

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the nine-month period ended 30 September 2013

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Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 30 September 2013		1 January - 30 September 2012		Deviation
	M €	%	M €	%	M €
Revenues	39,966	100	37,258	100	2,708
Cost of sales *)	-33,789	-85	-31,739	-85	-2,050
Gross margin *)	6,177	15	5,519	15	658
Selling, administrative & other expenses *)	-2,253	-6	-2,162	-6	-91
Research and development expenses	-2,179	-5	-2,145	-6	-34
Other income	118	0	154	0	-36
Share of profit from associates under the equity method and other income from investments	252	1	188	1	64
Profit before finance result and income taxes *)	2,115	5	1,554	4	561
Interest income	141	0	168	0	-27
Interest expense	-398	-1	-405	-1	7
Other financial result	-188	0	-100	0	-88
Finance result	-445	-1	-337	-1	-108
Income taxes *)	-473	-1	-337	-1	-136
Profit for the period *)	1,197	3	880	2	317
Attributable to:					
Equity owners of the parent (Net income) *)	1,195	3	880	2	315
Non-controlling interests	2	0	0	0	2
Earnings per share	€		€		€
Basic *)	1.50		1.08		0.42
Diluted *)	1.50		1.07		0.43

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Income Statements for the third quarter of 2013 and 2012

	1 July - 30 September 2013		1 July - 30 September 2012		Deviation
	M €	%	M €	%	M €
Revenues	13,634	100	12,324	100	1,310
Cost of sales *)	-11,620	-85	-10,517	-85	-1,103
Gross margin *)	2,014	15	1,807	15	207
Selling, administrative & other expenses *)	-730	-5	-702	-6	-28
Research and development expenses	-765	-6	-720	-6	-45
Other income	34	0	70	1	-36
Share of profit from associates under the equity method and other income from investments	98	1	61	0	37
Profit before finance result and income taxes *)	651	5	516	4	135
Interest income	49	0	39	0	10
Interest expense	-134	-1	-133	-1	-1
Other financial result	47	0	-4	0	51
Finance result	-38	-1	-98	-1	60
Income taxes *)	-176	-1	-116	-1	-60
Profit for the period *)	437	3	302	2	135
Attributable to:					
Equity owners of the parent (Net income) *)	436	3	301	2	135
Non-controlling interests	1	0	1	0	0
Earnings per share	€		€		€
Basic and diluted *)	0.55		0.37		0.18

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 30 September 2013	1 January - 30 September 2012
Profit for the period*)	1,197	880
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans*)	-212	-798
Actuarial losses on defined benefit plans from investments using the equity method	6	-86
Tax on items that will not be reclassified to profit or loss*)	61	237
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	-77	-27
Net change in fair value of cash flow hedges	1,271	500
Net change in fair value of available-for-sale financial assets	-3	155
Changes in other comprehensive income from investments accounted for using the equity method	4	-118
Tax on items that will be reclassified to profit or loss	-390	-175
Other comprehensive income, net of tax *)	660	-312
Total comprehensive income of the period	1,857	568
Attributable to:		
Equity owners of the parent	1,863	571
Non-controlling interests	-6	-3
Total comprehensive income of the period	1,857	568

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income for the third quarter 2013 and 2012

in M €	1 July - 30 September 2013	1 July - 30 September 2012
Profit for the period*)	437	302
Items that will not be reclassified to profit or loss:		
Actuarial losses on defined benefit plans*)	137	11
Actuarial losses on defined benefit plans from investments using the equity method	1	0
Tax on items that will not be reclassified to profit or loss*)	-35	-3
Items that will be reclassified to profit or loss:		
Foreign currency translation differences for foreign operations	-120	-45
Net change in fair value of cash flow hedges	1,844	1,790
Net change in fair value of available-for-sale financial assets	50	42
Changes in other comprehensive income from investments accounted for using the equity method	-6	-4
Tax on items that will be reclassified to profit or loss	-577	-577
Other comprehensive income, net of tax *)	1,294	1,214
Total comprehensive income of the period	1,731	1,516
Attributable to:		
Equity owners of the parent	1,731	1,516
Non-controlling interests	0	0
Total comprehensive income of the period	1,731	1,516

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	30 September 2013		31 December 2012		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	13,657	15	13,422	15	235	2
Property, plant and equipment	15,629	17	15,268	16	361	2
Investments in associates under the equity method	2,824	3	2,662	3	162	6
Other investments and long-term financial assets	2,102	2	2,115	2	-13	-1
Other non-current assets	3,229	3	2,801	3	428	15
Deferred tax assets *)	4,488	5	4,523	5	-35	-1
Non-current securities	4,329	5	5,987	7	-1,658	-28
	46,258	50	46,778	51	-520	-1
Current assets						
Inventories	27,422	30	23,216	25	4,206	18
Trade receivables	6,155	7	6,790	7	-635	-9
Other current assets	4,303	5	4,239	4	64	2
Current securities	3,086	3	2,328	3	758	33
Cash and cash equivalents	5,048	5	8,756	10	-3,708	-42
	46,014	50	45,329	49	685	2
Total assets	92,272	100	92,107	100	165	0
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	782	1	827	1	-45	-5
Reserves *)	7,003	7	8,147	8	-1,144	-14
Accumulated other comprehensive income	2,326	3	1,513	2	813	54
Treasury shares	-48	0	-84	0	36	-43
	10,063	11	10,403	11	-340	-3
Non-controlling interests	39	0	25	0	14	56
	10,102	11	10,428	11	-326	-3
Non-current liabilities						
Non-current provisions *)	10,109	11	9,827	11	282	3
Long-term financing liabilities	4,349	5	3,506	4	843	24
Deferred tax liabilities	2,060	2	1,504	2	556	37
Other non-current liabilities	18,011	19	18,194	19	-183	-1
	34,529	37	33,031	36	1,498	5
Current liabilities						
Current provisions	5,028	6	6,045	7	-1,017	-17
Short-term financing liabilities	2,870	3	1,273	1	1,597	125
Trade liabilities	8,974	10	9,917	11	-943	-10
Current tax liabilities	434	0	458	0	-24	-5
Other current liabilities	30,335	33	30,955	34	-620	-2
	47,641	52	48,648	53	-1,007	-2
Total liabilities	82,170	89	81,679	89	491	1
Total equity and liabilities	92,272	100	92,107	100	165	0

*) Previous year's figures are adjusted due to revised IAS 19.

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	1 January - 30 September 2013	1 January - 30 September 2012
	M €	M €
Profit for the period attributable to equity owners of the parent (Net income)*	1,195	880
Profit for the period attributable to non-controlling interests	2	0
<i>Adjustments to reconcile profit for the period to cash (used for) operating activities</i>		
Depreciation and amortization	1,370	1,352
Valuation adjustments*)	381	374
Deferred tax expense	239	179
Change in income tax assets, income tax liabilities and provisions for income tax	-121	-31
Results on disposals of non-current assets	-1	-20
Results of companies accounted for by the equity method	-201	-151
Change in current and non-current provisions*)	-246	530
Reimbursement from / contribution to plan assets	-35	-331
Change in other operating assets and liabilities	-5,467	-4,578
Cash (used for) operating activities	-2,884	-1,796
<i>Investments:</i>		
- Purchases of intangible assets, PPE	-2,082	-1,894
- Proceeds from disposals of intangible assets, PPE	16	55
- Acquisitions of subsidiaries and joint ventures (net of cash)	-15	-43
- Payments for investments in associates and other investments and long-term financial assets	-308	-274
- Proceeds from disposals of associates and other investments and long-term financial assets	359	202
- Dividends paid by companies valued at equity	49	43
Change of securities	794	2,920
Change in cash from changes in consolidation	-26	0
Cash (used for) provided by investing activities	-1,213	1,009
Change in long-term and short-term financing liabilities	2,620	548
Cash distribution to EADS N.V. shareholders	-467	-369
Dividends paid to non-controlling interests	-1	-2
Changes in capital and non-controlling interests	219	138
Change in treasury shares	-1,913	-5
Cash provided by financing activities	458	310
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-69	49
Net decrease of cash and cash equivalents	-3,708	-428
Cash and cash equivalents at beginning of period	8,756	5,284
Cash and cash equivalents at end of period	5,048	4,856

*) Previous year's figures are adjusted due to revised IAS 19.

As of 30 September 2013, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 305 M € (374 M € as of 31 December 2012), which represents 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 Changes in Equity

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	total
Balance at 1 January 2012	8,850	15	8,865
Retrospective adjustment *)	-7	0	-7
Balance at 1 January 2012, adjusted	8,843	15	8,858
Profit for the period *)	880	0	880
Other comprehensive income *)	-309	-3	-312
Total comprehensive income	571	-3	568
Cash distribution to shareholders/ dividends to non-controlling interests	-369	-2	-371
Capital increase	139	5	144
Equity transactions (IAS 27)	-15	10	-5
Change in treasury shares	-5	0	-5
Others	18	0	18
Balance at 30 September 2012	9,182	25	9,207
Balance at 1 January 2013	10,409	25	10,434
Retrospective adjustment *)	-6	0	-6
Balance at 1 January 2013, adjusted	10,403	25	10,428
Profit for the period	1,195	2	1,197
Other comprehensive income	668	-8	660
Total comprehensive income	1,863	-6	1,857
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
Share-based payment (IFRS 2)	78	0	78
Balance at 30 September 2013	10,063	39	10,102

*) Previous year's figures are adjusted due to revised IAS 19.

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 September 2013

1. The Company

The accompanying Unaudited Condensed IFRS Consolidated Financial Statements 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 (current registered office at Mendelweg 30, 2333 CS Leiden, 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 nine-month period ended 30 September 2013 were authorized for issue by EADS' Board of Directors on 13 November 2013.

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") and as endorsed by the European Union (EU) as at 30 September 2013 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 should be read in conjunction with EADS' Consolidated Financial Statements as of 31 December 2012. Except for the amended Standards to be applied for the first time in the first nine months 2013 (mentioned below in the next section), EADS' accounting policies and practices are unchanged compared to 31 December 2012.

The following new, revised or amended Standards were applied for the first time in the first nine months 2013 and are effective for EADS as of 1 January 2013. If not otherwise stated, their first application has not had a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The IASB issued amendments to IAS 12 "Income Taxes" providing practical guidance for the measurement of deferred tax relating to an asset by introducing the presumption that recovery of the carrying amount of that asset will normally be through sale. Amendments supersede SIC 21 "Income Taxes – recovery of Revalued Non Depreciable Assets".

Amended version of IAS 19 "Employee Benefits" requires full recognition of actuarial gains and losses directly in equity, a method already used by EADS. Furthermore, the revised standard introduces a net interest approach, under which for defined benefit obligation and plan assets the same interest rate is applied, and it requires past service costs to be fully recognized in the period of the related plan amendment. Also, the amendments will henceforth require EADS to recognize the additional compensation payable under certain German early retirement programs ('Altersteilzeitprogramme') rateably over the active service period of such programs. Applying the amended standard retrospectively in 2013, EADS' consolidated opening net equity as of 1 January 2012 has been adjusted by -7 M €. Comparative consolidated statement of income for the first

nine months 2012 have been restated leading to an impact of -32 M € on profit before finance result and income taxes and -23 M € on profit for the period. The impact on earnings per share for the first nine months 2012 amounts to -0.02 € on basic and -0.03 € on diluted earnings per share. If the Group had not applied IAS 19R beginning 1 January 2013, EBIT would have increased by around +56 M €, while basic and diluted earnings per share would have had a positive impact of approximately +0.05 € in the first nine months 2013.

Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income” require separate presentation of items of other comprehensive income that are reclassified subsequently to profit or loss (recyclable) and those that are not reclassified to profit or loss (non-recyclable).

Amendments to IFRS 7 “Financial Instruments: Disclosures” define IASB’s disclosure requirements in the context of offsetting financial assets and financial liabilities.

New IFRS 13 “Fair Value Measurement” defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. As EADS has already considered in previous years credit/ debit value adjustments as the counterparty risk recognized in the fair values of its derivative financial instruments, the application of IFRS 13 does not lead to any material changes in this respect.

The IASB issued various amendments to IFRS Standards within the Annual Improvements 2009-2011 Cycle, which have become applicable as of 1 January 2013. The amendments refer to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.

3. Acquisitions and other M&A transactions

On 31 January 2013, ST Aerospace Ltd., Singapore (Singapore) acquired a 35% non-controlling interest in Elbe Flugzeugwerke, Dresden (Germany) (EFW). EADS as the former sole shareholder retains 65% of the shares of EFW.

On 1 March 2013, Cassidian terminated its Joint Venture with Odebrecht Group by selling its 50% share to Odebrecht Defesa e Tecnologia SA, Sao Paulo (Brazil).

On 17 May 2013, Cassidian Cybersecurity SAS, Elancourt (France) acquired a 83.9% controlling interest in Arkoon Network Security SA, Lyon (France). On 14 June 2013 Cassidian Cybersecurity SAS made a mandatory simplified public offering on the remaining shares of Arkoon Network Security in line with General Regulations of the French Financial Market Authority (“AMF”). As a result of the tender offer that ended 4 July 2013 Cassidian’s interest in Arkoon increased to 97.3%. Subsequent squeeze-out procedure of remaining shareholders was finalized on 15 July 2013 leaving Cassidian as sole shareholder of Arkoon.

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

The transactions above are considered to have no material impact on EADS’ consolidated financial statements.

4. Segment information

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

- *Airbus Commercial* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats; aircraft conversion and related services. Additionally, the development, manufacturing, marketing and sale of regional turboprop aircraft and aircraft components are reclassified from “Other Businesses” and are managed by Airbus Commercial from 1 January 2013 onwards.
- *Airbus Military* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft and related services.

The reportable segments Airbus Commercial and Airbus Military form the Airbus Division.

- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters; provision of helicopter related services.
- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; provision of space related services.
- *Cassidian* — Development, manufacturing, marketing and sale of missiles systems, 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.

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. After the reclassification of ATR group and Sogerma group to “Airbus Commercial”, “Other Businesses” comprises the Group’s activities managed in the US. Combined together with consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments, they are disclosed in the column “Others/ HQ / Conso.”.

EADS N.V.
Unaudited Condensed IFRS Consolidated Financial Information for the nine-month period
ended 30 September 2013

in M €	Airbus Commer- cial	Airbus Military	Euro- copter	Astrium	Cassidian	Total segments	Others/ HQ/ Conso.	Consoli- dated	
Year ended 30 September 2013									
Total revenues	27,552	1,769	4,132	4,014	3,498	40,965	348	41,313	
Internal revenues	-629	-174	-374	-13	-138	-1,328	-19	-1,347	
Revenues	26,923	1,595	3,758	4,001	3,360	39,637	329	39,966	
Research and development expenses	-1,684	-14	-218	-76	-172	-2,164	-15	-2,179	
Profit before finance result and income taxes	1,501	7	216	202	149	2,075	40	2,115	
EBIT pre-goodwill imp. and exceptionals (see definition below)	1,521	8	217	205	153	2,104	42	2,146	
Finance result									-445
Income taxes									-473
Profit for the period									1,197
Year ended 30 September 2012									
Total revenues	25,155	1,194	4,116	3,934	3,484	37,883	494	38,377	
Internal revenues	-337	-215	-399	-9	-137	-1,097	-22	-1,119	
Revenues **)	24,818	979	3,717	3,925	3,347	36,786	472	37,258	
Research and development expenses **)	-1,664	-12	-204	-85	-165	-2,130	-15	-2,145	
Profit before finance result and income taxes *), **)	805	7	274	187	140	1,413	141	1,554	
EBIT pre-goodwill imp. and exceptionals (see definition below *), **)	823	8	275	190	145	1,441	142	1,583	
Finance result									-337
Income taxes *)									-337
Profit for the period									880

*) Previous year's figures are adjusted due to revised IAS 19.

**) Previous year's figures are adjusted due to the inclusion of ATR group and Sogerma group into Airbus Commercial and the remaining activities of 'Other Businesses' into 'Others/ HQ/ Conso.'.

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.

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 2013	1 January - 30 September 2012
Profit before finance result and income taxes *)	2.115	1.554
Goodwill and exceptionals:		
Exceptional depreciation/ disposal (fixed assets in cost of sales)	31	29
EBIT pre-goodwill impairment and exceptionals*)	2.146	1.583

*) Previous year’s figures are adjusted due to revised IAS 19.

6. Significant income statement items

Revenues of 39,966 M € (first nine months 2012: 37,258 M €) increase by +2,708 M €, mainly at Airbus Commercial (+2,397 M €). All segments contributed positively to the increase of revenues.

The **Gross margin** increases by +658 M € to 6,177 M € compared to 5,519 M € (adjusted) in the first nine months 2012. This improvement is mainly related to Airbus Commercial due to higher deliveries of the long range and single aisle programs and better pricing as well as lower expenses for A380 wing rib provisioning. Contractually, Airbus Commercial is not liable versus airlines for loss of use, revenue or profit or for any other direct, incidental or consequential damages related to wing ribs issue. However, in view of overall commercial relationships, contracts adjustments may occur, and be considered on a case by case basis. The improvement is partly compensated by negative currency one-offs at Airbus Commercial compared to 2012. The A350 XWB Entry Into Service is scheduled for the second half of 2014. Airbus continues to make significant progress on the A350 XWB program. Since the first flight in June, the entire flight envelope has been cleared and first tests of all major aircraft systems successfully performed. Airbus is now entering the most critical phase of the A350 program. The industrial ramp-up preparation is underway and risks related to the ramp-up and associated cost are being closely monitored in line with the schedule, aircraft performance and overall cost envelope.

Cassidian has entered into discussions with some of its customers for projects in the “Integrated System“ business regarding amicable settlements of existing contracts. Financial consequences will depend on the outcome of these negotiations and cannot be assessed yet.

Research and development expenses increase by -34 M € to -2,179 M € (first nine months 2012: -2,145 M €) mainly reflecting an increase for the A350XWB.

Share of profit from associates under the equity method and other income from investments of 252 M € (first nine months 2012: 188 M €) mainly consists of the share of the result of Dassault Aviation of 174 M € (first nine months 2012: 144 M €). The Dassault Aviation equity accounted-for income in the first nine months 2013 includes a positive catch-up on 2012 results.

Finance result amounts to -445 M € (first nine months 2012: -337 M €) comprising interest result of -257 M € (first nine months 2012: -237 M €). Other financial result amounts to -188 M € (first nine months 2012: -100 M €) and mainly includes the negative impact from foreign exchange valuation of monetary items (-53 M €, first nine months 2012: +98 M €) and the effects from the unwinding of discounted provisions (-101 M €, first nine months 2012: -118 M €).

The **income tax** expense of -473 M € (first nine months 2012 adjusted: -337 M €) corresponds to an effective income tax rate of 28% (first nine months 2012: 28%).

7. Significant items of the statement of financial position

Non-current assets

Intangible assets of 13,657 M € (prior year-end: 13,422 M €) include 10,997 M € (prior year-end: 11,003 M €) of goodwill. This mainly relates to Airbus Commercial (6,666 M €), Cassidian (2,725 M €), Astrium (1,235 M €) and Eurocopter (311 M €). The last annual impairment tests were performed in the fourth quarter of 2012. No triggering event for an impairment test has been identified during the first nine months 2013. Capitalization for development costs of the A350 XWB programme started in the second quarter 2012. In the first nine months of 2013, an amount of 196 M € has been capitalized resulting in a total amount of 560 M €.

Property, plant and equipment increase by +361 M € to 15,629 M € (prior year-end: 15,268 M €), including leased assets of 498 M € (prior year-end: 576 M €). The increase is mainly driven by the A350 programme. Property, plant and equipment also comprise "Investment property" amounting to 74 M € (prior year-end: 72 M €).

Investments in associates under the equity method of 2,824 M € (prior year-end: 2,662 M €) mainly include the equity investment in Dassault Aviation. The equity investment in Dassault Aviation includes an IFRS catch-up adjustment for income and other comprehensive income relating to prior period.

Other investments and other long-term financial assets of 2,102 M € (prior year-end: 2,115 M €) are related to Airbus for an amount of 1,289 M € (prior year-end: 1,288 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 increase by +428 M € to 3,229 M € (prior year-end: 2,801 M €) is mainly caused by the positive variation of the non-current portion of fair values of derivative financial instruments (+302 M €) and by higher prepaid expenses (+147 M €).

Deferred tax assets decrease by -35 M € to 4,488 M € (prior year-end adjusted: 4,523 M €).

The fair values of **derivative financial instruments** are included in other non-current assets (1,499 M €, prior year-end: 1,197 M €), in other current assets (528 M €, prior year-end: 321 M €), in other non-current liabilities (796 M €, prior year-end: 1,159 M €) and in other current liabilities (449 M €, prior year-end: 852 M €) which corresponds to a total net fair value of +782 M € (prior year-end: -493 M €). The volume of hedged US dollar-contracts decreases from 83.6 billion US

dollar as at 31 December 2012 to 80.1 billion US dollar as at 30 September 2013. The US dollar spot rate is 1.35 USD/ € at 30 September 2013 vs. 1.32 at 31 December 2012. The average US dollar hedge rate for the hedge portfolio of the Group improves from 1.35 USD/ € as at 31 December 2012 to 1.34 USD/ € as at 30 September 2013.

Non-current securities with a remaining maturity of more than one year decrease by -1,658 M € to 4,329 M € (prior end: 5,987 M €). The movement is related to the cash management policy of the Group.

Current assets

Inventories of 27,422 M € (prior year-end: 23,216 M €) increase by +4,206 M €. This is mainly driven by higher unfinished goods and services at Airbus (+2,372 M €), Cassidian (+431 M €) and Eurocopter (+362 M €), as well as higher aircraft on stock at Airbus (+369 M €) and Eurocopter (+104 M €).

Trade receivables decrease by -635 M € to 6,155 M € (prior year-end: 6,790 M €), mainly caused by Cassidian (-414 M €), Astrium (-238 M €) and Eurocopter (-192 M €), partly offset by Airbus (+206 M €).

Other current assets include "Current portion of other long-term financial assets", "Current other financial assets", "Current other assets" and "Current tax assets". The increase of +64 M € to 4,303 M € (prior year-end: 4,239 M €) comprises among others a positive variation of the current portion of fair values of derivative financial instruments (+207 M €) and an increase of VAT receivables (+135 M €), mostly offset by a decrease of receivables from related companies (-207 M €) and of prepaid expenses (-82 M €).

Current securities with a remaining maturity of one year or less correspond to 3,086 M € (prior year-end: 2,328 M €) and increase by +758 M €. (Please refer to "non-current securities").

Cash and cash equivalents decrease from 8,756 M € to 5,048 M € (see also note 8 "Significant cash flow items").

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 10,063 M € (prior year-end adjusted: 10,403 M €). The decrease is mainly due to a purchase of treasury shares of -1,913 M € following the implementation of the announced share buy-back programme, a cash distribution to shareholders of -467 M € (corresponding to 0.60 € per share), partly compensated by a net income of +1,195 M € and other comprehensive income of +668 M €,

Non-controlling interests increase to 39 M € (prior year-end: 25 M €), mainly due to the EFW transaction (please refer to note 3 "Acquisitions and other M&A transactions").

Non-current liabilities

Non-current provisions of 10,109 M € (prior year-end adjusted: 9,827 M €) include the non-current portion of pension provisions which increases by +286 M € to 6,444 M € (prior year-end adjusted: 6,158 M €).

Moreover, other provisions are included in non-current provisions, which decrease by -4 M € to 3,665 M € (prior year-end adjusted: 3,669 M €).

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions increase by +843 M € to 4,349 M € (prior year-end: 3,506 M €). This increase is mainly due to the issuance of an inaugural 1 billion US dollar bond with a 10-year maturity placed on the U.S. institutional market on 9 April 2013. The bonds will pay a fixed coupon of 2.7%. Further, EIB loans in the amount of 406 M US dollar were issued.

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, decrease in total by -183 M € to 18,011 M € (prior year-end: 18,194 M €), mainly due to a decrease of negative fair values of financial instruments (-363 M €). The decrease is partly compensated by higher government refundable advances of +147 M €, particularly in Airbus (+141 M€) and Eurocopter (+24 M€).

Current liabilities

Current provisions decrease by -1,017 M € to 5,028 M € (prior year-end: 6,045 M €) and comprise the current portions of pensions (300 M €) and of other provisions (4,728 M €).

Short-term financing liabilities increase by +1,597 M € to 2,870 M € (prior year-end: 1,273 M €), mainly due to transactions related to the commercial paper programme and to repo agreements.

Trade liabilities decrease by -943 M € to 8,974 M € (prior year-end: 9,917 M €), mainly at Airbus (-535 M €), at Astrium (-187 M €), at Eurocopter (-150 M €) and at Cassidian (-64 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They decrease by -620 M € to 30,335 M € (prior year-end: 30,955 M €), mainly due to a decrease of the current portion of negative fair values of financial instruments (-403 M €).

8. Significant cash flow items

Cash (used for) operating activities decreases by -1,088 M € to -2,884 M € (first nine months 2012: -1,796 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +2,583 M € decreases compared to the prior period's level (first nine months 2012: +2,782 M €). Changes in other operating assets and liabilities amount to -5,467 M € (first nine months 2012: -4,578 M €), mainly reflecting an increase in inventories due to delivery phasing and a ramp-up for new programmes at Airbus and Eurocopter as well as customer financing activities.

Cash (used for) provided by investing activities amounts to -1,213 M € (first nine months 2012: +1,009 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -2,082 M € (first nine months 2012: -1,894 M €) (mainly in Airbus) and changes in securities of +794 M € (first nine months 2012: +2,920 M €).

Cash provided by financing activities increases by +148 M € to +458 M € (first nine months 2012: +310 M €). This mainly comprises changes in treasury shares of -1,913 M € (first nine months 2012: -5 M €) and a cash distribution to shareholders of -467 M € (first nine months 2012: -369 M €), more than compensated by changes in long-term and short-term financing liabilities of +2,620 M € (please refer to Note 7 “Significant items of the statement of financial positions”) (first nine months 2012: +548 M €) and by changes in capital and non-controlling interests of +219 M €

(first nine months 2012: +138 M €), mainly due to the exercise of stock options and the issuance of shares for 2013 ESOP.

9. Financial instruments

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 discussed below. Considering the variability of their value-determining factors 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. In the case of financial instruments held by EADS, which are not measured at fair value, the carrying amounts of such instruments correspond more or less to fair values. The following items are the main exceptions to this general rule:

30 September 2013	Financial Instruments Total	
in M €	Book Value	Fair Value
Other investments and other long-term financial assets - thereof at cost	374	*)
Long-term and short-term financing liabilities	7,219	7,385

*) Fair value not reliably measurable

For the fair value measurement of financial instruments EADS generally applied the same methodologies as described in detail in note 34 b) to the 2012 Consolidated Financial Statements.

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 2013:

30 September 2013				
In M €	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Financial assets measured at fair value through profit or loss	2,666	120	36	2,822
Derivative financial instruments for hedge relations	-	1,888	8	1,896
Available for Sale financial assets	7,951	279	-	8,230
Total	10,617	2,287	44	12,948
Financial liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss and earn-out liabilities	-	-208	-51	-259
Derivative financial instruments for hedge relations	-	-1,050	-	-1,050
Written put options on non-controlling interests	-	-	-127	-127
Total	-	-1,258	-178	-1,436

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

Financial assets and liabilities on Level 3	Balance at 1 January 2013	Total gains or losses in		Equity transactions	Issues	Settlements	Reclassification	Balance at 30 September 2013
		profit or loss	other comprehensive income					
Financial assets								
Financial assets measured at fair value through profit or loss	41	-5	-	-	-	-	-	36
Financial instruments for hedge relations	8	-	-	-	-	-	-	8
Total	49	-5	-	-	-	-	-	44
Financial liabilities								
Financial instruments for hedge relations	-5	-	-	-	-	5	-	0
Earn- out liabilities	-52 ¹⁾	+1	-	-	-	-	-	-51
Written put options on non-contr. interest	-	-	+1	+2	-101	+3	-32 ²⁾	-127
Total	-57	+1	+1	+2	-101	+8	-32	-178

- 1) 52 M € of earn-outs for entities acquired in 2012 have been recorded within Other Provisions of 2012 Financial Statements and have been reclassified to Level 3 financial liabilities at fair value through profit or loss.
- 2) Reclassification of 32 M € for written put option on non-controlling interests from financial liabilities recognized at amortised cost.

The fair value of securities included in available-for-sale investments (mainly bonds and money market funds) is determined by reference to their quoted market price at the end of the reporting period (level 1). If a quoted market price is not available, fair value is determined on the basis of generally accepted valuation methods on the basis of market information available at the end of the reporting period (level 2).

EADS determines Level 2 fair values for derivative financial instruments for hedge relations using recognised valuation techniques such as option pricing models and discounted cash flow models. The valuation is based on market data such as currency rates, interest rates and credit spreads as well as price and rate volatilities obtained from recognised vendors of market data.

Financial instruments are classified as Level 3 if their valuation incorporates inputs that are not based on observable market data, and if the unobservable element has a significant impact on the fair value.

Financial Assets classified as Level 3

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. For fair value measurement purposes, the notional amounts, being the unobservable input, are set with reference to monthly commodity volumes that management expects to purchase based on planning forecasts. The fair values are otherwise determined using observable market data including quoted interest rates and pricing information obtained from recognised vendors of market data.

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 4 M €.

Financial Liabilities classified as Level 3

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 EADS subsidiaries. The fair values of these NCI puts (ie the net present value of their redemption amount on exercise) are derived from a discounted cash flow analysis of the latest operating planning figures of the respective entities. The fair value measurements are performed on an annual basis in line with the operative planning cycle. For interim financial statements an analysis of the input parameters is performed for determination of significant changes since the last measurement date that would call for an adjustment of the value of the put options.

Apart from the detailed five-year operating planning figures, there are two unobservable inputs that significantly affect the values of the NCI puts: the weighted average cost of capital ("WACC") used to discount the forecasted cash flows 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 11 M € (13 M €). An increase (decrease) in the growth rates by 50 basis point increases (decreases) the NCI put values by 10 M € (9 M €) respectively.

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 EADS 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.

10. Number of shares

The total number of shares outstanding is 779,479,422 and 821,870,560 as of 30 September 2013 and 2012, respectively. The decrease is mainly affected by the share buy-back programme comprising 50,748,348 shares in the first nine months 2013. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the first nine months 2013, the number of treasury stock held by EADS decreased from 5,226,305 as of 31 December 2012 to 2,803,113 as of 30 September 2013. Shares in the amount of 50,774,040 were bought back from the market, while 53,197,232 shares have been already cancelled in the first nine months 2013.

In the first nine months 2013, EADS issued 8,111,822 new shares due to the exercise of stock options and due to the 2013 Employee Share Ownership Plan ("ESOP") (in the first nine months 2012: 4,995,464 new shares).

Besides the annual ESOP, a free share plan was implemented during the third quarter due to the new shareholding structure and governance of the Group. Each eligible employee will be granted ten free shares in EADS resulting in a distribution of about 1,490,000 shares in November 2013. Such shares will be bought from the market and therefore have no impact on the issued share capital.

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 to 30 September 2013	1 January to 30 September 2012
Net income attributable to equity owners of the parent*)	1,195 M €	880 M €
Weighted average number of ordinary shares outstanding	796,762,889	818,525,740
Basic earnings per share*)	1.50 €	1.08 €

*) Previous year's figures are adjusted due to revised IAS 19.

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. Since the average price of EADS shares exceeded the exercise price of the 5th, 6th, 7th and 8th stock option plan in the first nine months of 2013 (in the first nine months 2012: the 5th, 6th and 8th stock option plan), 1,428,686 potential shares (in the first nine months 2012: 1,291,765 shares) were considered in the calculation of diluted earnings per share.

	1 January to 30 September 2013	1 January to 30 September 2012
Net income attributable to equity owners of the parent ^{*)}	1,195 M €	880 M €
Weighted average number of ordinary shares outstanding (diluted)	798,191,575	819,817,505
Diluted earnings per share ^{*)}	1.50 €	1.07 €

^{*)} Previous year's figures are adjusted due to revised IAS 19.

12. Related party transactions

On 5 December 2012, EADS had announced that their Board of Directors and core shareholders had agreed on a far-reaching change of the company's shareholding structure and governance. This agreement aimed at normalising and simplifying the governance of EADS while securing a shareholding structure that allows France, Germany and Spain to protect their legitimate strategic interests. On 27 March 2013, the shareholders approved in an Extraordinary General Meeting all resolutions that were required to authorize the Completion ("Consummation") of the Multiparty Agreement announced on 5 December 2012. On 2 April 2013, the Completion ("Consummation") of the Multiparty Agreement occurred, following the authorization by the shareholders. Previously existing shareholder agreements were terminated. From this date onwards EADS considers, that governmental shareholders are not meeting the definition of a related party under IAS 24.

Before 2 April 2013, transactions with related parties included the French government, Daimler AG, Lagardère group and the Spanish government (SEPI) and its related entities. The Group has entered into various transactions with related entities up to 2 April 2013 that have all been carried out in the normal course of business.

13. Number of employees

The number of employees as at 30 September 2013 is 144,156 as compared to 140,405 as at 31 December 2012.

14. Litigation and claims

EADS 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, EADS 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 EADS N.V.'s or the Group's financial position or profitability.

WTO

Although EADS is not a party, EADS 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. The EU has cited the failure by the US to implement the findings prior to the due date of 23 September 2012 in commencing a new proceeding on the adequacy of US compliance.

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

Securities Litigation

Following the dismissal of charges brought by the French Autorité des marchés financiers for alleged breaches of market regulations and insider trading rules with respect primarily to the A380 delays announced in 2006, proceedings initiated in other jurisdictions have also been terminated. Nevertheless, following criminal complaints filed by several shareholders in 2006 (including civil claims for damages), a French investigating judge is still carrying out an investigation based on the same facts. It is expected that the investigating judge will decide later in 2013 on whether to close the file (*ordonnance de non-lieu*) or to bring the case to trial (*renvoi devant le tribunal correctionnel*).

CNIM

On 30 July 2010, Constructions Industrielles de la Méditerranée ("CNIM") brought an action against EADS and certain of its subsidiaries before the commercial court of Paris, alleging anti-competitive practices, breach of long-term contractual relationships and improper termination of pre-contractual discussions. CNIM is seeking approximately €115 million in damages on a joint

and several basis. On 12 January 2012, the court rejected all of CNIM's claims, following which CNIM filed for appeal.

GPT

Prompted by a whistleblower's allegations, EADS has conducted internal audits and commissioned an external investigation relating to GPT Special Project Management Ltd. ("GPT"), a subsidiary that EADS acquired in 2007. The allegations called into question a service contract entered into by GPT prior to its acquisition by EADS, relating to activities conducted by GPT in Saudi Arabia. Following the allegations, EADS conducted comprehensive internal audits in 2010 that did not detect any violations of law. The UK Serious Fraud Office (the "SFO") subsequently commenced a review of the matter. In 2011, EADS retained PricewaterhouseCoopers ("PwC") to conduct an independent review, the scope of which was agreed with the SFO. 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. Further, the review did not find evidence to suggest that GPT or through GPT, any other EADS Group company, asked specific third parties to make improper payments on their behalves. The PwC review was conducted between November 2011 and March 2012, and a copy of its report was provided by EADS to the SFO in March 2012. Separately, in August 2012, the SFO announced that it had opened a formal criminal investigation into the matter. EADS 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 and Eurofighter Jagdflugzeug GmbH as well as by third parties relating to the sale of Eurofighter aircraft to Austria in 2003. EADS is cooperating fully with this investigation and has also engaged external legal counsel to conduct an independent review of the matter which is currently still ongoing.

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 potential outcome of any future procedures to be initiated by the parties 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.