Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the nine-month period ended September 30, 2010

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - September 30, 2010		January 1 - September 30, 2009		Deviation
	M €	%	M €	%	M €
Revenues	31,554	100	29,723	100	1,831
Cost of sales	-27,256	-86	-25,361	-85	-1,895
Gross margin	**4,298**	**14**	**4,362**	**15**	**-64**
Selling, administrative & other expenses	-1,739	-6	-1,733	-5	-6
Research and development expenses	-2,038	-6	-1,834	-6	-204
Other income	113	0	137	0	-24
Share of profit from associates under the equity method and other income from investments	117	0	118	0	-1
Profit before finance result and income taxes	**751**	**2**	**1,050**	**4**	**-299**
Interest income	259	1	299	1	-40
Interest expense	-435	-1	-388	-1	-47
Other financial result	-276	-1	-526	-2	250
Finance result	**-452**	**-1**	**-615**	**-2**	**163**
Income taxes	-96	0	-140	-1	44
Profit for the period	**203**	**1**	**295**	**1**	**-92**
Attributable to:					
Equity owners of the parent **(Net income)**	**198**	**1**	**291**	**1**	**-93**
Non-controlling interests	5	0	4	0	1
Earnings per share	€		€		€
Basic and diluted	0.24		0.36		-0.12

Unaudited Condensed IFRS Consolidated Income Statements for the third quarter of 2010 and 2009

	July 1 - September 30, 2010		July 1 - September 30, 2009		Deviation
	M €	%	M €	%	M €
Revenues	11,246	100	9,528	100	1,718
Cost of sales	-9,630	-86	-8,167	-86	-1,463
Gross margin	**1,616**	**14**	**1,361**	**14**	**255**
Selling, administrative & other expenses	-593	-5	-609	-6	16
Research and development expenses	-737	-6	-662	-7	-75
Other income	24	0	48	0	-24
Share of profit from associates under the equity method and other income from investments	57	0	51	1	6
Profit before finance result and income taxes	**367**	**3**	**189**	**2**	**178**
Interest income	93	1	96	1	-3
Interest expense	-155	-2	-145	-1	-10
Other financial result	-281	-2	-259	-3	-22
Finance result	**-343**	**-3**	**-308**	**-3**	**-35**
Income taxes	-8	0	34	0	-42
Profit / loss for the period	**16**	**0**	**-85**	**-1**	**101**
Attributable to:					
Equity owners of the parent **(Net income / loss)**	**13**	**0**	**-87**	**-1**	**100**
Non-controlling interests	3	0	2	0	1
Earnings per share	€		€		€
Basic and diluted	0.02		-0.11		0.13

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - September 30, 2010	January 1 - September 30, 2009
Profit for the period	**203**	**295**
Foreign currency translation differences for foreign operations	132	-238
Net change in fair value of cash flow hedges	-2,370	2,323
Net change in fair value of available-for-sale financial assets	-151	144
Actuarial losses on defined benefit plans	-550	-208
Tax on income and expense recognized directly in equity	877	-712
Other comprehensive income, net of tax	**-2,062**	**1,309**
Total comprehensive income of the period	**-1,859**	**1,604**
Attributable to:		
Equity owners of the parent	-1,865	1,599
Non-controlling interests	6	5
Total comprehensive income of the period	**-1,859**	**1,604**

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income for the third quarter 2010 and 2009

in M €	July 1 - September 30, 2010	July 1 - September 30, 2009
Profit (loss) for the period	**16**	**-85**
Foreign currency translation differences for foreign operations	-46	58
Net change in fair value of cash flow hedges	5,082	949
Net change in fair value of available-for-sale financial assets	36	65
Actuarial losses on defined benefit plans	0	-9
Tax on income and expense recognized directly in equity	-1,584	-283
Other comprehensive income, net of tax	**3,488**	**780**
Total comprehensive income of the period	**3,504**	**695**
Attributable to:		
Equity owners of the parent	3,497	692
Non-controlling interests	7	3
Total comprehensive income of the period	**3,504**	**695**

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	September 30, 2010		December 31, 2009		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,109	13	11,060	14	49	0
Property, plant and equipment	12,968	16	12,586	16	382	3
Investments in associates under the equity method	2,406	3	2,514	3	-108	-4
Other investments and long-term financial assets	2,442	3	2,210	3	232	10
Other non-current assets	2,368	3	2,783	3	-415	-15
Deferred tax assets	3,787	5	2,656	3	1,131	43
Non-current securities	4,896	6	3,983	5	913	23
	39,976	49	37,792	47	2,184	6
Current assets						
Inventories	23,128	28	21,577	27	1,551	7
Trade receivables	6,081	7	5,587	7	494	9
Other current assets	3,518	4	4,238	5	-720	-17
Current securities	4,988	6	4,072	5	916	22
Cash and cash equivalents	4,791	6	7,038	9	-2,247	-32
	42,506	51	42,512	53	-6	0
Total assets	**82,482**	**100**	**80,304**	**100**	**2,178**	**3**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	816	1	816	1	0	0
Reserves	6,960	9	7,182	9	-222	-3
Accumulated other comprehensive income	991	1	2,646	3	-1,655	-63
Treasury shares	-123	0	-109	0	-14	13
	8,644	11	10,535	13	-1,891	-18
Non-controlling interests	94	0	106	0	-12	-11
	8,738	11	10,641	13	-1,903	-18
Non-current liabilities						
Non-current provisions	8,646	10	8,137	10	509	6
Long-term financing liabilities	2,924	4	2,867	4	57	2
Deferred tax liabilities	996	1	751	1	245	33
Other non-current liabilities	17,971	22	15,532	19	2,439	16
	30,537	37	27,287	34	3,250	12
Current liabilities						
Current provisions	5,885	7	5,883	8	2	0
Short-term financing liabilities	1,425	2	2,429	3	-1,004	-41
Trade liabilities	8,141	10	8,217	10	-76	-1
Current tax liabilities	205	0	220	0	-15	-7
Other current liabilities	27,551	33	25,627	32	1,924	8
	43,207	52	42,376	53	831	2
Total liabilities	73,744	89	69,663	87	4,081	6
Total equity and liabilities	**82,482**	**100**	**80,304**	**100**	**2,178**	**3**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	January 1 - September 30, 2010	January 1 - September 30, 2009
	M €	M €
Profit for the period attributable to equity owners of the parent (Net income)	**198**	**291**
Profit for the period attributable to non-controlling interests	5	4
Adjustments to reconcile profit for the period to cash provided by (used for) operating activities		
Depreciation and amortization	1,149	1,233
Valuation adjustments	31	108
Deferred tax (income) expense	-51	60
Change in income tax assets, income tax liabilities and provisions for income tax	72	200
Results on disposal of non-current assets	-18	-30
Results of companies accounted for by the equity method	-83	-95
Change in current and non-current provisions	250	49
Change in other operating assets and liabilities	531	-1,838
Cash provided by (used for) operating activities	**2,084**	**-18**
Investments:		
- Purchase of intangible assets, PPE	-1,307	-1,274
- Proceeds from disposals of intangible assets, PPE	18	23
- Proceeds from disposals of subsidiaries (net of cash)	0	16
- Payments for investments in associates and other investments and long-term financial assets	-114	-81
- Proceeds from disposals of associates and other investments and long-term financial assets	69	21
- Dividends paid by companies valued at equity	41	27
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	0	104
Change in securities	-1,831	-846
Contribution to plan assets for pensions	-323	0
Cash (used for) investing activities	**-3,447**	**-2,010**
Change in long-term and short-term financing liabilities	-881	814
Cash distribution to EADS N.V. shareholders	0	-162
Dividends paid to non-controlling interests	-6	0
Capital increase and changes in non-controlling interests	-25	2
Change in treasury shares	-14	-15
Cash (used for) provided by financing activities	**-926**	**639**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	42	-58
Net (decrease) in cash and cash equivalents	**-2,247**	**-1,447**
Cash and cash equivalents at beginning of period	**7,038**	**6,745**
Cash and cash equivalents at end of period	**4,791**	**5,298**

As of September 30, 2010, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 706 M € (751 M € as of December 31, 2009), 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 January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive income	1,599	5	1,604
Cash distribution to shareholders	-162	0	-162
Capital Increase	0	2	2
Change in treasury shares	-15	0	-15
Others	12	-1	11
Balance at September 30, 2009	**12,456**	**110**	**12,566**
Balance at January 1, 2010	**10,535**	**106**	**10,641**
Total comprehensive income	-1,865	6	-1,859
Dividends	0	-6	-6
Capital decrease	-20	-6	-26
Change in treasury shares	-14	0	-14
Others	8	-6	2
Balance at September 30, 2010	**8,644**	**94**	**8,738**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at September 30, 2010

1. The Company

The accompanying Unaudited Condensed 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 September 30, 2010 were authorized for issue by EADS' Board of Directors on November 10, 2010.

2. Accounting policies

These Unaudited Condensed 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"), issued by the International Accounting Standards Board ("IASB") and as endorsed by the EU 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 International Financial Reporting 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 December 31, 2009. Except for the revised or amended Standards to be applied for the first time in the first nine months 2010 (mentioned below in the next section), EADS' accounting policies and techniques are unchanged compared to December 31, 2009.

As a refinement of its hedging policy, EADS records the fair value gains or losses of certain foreign exchange rate derivatives in EBIT to better reflect the natural offset these derivatives provide to the remeasurement gains or losses of specific foreign exchange rate items ('natural hedge').

Financial reporting rules applied for the first time in the first nine months 2010

The following revised or amended Standards were applied for the first time in the first nine months 2010 and are effective for EADS as of January 1, 2010. If not otherwise stated, the following revised or amended standards do not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The amendment to IFRS 2 "Share-based Payment - Group Cash-settled Share-based Payment Transactions" amends the definitions in IFRS 2 for transactions and arrangements, as well as the scope of the Standard. In addition, guidance is given for accounting for share-based payment transactions amongst group entities.

IFRS 3R "Business Combinations" and IAS 27 (amend.) "Consolidated and Separate Financial Statements" is mandatory for EADS since January 1, 2010. IFRS 3R introduces a number of changes in the accounting for business combinations that are likely to be relevant to EADS' operations: The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations. Contingent consideration will be measured at fair value, with subsequent changes therein recognized in profit or loss. Transaction costs, other than share and debt issue costs, will be expensed as incurred. Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognized in profit or loss. Any non-controlling interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. Further, IAS 27 (amend.) requires that a change in the ownership interest of a subsidiary without gaining or losing control is accounted for as an equity transaction. Therefore such transactions regarding changes in non-controlling interest will no longer give rise to goodwill, nor will it give rise to a gain/loss.

The objective of the Amendment "Eligible Hedged Items – Amendment to IAS 39 "Financial Instruments: Recognition and Measurement"" is to propose rules-based amendments to IAS 39 to simplify the hedge accounting requirements by clarifying the risks that may be designated as hedged risks and the portion of cash flows of a financial instrument that may be designated as a hedged item.

In April 2009, the IASB issued its second omnibus of amendments to its standards containing 15 amendments to 10 IFRS Standards and 2 Interpretations. The amendments refer to a broad set of IFRS Standards and Interpretations including IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16. Furthermore, the amendments made to IFRS 5 due to the Annual Improvement Project 2008 were also applied by EADS for the first time in the first nine months 2010.

The following endorsed Interpretations were also required to be applied for the first time in the first nine months 2010. These Interpretations have no material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

IFRIC 12 “Service Concession Arrangements”

IFRIC 17 “Distribution of Non-Cash Assets to Owners”

IFRIC 18 “Transfers of Assets from Customers”

New financial reporting rules issued during the first nine months 2010

The following minor amendments were published during the first nine months 2010, which are not expected to have an impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

In May 2010, the IASB issued its third omnibus of amendments to its standards affecting 6 IFRS Standards and 1 Interpretation, including IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13.

3. Accounting for the A400M program

EADS resumed the common percentage of completion method for the A400M program from January 2010 onwards, i.e. A400M related contract revenues and contract costs are recognized as revenues and expenses respectively by reference to the stage of completion of the A400M contract activity at the reporting date.

The technical progress of the A400M program - amongst other including the first flight of the third prototype aircraft on July 12, 2010 and further successful test flights accumulating to 181 flights / 617 flight-hours to the end of September - resulted in the recognition of A400M related revenues of 515 M€ until September 30, 2010. Overall the A400M flight test program is progressing better than expected.

As of September 30, 2010 the A400M provision amounts to 2,489 M€ (prior year end: 2,464 M €).

EADS/Airbus/AMSL and the Launch Nations continued their negotiations since March 5, 2010 in view of transforming the “A400M Understanding” into a contract amendment and a related export levy facility scheme. The direction of these negotiations confirmed in principle the assumptions of EADS' management used for the year end reporting 2009. As previously released, a reassessment of these assumptions could have a significant impact on future results.

For further information on the A400M program and relating accounting impacts including potential impacts in case of a reassessment of the determining elements of the A400M provision see note 3

"Accounting for the A400M programme" in the notes to the Consolidated Financial Statements for the year ending December 31, 2009 and note 15 "Subsequent events" of this document.

4. Changes in the consolidation perimeter of EADS

In 2008, EADS concluded negotiations with GKN to divest its Airbus site in Filton (UK). The closing of the sale occurred on January 5, 2009.

On January 7, 2009, DAHER acquired a 70% majority share of EADS SOCATA. The remaining 30% of EADS SOCATA are accounted for using the equity method and presented in "Other Businesses".

Apart from these transactions, other acquisitions or disposals by the Group that occurred in the first nine months of 2010 or 2009, respectively, are not material.

5. 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.
- *Airbus Military* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft. Airbus Military integrates the former Military Transport Aircraft Division (MTAD) and Airbus A400M operations.

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 services.

The Defence & Security Division was renamed to Cassidian in the third quarter 2010:

- *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. "Other Businesses" mainly comprises the development, manufacturing, marketing and sale of regional turboprop aircraft, aircraft components as well as the Group's activities managed in the US. Consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments are disclosed in the column "HQ / Conso.".

in M €	Airbus Commer-cial	Airbus Military	Euro-copter	Astrium	Cassidian	Other Busines-ses	Total segments	HQ/ Conso.	**Consoli-dated**
Nine-month period ended September 30, 2010									
Revenues	20,446	1,540	3,085	3,226	3,470	805	32,572	-1,018	**31,554**
Research and development expenses	-1,607	-6	-135	-50	-181	-6	-1,985	-53	**-2,038**
Profit (loss) before finance result and income taxes	308	-36	120	155	199	-6	740	11	**751**
EBIT pre-goodwill imp. and exceptionals (see definition below)	328	-35	121	158	204	-6	770	14	**784**
Nine-month period ended September 30, 2009									
Revenues	18,949	1,637	3,039	3,228	3,296	723	30,872	-1,149	**29,723**
Research and development expenses	-1,463	-10	-107	-52	-138	-3	-1,773	-61	**-1,834**
Profit (loss) before finance result and income taxes	725	-217	164	152	210	3	1,037	13	**1,050**
EBIT pre-goodwill imp. and exceptionals (see definition below)	743	-216	165	155	220	3	1,070	19	**1,089**

The presentation for Airbus Commercial, Airbus Military and HQ/Conso. for the first nine months 2009 is adjusted according to the presentation for the first nine months 2010.

6. 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 €	January 1- September 30, 2010	January 1- September 30, 2009
Profit before finance result and income taxes	**751**	**1,050**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	33	38
Exceptional disposal (fixed assets in other income)	0	1
EBIT pre-goodwill impairment and exceptionals	**784**	**1,089**

7. Significant income statement items

Revenues of 31,554 M € (first nine months 2009: 29,723 M €) increase by +1,831 M €, mainly at Airbus Commercial and Cassidian. Airbus Military includes revenues related to the A 400M program of 515 M € recognized under the percentage of completion method (first nine months of 2009: 399 M € recognized under the early stage method of accounting). Moreover, Other Businesses and Eurocopter contributed positively. Positive volume and mix effects in Airbus Commercial are partly offset by an unfavorable US dollar impact.

The **Gross Margin** decreases by -64 M € to 4,298 M € compared to 4,362 M € in the first nine months of 2009. This reduction is mainly related to unfavorable foreign exchange rate effects partly compensated by positive volume and mix effects at Airbus Commercial.

Research and development expenses increase by -204 M € to -2,038 M € (first nine months 2009: -1,834 M €) principally reflecting an increase for the Airbus A350XWB and some Cassidian and Eurocopter programs partly compensated by a decrease in the Airbus A330-220F program.

Other income of 113 M € (first nine months 2009: 137 M €) includes the gain on the disposal of DASELL Cabin Interior GmbH, Hamburg with +16 M € (while the first nine months 2009 include the gain on the disposal of Filton site in the amount of +33 M €).

Share of profit from associates under the equity method and other income from investments of 117 M € (first nine months 2009: 118 M €) mainly consists of the result of Dassault Aviation of 100 M € (first nine months 2009: 107 M €). The Dassault Aviation equity accounted-for income in the first nine months 2010 includes a positive catch-up on 2009 results amounting to 3 M € (first nine months 2009: 4 M € positive catch-up on 2008 results).

Finance result amounts to -452 M € (first nine months 2009: -615 M €) mainly including interest result of -176 M € (first nine months 2009: -89 M €) reflecting decreasing interest rates on cash balances. Other financial result amounts to -276 M € (first nine months 2009: -526 M €) and mainly includes charges from the negative revaluation of financial instruments (-180 M €, first nine months 2009: -249 M €) and the unwinding of discounted provisions (-174 M €, first nine months 2009: -197 M €), partly compensated by the positive impact from foreign exchange translation of monetary items (72 M €, first nine months 2009: -16 €).

The **income tax** expense of -96 M € (first nine months 2009: -140 M €) corresponds to an effective income tax rate of 32% (first nine months 2009: 32%).

8. Significant items of the statement of financial position

Non-current assets

Intangible assets of 11,109 M € (prior year-end: 11,060 M €) include 9,768 M € (prior year-end: 9,741 M €) of goodwill. This mainly relates to Airbus Commercial (6,425 M €), Cassidian (2,519 M €), Astrium (607 M €) and Eurocopter (117 M €). The last annual impairment tests, which were performed in the fourth quarter of 2009, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +154 M €, **property, plant and equipment** increase by +228 M € to 12,968 M € (prior year-end: 12,586 M €), including leased assets of 712 M € (prior year-end: 703 M €). Property, plant and equipment also comprise “Investment property” amounting to 76 M € (prior year-end: 78 M €).

Investments in associates under the equity method of 2,406 M € (prior year-end: 2,514 M €) mainly reflect the decrease in the equity investment in Dassault Aviation, amounting to 2,283 M € (prior year-end: 2,380 M €).

Other investments and other long-term financial assets of 2,442 M € (prior year-end: 2,210 M €) are related to Airbus for an amount of 1,864 M € (prior year-end: 1,691 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of +74 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -415 M € to 2,368 M € (prior year-end: 2,783 M €) is mainly caused by the negative variation of the non-current portion of fair values of derivative financial instruments (-408 M €).

Deferred tax assets of 3,787 M € (prior year-end: 2,656 M €) are presented as non-current assets as required by IAS 1. The increase is mainly due to the negative variation of fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets (899 M €, prior year-end: 1,307 M €), in other current assets (406 M €, prior year-end: 937 M €), in other non-current liabilities (1,931 M €, prior year-end: 732 M €) and in other current liabilities (640 M €, prior year-end: 220 M €) which corresponds to a total net fair value of -1,266 M € (prior year-end: 1,292 M €). The volume of hedged US dollar-contracts increases from 60.8 billion US dollar as at December 31, 2009 to a net of 71.8 billion US dollar as at September 30, 2010. The US dollar vanilla options of 2 billion US dollar as of December 31, 2009 were sold. Collars in the amount of 2.3 billion US dollar were purchased. The US dollar spot rate became more favorable (USD / € spot rate of 1.36 at September 30, 2010 vs. 1.44 at December 31, 2009). The average US dollar hedge rate for the hedge portfolio of the Group improves slightly from 1.39 USD / € as at December 31, 2009 to 1.38 USD / € as at September 30, 2010, respectively.

Current assets

Inventories of 23,128 M € (prior year-end: 21,577 M €) increase by +1,551 M €. This is mainly driven by an increase in unfinished goods and services in Cassidian (+687 M €) and in Eurocopter (+413 M €) coming from commercial programs as well as governmental programs (NH 90 and Tiger).

Trade receivables increase by +494 M € to 6,081 M € (prior year-end: 5,587 M €), mainly caused by Astrium (+247 M €) and Airbus (+219 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 decrease of -720 M € to 3,518 M € (prior year-end: 4,238 M €) comprises among others a decrease of -531 M € in positive fair values of derivative financial instruments and reduced receivables from related companies (-210 M €, mainly Eurofighter Jagdflugzeug GmbH). This is partly compensated by increasing current other assets (+93 M €), comprising among others claims to tax rebates and current prepaid expenses.

Cash and cash equivalents decrease from 7,038 M € to 4,791 M € (see also note 9 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 8,644 M € (prior year-end: 10,535 M €). The decrease in equity is mainly due to a comprehensive income for the period of -1,865 M €, primarily resulting from a negative net change in fair value of cash flow hedges and from actuarial losses on defined benefit pension plans (please refer to “non-current provisions”), partly offset by corresponding changes of deferred taxes.

Non-controlling interests slightly decrease to 94 M € (prior year-end: 106 M €).

Non-current liabilities

Non-current provisions of 8,646 M € (prior year-end: 8,137 M €) comprise the non-current portion of pension provisions with an increase of +409 M € to 5,489 M € (prior year-end: 5,080 M €). Compared with year-end 2009, the assumed discount rate applied to the calculation of pension provisions decreases from 5.3 % (Germany) and 5.25 % (France) to 4.4 % and from 5.7 % to 5.5 % (UK), leading to an increase of about 540 M € with a corresponding effect in actuarial losses in equity and deferred tax assets.

Moreover, other provisions are included in non-current provisions, which increase by +100 M € to 3,157 M €. The increase mainly reflects provisions for aircraft financing activities (+65 M €) due to foreign exchange rate effects and provisions for loss making contracts (+54 M €), partly offset by a decrease of provisions for restructuring measures (-39 M €).

Long-term financing liabilities, which mainly comprise bonds, increase by +57 M € to 2,924 M € (prior year-end: 2,867 M €).

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increase in total by +2,439 M € to 17,971 M € (prior year-end: 15,532 M €). The increase mainly comes from the non-current portion of liabilities for derivative financial instruments (+1,199 M €), amounting to 1,931 M € (prior year-end: 732 M €) and the non-current portion of government receipts for development programs.

Current liabilities

Current provisions increase by +2 M € to 5,885 M € (prior year-end: 5,883 M €) and comprise the current portions of pensions (226 M €) and other provisions (5,659 M €). An increase of provisions for service and maintenance agreements (+78 M €) is partly reduced by a decrease of provisions for outstanding costs (-69 M €).

Short-term financing liabilities of 1,425 M € (prior year-end: 2,429 M €) decrease by -1,004 M €, mainly due to the repayment of the first tranche of the EMTN bond with an amount of 1 billion € in March 2010.

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +1,924 M € to 27,551 M € (prior year-end: 25,627 M €). Other current liabilities mainly comprise current customer advance payments of 23,016 M € (prior year-end: 21,271 M €), increasing by +1,745 M €.

9. Significant cash flow items

Cash provided by / used for operating activities increases by +2,102 M € to +2,084 M € (first nine months 2009: -18 M €). Gross cash flow from operations (before changes in other operating assets and liabilities) of +1,553 M € falls below the prior period’s level (first nine months 2009: +1,820 M €). The decrease is affected by foreign exchange rate effects. Changes in other operating assets and liabilities amount to +531 M € (first nine months 2009: -1,838 M €), mainly reflecting increases in advance payments received as well as government receipts for development programs, partly compensated by an increase in inventories (mainly in Cassidian and Eurocopter).

Cash used for investing activities amounts to -3,447 M € (first nine months 2009: -2,010 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -1,307 M € (first nine months 2009: -1,274 M €), namely in Airbus division, a change in securities of -1,831 M € (first nine months 2009: -846 M €) and contributions to plan assets for pensions of -323 M € (first nine months 2009: 0 M €).

Cash used for / provided by financing activities decreases by -1,565 M € to -926 M € (first nine months 2009: +639 M €). The outflow in 2010 primarily comprises the repayment of the first tranche of the EMTN bond (1 billion €) included in financing liabilities.

10. Number of shares

The total number of shares outstanding is 810,461,129 and 808,803,672 as of September 30, 2010 and 2009, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first nine months 2010, the number of treasury shares held by EADS increased from 5,196,450 as of December 31, 2009 to 5,865,132 as of September 30, 2009.

In the first nine months of 2010, EADS issued 221,200 new shares (in the first nine months 2009: no issuance of shares).

11. 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 September 30, 2010	January 1 to September 30, 2009
Net income attributable to equity owners of the parent	198 M €	291 M €
Weighted average number of ordinary shares outstanding	810,745,035	810,057,593
Basic earnings per share	0.24 €	0.36 €

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. After the end of the vesting period for the performance and restricted shares, the Group's only remaining category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares exceeded the exercise price of the 5th stock option plan initiated by the Group during the first nine months of 2010 (in the first nine months of 2009: no option plan), 125,934 shares (in the first nine months of 2009: no shares), related to stock options were considered in the calculation of diluted earnings per share. In the first nine months of 2009, 1,218,814 shares related to performance and restricted shares were considered in the calculation, since the average price of EADS shares during the first nine months of 2009 exceeded the price of performance and restricted shares.

	January 1 to September 30, 2010	January 1 to September 30, 2009
Net income attributable to equity owners of the parent	198 M €	291 M €
Weighted average number of ordinary shares outstanding (diluted)	810,870,969	811,276,407
Diluted earnings per share	0.24 €	0.36 €

12. Related party transactions

The Group has entered into various transactions with related companies in the first nine months of 2010 and 2009 that have all been carried out in the normal course of business. As it 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 on aggregate. The transactions with the French State include mainly sales from the Eurocopter, Cassidian and Astrium divisions as well as Airbus Military. The transactions with SEPI include mainly sales from Airbus Military and Cassidian.

13. Number of employees

The number of employees as at September 30, 2010 is 120,580 as compared to 119,506 as at December 31, 2009.

14. Litigation and claims

The following supplements and amends the discussion set forth under note 33 “Litigation and claims” in the notes to the Consolidated Financial Statements for the year ending December 31, 2009.

Paragraphs 2 and 3 are replaced by the following: In 2005, the liquidator of FlightLease Holdings Group (a SwissAir subsidiary and 50% shareholder of the special purpose vehicle GFAC, a joint venture between Swissair and GATX), prompted a lawsuit by GFAC against Airbus in a court in New York to recover USD 227 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus’ termination of a purchase agreement with GFAC in October 2001 for 38 single-aisle and long-range aircraft, in the context of Swissair’s bankruptcy. In 2006, the FlightLease liquidator brought a separate action before the commercial court of Paris to recover an additional USD 319 million in pre-delivery payments, together with interest and costs, on a separate purchase agreement between Airbus and a wholly owned subsidiary of FlightLease (which was also terminated by Airbus in the context of SwissAir’s bankruptcy). On 6 February 2009, the trial judge in the New York action decided in favor of GFAC. Airbus appealed the decision to the appellate division. In May 2010, while the decision on Airbus’ appeal in the New York lawsuit was still pending and before trial had commenced in the Paris lawsuit, the parties agreed on a confidential settlement to terminate all proceedings.

Paragraph 4 is amended by the following: Although EADS is not a party, EADS is supporting the European Commission in litigation before the WTO. On 30 June 2010 the final report was published in the case brought by the US which did not become binding because it was appealed. A preliminary report in the case brought by the EU concerning subsidies to Boeing was provided to the parties on 15 September 2010. It is expected to be made public in early 2011 and is also subject to appeal.

Paragraph 7 is replaced by the following: On 12 June 2008, two actions were initiated in the United States District Court for the Southern District of New York, one of which was voluntarily withdrawn shortly thereafter. The remaining action purported to be a class action brought on behalf of all persons and entities residing in the United States who purchased or otherwise acquired EADS’ common stock during the period from 27 July 2005 through 9 March 2007. Named as defendants, were EADS and four current or former executives of EADS and Airbus. The action sought damages in an unspecified amount, with interest and attorneys’ fees, for alleged violations of the US securities laws in connection with financial disclosures issued by EADS in 2005, 2006 and 2007 and public statements made during that same time frame relating to A380 programme delays. On 26 March 2010, the Court granted defendants’ motion to dismiss for lack of subject matter jurisdiction. On 23 April 2010, plaintiff filed a notice of appeal of the Court’s decision, which was withdrawn on 23 August 2010.

Paragraph 10 is replaced by the following: On 10 November 2009, Airbus Military SL (AMSL) notified Europrop International GmbH (EPI), the engine manufacturer under the A400M aircraft programme, that it had a number of contractual claims against it for breach of Milestones 7, 8 and 9 under the engine agreement, in an amount currently totalling approximately 500 M €. On 8 February 2010, EPI notified AMSL of its own claims under the engine agreement in an amount totalling approximately 425 M €, and on 23 February 2010, EPI sent notice of its intent to seek arbitration, and of its sending of a request for arbitration to the International Chamber of Commerce (ICC) on the same day. On 4 May 2010, AMSL and EPI entered into a Standstill Agreement to allow without prejudice business discussions and renegotiations, which are ongoing.

The following additional paragraph is added: On 30 July 2010, Constructions Industrielles de la Méditerrannée ("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 M € in damages on a joint and several basis. EADS believes that the plaintiff's action lacks merit and will mount a vigorous defense. The proceedings are currently at an early stage.

15. Subsequent events

On November 3, 2010, the Enterprise Chamber (Ondernemingskamer) of the Court of Appeal in Amsterdam rejected two separate requests by institutional shareholders to open an inquiry into the management and affairs of EADS, primarily with respect to the A380 programme delays announced in 2006 and the related disclosures to the market.

On November 5, 2010, EADS and Airbus concluded the negotiations with OCCAR and the seven A400M launch customer nations with an agreement further detailing the principle agreement reached in March 2010. The revised OCCAR agreement is subject to ratification by each customer nation before final adoption. While the overall economics of the March agreement (the “A400M Understanding”) remain unchanged, the government payments are now more back-loaded than previously expected. Negotiations on the export levy facility (ELF) scheme are expected to be finalized before the end of the year.