,448	-85	-8,041	-85	-407	5
Gross margin	1,438	15	1,381	15	57	4
Selling, administrative & other expenses	-568	-6	-555	-6	-13	2
Research and development expenses	-596	-6	-717	-8	121	-17
Other income	37	0	85	1	-48	-56
Share of profit from associates and other income from investments	66	1	52	1	14	27
Profit before finance costs and income taxes	377	4	246	3	131	53
Interest income	143	1	123	1	20	16
Interest expenses	-146	-1	-199	-2	53	-27
Other financial result	-149	-2	-39	0	-110	282
Finance costs	-152	-2	-115	-1	-37	32
Income taxes	-107	-1	-48	-1	-59	123
Profit for the period	118	1	83	1	35	42
Attributable to:						
Equity holders of the parent /						
Net income	118	1	81	1	37	46
Minority interests	0	0	2	0	-2	-100
Earnings per share	€		€		€	
Basic	0.15		0.10		0.05	
Diluted	0.15		0.10		0.05	

Note: For retrospective adjustments concerning the second quarter 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

Unaudited Condensed IFRS Consolidated Balance Sheets

	June 30, 2008		December 31, 2007		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,039	15	10,832	14	207	2
Property, Plant and Equipment	12,492	16	13,489	18	-997	-7
Investments in associates under the equity method	2,264	3	2,238	3	26	1
Other investments and long-term financial assets	1,412	2	1,553	2	-141	-9
Non-current other assets	3,900	5	3,543	5	357	10
Deferred tax assets	2,720	4	2,705	4	15	1
Non-current securities	2,690	3	2,691	3	-1	0
	36,517	48	37,051	49	-534	-1
Current assets						
Inventories	19,815	26	18,906	25	909	5
Trade receivables	4,320	6	4,639	6	-319	-7
Other current assets	5,558	7	5,713	8	-155	-3
Current securities	4,414	6	1,598	2	2,816	176
Cash and cash equivalents	4,931	7	7,549	10	-2,618	-35
	39,038	52	38,405	51	633	2
Non-current assets / disposal groups classified as held for sale	254	0	0	0	254	
Total assets	75,809	100	75,456	100	353	0
Total equity						
Equity attributable to equity holders of the parent						
Capital Stock	814	1	814	1	0	0
Reserves	7,730	10	7,406	9	324	4
Accumulated other comprehensive income	4,836	7	5,076	7	-240	-5
Treasury shares	-167	0	-206	0	39	-19
	13,213	18	13,090	17	123	1
Minority interests	117	0	85	0	32	38
	13,330	18	13,175	17	155	1
Non-current liabilities						
Non-current provisions	8,144	11	8,055	11	89	1
Long-term financing liabilities	2,926	4	3,090	4	-164	-5
Deferred tax liabilities	2,312	3	2,188	3	124	6
Other non-current liabilities	15,150	20	14,880	20	270	2
	28,532	38	28,213	38	319	1
Current liabilities						
Current provisions	4,168	5	4,378	6	-210	-5
Short-term financing liabilities	1,023	1	1,724	2	-701	-41
Trade liabilities	6,903	9	7,398	10	-495	-7
Current tax liabilities	129	0	179	0	-50	-28
Other current liabilities	21,689	29	20,389	27	1,300	6
	33,912	44	34,068	45	-156	0
Liabilities directly associated with non-current assets classified as held for sale	35	0	0	0	35	
Total liabilities	62,479	82	62,281	83	198	0
Total equity and liabilities	75,809	100	75,456	100	353	0

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - June 30, 2008	January 1 - June 30, 2007
	M €	M €
Profit for the period attributable to equity holders of the parent (Net income)	403	71
Profit attributable to minority interests	8	3
<i>Adjustments to reconcile profit for the period (net income) to cash provided by operating activities</i>		
Depreciation and amortization	809	807
Valuation adjustments	1,284	378
Deferred tax expense	106	155
Change in income tax assets, income tax liabilities and provisions for actual income tax	-104	63
Results of disposal of non-current assets	-20	-108
Results of companies accounted for by the equity method	-89	-78
Change in current and non-current provisions	40	1,003
Change in other operating assets and liabilities	-690	-1,690
Cash provided by operating activities	1,747	604
- Purchase of intangible assets, PPE	-669	-941
- Proceeds from disposals of intangible assets, PPE	24	70
- Acquisitions of subsidiaries and joint ventures (net of cash)	-235	0
- Proceeds from disposals of subsidiaries (net of cash)	2	32
- Payments for investments in associates and other investments and long-term financial assets	-55	-323
- Proceeds from disposals of associates and other investments and long-term financial assets	42	327
- Dividends paid by companies valued at equity	50	39
- Increase in equipment of leased assets	0	-18
- Proceeds from disposals of leased assets	50	34
- Increase in finance lease receivables	0	-4
- Decrease in finance lease receivables	87	87
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	0	26
Change of securities	-2,863	-1,411
Cash (used for) investing activities	-3,567	-2,082
Change in long-term and short-term financing liabilities	-705	28
Cash distribution to EADS N.V. shareholders	-97	-97
Dividends paid to minority interests	-4	0
Change in minority interests and capital increase	27	42
Sale (purchase) of treasury shares	39	-8
Cash (used for) financing activities	-740	-35
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-58	-18
Net (decrease) in cash and cash equivalents	-2,618	-1,531
Cash and cash equivalents at beginning of period	7,549	7,900
Cash and cash equivalents at end of period	4,931	6,369

Note: For retrospective adjustments concerning the first half-year 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

As of June 30, 2008, EADS' cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 602 M € (602 M € as of December 31, 2007), which

Unaudited Condensed Consolidated Financial Information for the six-month period ended June 30, 2008

represent EADS' share in MBDA's cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

Unaudited Condensed IFRS Consolidated Statements of Recognised Income and Expense

in M€	January 1 - June 30, 2008	January 1 - June 30, 2007
Foreign currency translation differences for foreign operations	-79	-67
Changes in fair value of cash flow hedges	-113	-604
Net change in fair value of available-for-sale financial assets	-89	-39
Changes in actuarial gains and losses	0	437
Others	-12	-47
Tax on income and expense recognised directly in equity	52	46
Income and expense recognised directly in equity	-241	-274
Profit for the period	411	74
Total recognised income and expense of the period	170	-200
Attributable to:		
Equity holders of the parent	163	-235
Minority interests	7	35
Total recognised income and expense of the period	170	-200

Note: For retrospective adjustments concerning the first half-year 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at June 30, 2008

Additional Information: Unaudited Condensed IFRS Consolidated Reconciliation of Movement in Equity attributable to equity holders of the parent and Minority interests

in M €	Equity attributable to equity holders of the parent	Minority interests	total
Balance at January 1, 2007	13,015	137	13,152
Total recognised income and expense	-235	35	-200
Cash distribution to shareholders	-97	0	-97
Capital Increase	42	0	42
Change in minority interests	0	-94	-94
Change of treasury shares	-8	0	-8
Others	26	1	27
Balance at June 30, 2007	12,743	79	12,822
Balance at January 1, 2008	13,090	85	13,175
Total recognised income and expense	163	7	170
Cash distribution to shareholders	-97	-4	-101
Capital Increase	0	1	1
Change in minority interests	0	27	27
Change of treasury shares	39	0	39
Others	18	1	19
Balance at June 30, 2008	13,213	117	13,330

Note: For retrospective adjustments concerning the first half-year 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

1. The Company

The accompanying Condensed Interim Consolidated Financial Statements (unaudited) present the operations of European Aeronautic Defence and Space Company EADS N.V. and its subsidiaries ("EADS" or the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk, The Netherlands), and are prepared and reported in Euros ("€"). EADS' core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the six-month period ended June 30, 2008 were authorized for issue by EADS' Board of Directors on July 29, 2008.

2. Accounting policies

These Condensed Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU). EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board ("IASB") as endorsed by the EU. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

New Interpretations

The following Interpretation has become effective as of January 1, 2008:

IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions" (endorsed June 1, 2007). The application of IFRIC 11 did not have an impact on EADS' Consolidated Financial Statements.

Endorsement by the EU for IFRIC 12 and IFRIC 14 is expected before the end of 2008:

IFRIC 12 "Service Concession Arrangements" (issued November 30, 2006). EADS is currently investigating potential impacts from the application of IFRIC 12.

IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (issued July 5, 2007). The application of IFRIC 14 is not expected to have an impact on EADS' Consolidated Financial Statements.

Besides consequential changes as mentioned above the accounting policies used in the preparation of the EADS' Condensed Interim Consolidated Financial Statements are consistent with those used for the annual Consolidated Financial Statements for the year ended December 31, 2007, which are disclosed as an integral part of the Group's Annual Report 2007. The annual Consolidated Financial Statements were authorised for issue by EADS' Board of Directors on March 10, 2008.

3. Changes in the consolidation perimeter of EADS

The percentage of the proportionate consolidation of MBDA has changed from 50 % to 37.5 % as of January 1, 2007 reflecting EADS ownership in MBDA. Income statement, cash flow statement, statement of recognised income and expense, reconciliation of movement in equity, segment information and the reconciliation to EBIT pre-goodwill impairment and exceptionals have been adjusted retrospectively for prior period figures published in prior year's condensed half-year consolidated financial information.

On April 22, 2008, EADS acquired PlantCML California / USA, a leading provider of emergency response solutions, which is fully consolidated from that date. The difference between the purchase price and the acquired net assets (not yet finally determined) led to the recognition of a preliminary goodwill of 209 M €.

Apart from this transaction, other acquisitions or disposals by the Group that occurred in the six month-period ended June 30, 2008 are not material.

4. Segment information

The Group operates in five divisions (segments) which reflect the internal organizational and management structure according to the nature of the products and services provided.

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- *Airbus* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats and the development and manufacturing of aircraft for military use.
- *Military Transport Aircraft* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft.
- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters and maintenance services.
- *Defence & Security* — Development, manufacturing, marketing and sale of missiles systems; military combat and training aircraft; provision of defence electronics, defence-related telecommunications solutions; and logistics, training, testing, engineering and other related services.
- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; and providing of space services.

The following table presents information with respect to the Group's business segments. Consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the divisions are disclosed in the column "HQ/ Conso.". "Other Businesses" mainly comprises the development, manufacturing, marketing and sale of regional turboprop aircraft and light commercial aircraft, aircraft components as well as civil and military aircraft conversion and maintenance services.

in M €	Airbus	Military Transport Aircraft	Eurocopter	Defence & Security	Astrium	Other Businesses	HQ/ Conso.	Consolidated
Six-month period ended June 30, 2008								
Revenues	13,586	898	1,795	2,167	1,701	688	-1,096	19,739
Research and development expenses	-931	-3	-56	-76	-31	-6	-27	-1,130
Profit before finance costs and income taxes	701	-21	104	129	86	35	101	1,135
EBIT pre-goodwill imp. and exceptionals (see definition below)	712	-20	104	134	88	35	105	1,158
Six-month period ended June 30, 2007¹⁾								
Revenues	12,889	307	1,644	2,063	1,420	668	-635	18,356
Research and development expenses	-1,070	-10	-38	-81	-34	-4	-29	-1,266
Profit before finance costs and income taxes	8	-30	35	53	45	45	166	322
EBIT pre-goodwill imp. and exceptionals (see definition below)	19	-29	35	70	47	45	171	358

¹⁾ For change of percentage in proportionate consolidation of MBDA please refer to Note 3 "Changes in the consolidation perimeter of EADS". Some minor activities have been transferred to "Other Businesses".

5. EBIT pre-goodwill impairment and exceptionals

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

A reconciliation from Profit before finance costs and income taxes to EBIT pre goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1- June 30, 2008	January 1- June 30, 2007
Profit before finance costs and income taxes	1,135	322
Goodwill and exceptionals:		
Disposal of Goodwill	0	12
Fair value adjustments	23	24
EBIT pre-goodwill impairment and exceptionals	1,158	358

Note: For retrospective adjustments concerning the first half-year 2007 please refer to Note 3 "Changes in the consolidation perimeter of EADS".

6. Significant income statement items

Revenues of 19,739 M € (first half-year 2007 retrospectively adjusted by -137 M € to 18,356 M €) increase by 8% despite an unfavorable US Dollar impact, supported by a milestone revenue recognition in relation to the A400M program compared to no milestone recognition in the first half-year of 2007. Additionally, Airbus delivers more commercial aircraft (245 units versus 231 in the first half-year 2007) and EADS Astrium, Eurocopter and Defence also record increased volumes.

The **Gross Margin** increases by +656 M € to 3,146 M € compared to 2,490 M € in the retrospectively modified first half-year of 2007. This increase is mainly related to Airbus in particular due to the impact in the first half-year 2007 of accrued Power8 restructuring charges and strong operational performance in the first half-year 2008 with delivery ramp-up and Power8 savings, partly compensated by additions to provisions triggered by US dollar deterioration and A380 risks on delivery schedule and early aircraft industrialisation overcosts. All other divisions also increase their level of gross margins.

Research and development expenses of -1,130 M € (first half-year 2007: -1,266 M €) mainly decrease for the Airbus A380-800 partly compensated by an increase on the A350XWB program.

Other income decreases by -67 M € to 62 M €. In the first half-year 2007, other income included among others gains from the sale of land and buildings.

Share of profit from associates under the equity method and other income from investments of 110 M € (first half-year 2007: 143 M €) is mainly influenced by the result of Dassault Aviation of 85 M € (first half-year 2007: 77 M €). The result in the first half-year 2008 of Dassault Aviation Group does not include any IFRS catch-up adjustments (first half-year 2007:

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+19 M €). Additionally, in the first half-year 2007, the sale of EADS' interest in Embraer resulted in a non-recurring capital gain of 46 M €.

Net finance costs amount to -492 M € (first half-year 2007 retrospectively adjusted: -217 M €) including negative foreign exchange effects and the unwinding of the discounts on A380, A350XWB and Power8 provisions.

The **income tax** expense of -232 M € (first half-year 2007: -31 M €) corresponds to an effective income tax rate of 36% (30% in the first half-year 2007). For interim periods, income tax expense is calculated by applying the expected effective tax rate for the fiscal year on the pre-tax result, except for items of the period such as valuation allowances.

7. Significant balance sheet items

Non-current assets

Intangible assets of 11,039 M € (prior year-end: 10,832 M €) include 9,703 M € (prior year-end: 9,519 M €) of goodwill. It mainly stems from Airbus (6,374 M €), Defence & Security (2,571 M €), Astrium (567 M €) and Eurocopter (111 M €). The related annual impairment tests, which were performed at the end of the year 2007, did not lead to any impairment charges. In the absence of evidence of major changes in the retained long-term assumptions, the reference used for determining Airbus' recoverable amount at the end of first half-year 2008 (including assessment of the terminal value) is still based on the best available assumptions as per year-end 2007 including the market forecast of Airbus.

Compared to this reference, Airbus developed a set of sensitivities to reflect current market uncertainties (particularly with regard to the financial difficulties encountered by some airlines) and major business parameters (including EADS market capitalisation compared to EADS equity, US dollar rate and productivity targets).

The conclusion of this sensitivity analysis is that the likelihood of a combination of changes in these key assumptions to an extent that would cause the recoverable amount to fall below the comparable carrying value of its net assets is currently remote. As a consequence, no goodwill impairment need has been identified.

The annual Airbus goodwill impairment test is scheduled to be performed in the fourth quarter 2008, based on the then available information. This will take into account, amongst other factors, the then prevailing outlook for US dollar foreign exchange rates, an updated Airbus operating plan, the Power8 expected achievements as well as impacts from potential further management actions.

Eliminating foreign exchange-rate effects of -280 M €, **property, plant and equipment** decrease by -717 M € to 12,492 M € (prior year-end: 13,489 M €), including leased assets of 1,026 M € (prior year-end: 1,319 M €). Property, plant and equipment also comprise "Investment property" amounting to 91 M € (prior year-end: 96 M €).

Investments in associates under the equity method of 2,264 M € (prior year-end: 2,238 M €) increase due to the change in the equity investment in Dassault Aviation, amounting to 2,156 M € (prior year-end: 2,121 M €).

Other investments and other long-term financial assets of 1,412 M € (prior year-end: 1,553 M €) are related to Airbus for an amount of 949 M € (prior year-end: 1,013 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of -45 M €.

Non-current other assets mainly comprise "Non-current derivative financial instruments" and "Non-current prepaid expenses". The increase by +357 M € to 3,900 M € (prior year-end: 3,543 M €)

€) is among others caused by capitalised paid option premiums at Airbus in the course of US dollar hedgings and the variation of the non-current portion of fair values of derivative financial instruments.

Deferred tax assets of 2,720 M € (prior year-end: 2,705 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in non-current other assets with an amount of 2,598 M € (prior year-end: 2,440 M €), in current other assets (2,604 M €, prior year-end: 2,955 M €), in other non-current liabilities (358 M €, prior year-end: 258 M €) and in other current liabilities (49 M €, prior year-end: 36 M €) which corresponds to a total net fair value of 4,795 M € (prior year-end: 5,101 M €). The volume of hedged US dollar-contracts increases from 51.3 billion US dollar as at December 31, 2007 to 59 billion US dollar including 7 billion of hedged US dollar options as at June 30, 2008. The US dollar exchange rate became less favourable (USD / € spot rate of 1.58 at June 30, 2008 vs. 1.47 at December 31, 2007). The average US dollar hedge rate for the hedge portfolio of the Group changed from 1.26 as at December 31, 2007 to 1.35 as at June 30, 2008 (US dollar / € rate respectively).

Current assets

Inventories of 19,815 M € (prior year-end: 18,906 M €) increase by +909 M €. This is mainly driven by Defence & Security (+519 M €) especially in relation with Eurofighter, an increase in unfinished goods and services at Eurocopter (+506 M €) due to the ramp-up of commercialized programs (mainly SuperPuma, Dauphin and EC 135) and governmental programs (mainly NH90) and a higher level of work in progress at Astrium (+268 M €), boosted by the satellite and launcher business. On the other hand, Airbus records a lower level of unfinished goods and services (-380 M €).

The A380 program is currently in a critical industrial step with progressive transition to a stabilised serial production process. Program review announced in May identified some risks on delivery schedule and early aircraft industrialisation overcosts. Financial implications of these risks have been assessed and provided for at the end of June through the update of Loss Making Contract provision (-715 M€). The main part of this provision update is booked against inventories. The remaining is recorded as an increase in provisions.

Other current assets include "Current portion of other long-term financial assets", "Current other assets", "Current tax assets" and "Current prepaid expenses". The decrease of -155 M € to 5,558 M € (prior year-end: 5,713 M €) comprises among others a decrease of -351 M € regarding positive fair values of derivative financial instruments. This is partly compensated by higher prepaid expenses (+102 M €).

Current securities increase from 1,598 M € to 4,414 M € (see also note 8 "Significant cash flow items").

Cash and cash equivalents decrease from 7,549 M € to 4,931 M € (see also note 8 "Significant cash flow items"). The decrease is mainly due to a shift from cash equivalents to current securities.

Due to the high probability of a positive outcome of the final negotiations concerning the sale of the sites in Filton and Laupheim, the respective non-current and current assets amounting to 254 M € (prior year-end: 0 M €) are reclassified to **non-current assets / disposal groups classified as held for sale**. **Liabilities directly associated to non-current assets classified as held for sale** amount to 35 M € (prior year-end: 0 M €).

Total equity

Equity attributable to equity holders of the parent (including purchased treasury shares) amounts to 13,213 M € (prior year-end: 13,090 M €). The increase is mainly due to income and expense recognised in equity of +163 M €, which includes the profit for the period attributable to the equity holders of the parent of +403 M €. The amount of equity is reduced by the cash distribution to shareholders of -97 M €.

Minority interests increase to 117 M € (prior year-end: 85 M €) mainly due to the allocation of recognized income and expense as well as initial consolidations.

Non-current liabilities

Non-current provisions of 8,144 M € (prior year-end: 8,055 M €) comprise the non-current portion of pension provisions with an increase of +4 M € to 4,386 M € (prior year-end: 4,382 M €).

Moreover, other provisions are included in non-current provisions, which increase by +85 M € to 3,758 M €. A significant part of the increase is dedicated to the provision for the A350XWB due to US dollar deterioration. Other provisions include among others aircraft financing activities with a decrease of -60 M € to 644 M € (thereof foreign exchange effects of -37 M €). Since the equity approach is applied for the accounting of pension provision, EADS re-assessed its actuarial gains and losses as at June 30, 2008 resulting in no material change of the net pension provision.

Long-term financing liabilities of 2,926 M € (prior year-end: 3,090 M €), excluding foreign exchange-rate effects of -71 M €, decrease by -93 M € in particular due to Airbus.

Other non-current liabilities comprise "Non-current other liabilities" and "Non-current deferred income" and increase in total by +270 M € to 15,150 M € (prior year-end: 14,880 M €). They mainly include non-current customer advance payments received of 8,836 M € (prior year-end: 8,420 M €) and the non-current portion of European Government refundable advances amounting to 4,729 M € (prior year-end: 4,854 M €). The main part of non-current deferred income of 566 M € (prior year-end: 753 M €) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. The remaining portfolio, which is included in non-current deferred income, is reversed over the guaranteed period.

Current liabilities

Current provisions decrease by -210 M € to 4,168 M € (prior year-end: 4,378 M €) and comprise the current portions of pensions (286 M €) and other provisions (3,882 M €). The decline mainly reflects a decrease in provisions for loss-at-completion contracts due to period consumption and positive impacts on the supply side caused by the US dollar deterioration.

Although a permanent management attention is paid to the A400M program, with regular monitoring of risks and opportunities both on the industrial and commercial sides, the related contract loss-at-completion provision has not been updated in the June 30, 2008 accounts, except for the US dollar foreign exchange impacts. EADS expects that the results of the first flight tests and further negotiations with customers and suppliers will provide a sound basis for the finalisation of the cost-at-completion exercise on the A400M program.

Short-term financing liabilities of 1,023 M € (prior year-end: 1,724 M €), excluding foreign exchange rate effects of -16 M €, decrease by -685 M € due to a reduced liability in the commercial paper program of EADS B.V. (-501 M €).

Trade liabilities decrease by -495 M € to 6,903 M € (prior year-end: 7,398 M €), mainly relating to Airbus (-381 M €) and Astrium (-77 M €).

Other current liabilities include "Current other liabilities" and "Current deferred income". They increase by +1,300 M € to 21,689 M € (prior year-end: 20,389 M €). Other current liabilities mainly comprise current customer advance payments of 17,445 M € (prior year-end: 16,214 M €).

8. Significant cash flow items

Cash provided by operating activities increases from +604 M € to 1,747 M €. Gross cash flow from operations (excluding working capital change) of 2,437 M € exceeds prior period's level (first six months 2007: 2,294 M €), partly reduced by changes in other operating assets and liabilities (working capital changes) which amount to -690 M € (first six months 2007: -1,690 M €). Although negative, working capital mainly improved thanks to lower additions to inventories and higher advance payments received.

Cash used for investing activities amounts to -3,567 M € (first six months 2007: -2,082 M €). This mainly comprises a net purchase of securities of -2,863 M € and purchases of intangible assets, property, plant and equipment and investment property of -669 M €, namely in Airbus and Astrium, partly offset by customer financing activities (81 M €), mainly related to Airbus.

Cash used for financing activities decreases by -705 M € to -740 M € (first six months 2007: -35 M €). The outflow mainly comprises the net repayment of financing liabilities as well as the cash distribution to shareholders.

9. Number of shares

The total number of shares outstanding is 806,984,099 and 803,684,354 as of June 30, 2008 and 2007, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the six-month period ended June 30, 2008, the number of treasury shares held by EADS decreased from 9,804,998 as of December 31, 2007 to 7,044,574 as of June 30, 2008.

New shares amounting to 14,200 (in the first half-year 2007: 378,566 new shares) were issued as a result of the exercise of stock options in compliance with the implemented stock option plans. Under the 2008 Employee Stock Ownership Plan, which is granted in June 2008, 2,032,249 shares will be issued in July 2008. (Under the 2007 Employee Stock Ownership Plan 2,037,835 shares were issued in June 2007).

10. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders 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:

	January 1 to June 30, 2008	January 1 to June 30, 2007
Net income attributable to equity holders of the parent	403 M €	71 M €
Weighted average number of ordinary shares outstanding	805,297,126	802,298,558
Basic earnings per share	0.50 €	0.09 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's only category of dilutive potential ordinary shares is stock options as well as performance and restricted shares. Since the average price of EADS shares during the six-month period ended June 30, 2008 exceeded the exercise price of the stock options under the 5th stock option plan (in the six-month period ended June 30, 2007: the 1st, 2nd, 4th and 5th stock option plans) initiated by the Group, the inclusion of the related potential ordinary shares increases the weighted average number of shares. 390,112 shares (six-month period ended June 30, 2007: 2,743,717 shares) are considered dilutive according to IAS 33.

	January 1 to June 30, 2008	January 1 to June 30, 2007
Net income attributable to equity holders of the parent	403 M €	71 M €
Weighted average number of ordinary shares outstanding (diluted)	805,687,238	805,042,275
Diluted earnings per share	0.50 €	0.09 €

11. Related party transactions

The Group has entered into various transactions with related companies in the first six months of 2008 and 2007 that have all been carried out in the normal course of business. As is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI, such transactions are not considered material to the Group either individually or in the aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security and Astrium divisions for programs like Tiger, M51 / M45 ballistic missiles and SCALP naval cruise missiles. The transactions with SEPI include mainly sales from MTAD and Defence & Security divisions for programs like the A400M and Eurofighter.

In 2007, Lagardère and the French State through Sogéade had granted to the Group their received dividend in relation with 2006 for an amount of 29 M € as an interest free loan.

12. Number of employees

The number of employees at June 30, 2008 is 117,198 as compared to 116,493 at December 31, 2007.

13. Litigation and claims

On April 1, 2008, EADS, as well as the concerned EADS and Airbus executives, took notice of the decision of the AMF Collège to initiate proceedings, respectively for breach of market information

duties and for breach of insider trading rules. For the first time, EADS and the persons involved will be able to confront AMF's interpretation with their explanations of the facts of the case. Considering the fact that there is no decision on the substance so far, EADS insists that the principle of presumption of innocence be upheld. EADS considers that the financial risk associated with the procedure against the Group and its possible consequences on EADS is not material. However, it recognizes that these proceedings may have significant consequences on its image and reputation.

On June 12, 2008, two actions were initiated in the United States District Court in New York. Although the details of the actions differ, both purport to be class actions brought on behalf of purchasers of EADS securities from 2005 and later. One action names as defendants EADS and several present and former executives of EADS and Airbus. The other one names as defendant Lagardère and Daimler and two executives of EADS and Airbus. Both actions seek damages for alleged violations of the US securities laws in connection with disclosures relating to the delivery schedule for the A380. The actions are in their preliminary stages and defendants have not been required to respond to the complaints. The Group anticipates a vigorous defense.

14. Subsequent events

On July 4, 2008, EADS and DAHER announce the opening of exclusive negotiations for the acquisition of a majority interest by DAHER in EADS Socata. Bringing together DAHER and EADS Socata would allow the creation of a major actor in the area of aerostructures and business aviation and to develop joint projects in these two areas, in particular with regard to the A350XWB for which EADS Socata DAHER would be a tier one partner.



Review report

To: EADS N.V.:

Introduction

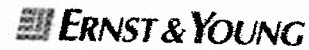
We have reviewed the condensed consolidated interim financial information as at June 30, 2008, consisting of the condensed interim consolidated balance sheet of EADS N.V., Amsterdam ("EADS" or "the Company") as at June 30, 2008, and the related condensed interim consolidated statements of income, changes in equity and cash flows for the 6 month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

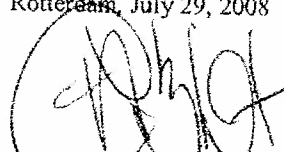
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information as at June 30, 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.



Emphasis of matter


Without qualifying our conclusion above, we draw attention to the specific disclosure made by the Company in Note 7 "Significant balance sheet items" under "Current provisions" of its notes to the condensed interim consolidated financial statements in relation to its A400M program: "Although a permanent management attention is paid to the A400M program, with regular monitoring of risks and opportunities both on the industrial and commercial sides, the related contract loss-at-completion provision has not been updated in the June 30, 2008 accounts, except for the US dollar foreign exchange impacts. EADS expects that the results of the first flight tests and further negotiations with customers and suppliers will provide a sound basis for the finalisation of the cost-at-completion exercise on the A400M program."

Rotterdam, July 29, 2008



KPMG Accountants N.V.
L.A. Blok

Amsterdam, July 29, 2008



Ernst & Young Accountants LLP
F.A.L. van der Bruggen