First half-year 2012 Financial Report

2012 Semi-Annual Report of the Board of Directors

1. Semi-Annual Report on Activities

Main Events in the first half-year of 2012

For an overview of the main events that occurred during the first half of 2012 and their impact on the Unaudited Condensed IFRS Consolidated Financial Information of EADS for the six-month period ended 30 June 2012 (the "**Semi-Annual Financial Statements**"), please refer to the press release issued on 27 July 2012, available on EADS' website www.eads.com.

For further information and detail regarding EADS' activities, finances, financing, risk factors and corporate governance, please refer to EADS' website www.eads.com and the documents posted thereon.

Related Party Transactions

Please refer to the notes to the Semi-Annual Financial Statements attached hereto.

2. Risk Factors

EADS is subject to many risks and uncertainties that may affect its financial performance. For a description of the main risks and uncertainties facing EADS for the remainder of 2012 and thereafter, please refer to Section 4.6 of the "**Report of the Board of Directors**" on activities during the 2011 financial year (the "**2011 Annual Board Report")**, available on EADS' website www.eads.com. In addition to this, EADS is considering consequences what could happen in case member states would depart from the Eurozone.

3. Semi-Annual Financial Statements

The Semi-Annual Financial Statements, including the review report by Ernst & Young Accountants LLP and KPMG Accountants N.V., are attached hereto.

4. Statement of the Board of Directors

The Board of Directors of EADS hereby declares that, to the best of its knowledge:

(i) the Semi-Annual Financial Statements for the period ended 30 June 2012 give a true and fair view of the assets, liabilities, financial position and profits or losses of EADS and undertakings included in the consolidation taken as a whole; and

(ii) this Semi-Annual Board Report (which includes the press release issued on 27 July 2012) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2012 financial year and expected course of events of EADS and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

26 July 2012,

The Board of Directors

Arnaud Lagardère, Chairman

Dr. Thomas Enders, Chief Executive Officer

Dominique D'Hinnin, Director

Hermann-Josef Lamberti, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Josep Piqué i Camps, Director

Wilfried Porth, Director

Jean-Claude Trichet, Director

Bodo K. Uebber, Director

Unaudited Condensed IFRS Consolidated Financial Information of EADS N.V. for the six-month period ended 30 June 2012

Unaudited Condensed IFRS Consolidated Income Statements

	1 January - 30 June 2012		1 January - 30 June 2011		Deviation
	M €	%	M €	%	M €
Revenues	24,934	100	21,936	100	2,998
Cost of sales	-21,203	-85	-18,900	-86	-2,303
Gross margin	**3,731**	**15**	**3,036**	**14**	**695**
Selling, administrative & other expenses	-1,458	-5	-1,214	-6	-244
Research and development expenses	-1,425	-6	-1,409	-6	-16
Other income	84	0	67	0	17
Share of profit from associates under the equity method and other income from investments	127	0	41	0	86
Profit before finance result and income taxes	**1,059**	**4**	**521**	**2**	**538**
Interest income	129	0	185	1	-56
Interest expense	-272	-1	-282	-2	10
Other financial result	-96	0	-269	-1	173
Finance result	**-239**	**-1**	**-366**	**-2**	**127**
Income taxes	-227	-1	-45	0	-182
Profit for the period	**593**	**2**	**110**	**0**	**483**
Attributable to:					
Equity owners of the parent **(Net income)**	**594**	**2**	**109**	**0**	**485**
Non-controlling interests	-1	0	1	0	-2
Earnings per share	€		€		€
Basic and diluted	0.73		0.13		0.60

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2012 and 2011

	1 April - 30 June 2012		1 April - 30 June 2011		Deviation
	M €	%	M €	%	M €
Revenues	13,530	100	12,082	100	1,448
Cost of sales	-11,463	-85	-10,385	-86	-1,078
Gross margin	**2,067**	**15**	**1,697**	**14**	**370**
Selling, administrative & other expenses	-773	-5	-625	-5	-148
Research and development expenses	-699	-5	-759	-6	60
Other income	40	0	19	0	21
Share of profit from associates under the equity method and other income from investments	91	1	8	0	83
Profit before finance result and income taxes	**726**	**5**	**340**	**3**	**386**
Interest income	49	0	86	1	-37
Interest expense	-119	-1	-136	-2	17
Other financial result	-26	0	-119	-1	93
Finance result	**-96**	**-1**	**-169**	**-2**	**73**
Income taxes	-172	-1	-50	0	-122
Profit for the period	**458**	**3**	**121**	**1**	**337**
Attributable to:					
Equity owners of the parent **(Net income)**	**461**	**3**	**121**	**1**	**340**
Non-controlling interests	-3	0	0	0	-3

Earnings per share	€	€	€
Basic and diluted	0.56	0.15	0.41

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	1 January - 30 June 2012	1 January - 30 June 2011
Profit for the period	**593**	**110**
Foreign currency translation differences for foreign operations	18	-59
Net change in fair value of cash flow hedges	-1,290	3,324
Net change in fair value of available-for-sale financial assets	113	145
Actuarial losses on defined benefit plans	-830	0
Unrealized changes from investments accounted for using the equity method	-200	116
Tax on income and expense recognized directly in equity	648	-1,019
Other comprehensive income, net of tax	**-1,541**	**2,507**
Total comprehensive income of the period	**-948**	**2,617**
Attributable to:		
Equity owners of the parent	-945	2,618
Non-controlling interests	-3	-1
Total comprehensive income of the period	**-948**	**2,617**

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	30 June 2012		31 December 2011		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	12,934	14	12,745	14	189	1
Property, plant and equipment	14,487	16	14,233	16	254	2
Investments in associates under the equity method	2,537	3	2,677	3	-140	-5
Other investments and long-term financial assets	2,433	3	2,378	3	55	2
Other non-current assets	1,766	2	1,884	2	-118	-6
Deferred tax assets	4,927	5	4,309	5	618	14
Non-current securities	6,691	8	7,229	8	-538	-7
	45,775	51	45,455	51	320	1
Current assets						
Inventories	25,128	28	22,563	26	2,565	11
Trade receivables	6,138	7	6,399	7	-261	-4
Other current assets	4,748	5	4,503	5	245	5
Current securities	3,066	3	4,272	5	-1,206	-28
Cash and cash equivalents	5,244	6	5,284	6	-40	-1
	44,324	49	43,021	49	1,303	3
Total assets	**90,099**	**100**	**88,476**	**100**	**1,623**	**2**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	824	1	820	1	4	0
Reserves	7,631	9	7,990	9	-359	-4
Accumulated other comprehensive income	-716	-1	153	0	-869	-568
Treasury shares	-118	0	-113	0	-5	4
	7,621	9	8,850	10	-1,229	-14
Non-controlling interests	25	0	20	0	5	25
	7,646	9	8,870	10	-1,224	-14
Non-current liabilities						
Non-current provisions	10,013	11	9,125	10	888	10
Long-term financing liabilities	3,566	4	3,628	4	-62	-2
Deferred tax liabilities	1,056	1	1,050	1	6	1
Other non-current liabilities	18,897	21	18,297	21	600	3
	33,532	37	32,100	36	1,432	4
Current liabilities						
Current provisions	5,650	7	5,860	7	-210	-4
Short-term financing liabilities	1,730	2	1,476	2	254	17
Trade liabilities	8,893	10	9,630	11	-737	-8
Current tax liabilities	328	0	308	0	20	6
Other current liabilities	32,320	35	30,232	34	2,088	7
	48,921	54	47,506	54	1,415	3
Total liabilities	82,453	91	79,606	90	2,847	4
Total equity and liabilities	**90,099**	**100**	**88,476**	**100**	**1,623**	**2**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	1 January - 30 June 2012	1 January - 30 June 2011*)
	M€	M€
Profit for the period attributable to equity owners of the parent (Net income)	**594**	**109**
(Loss) profit for the period attributable to non-controlling interests	-1	1
Adjustments to reconcile profit for the period to cash (used for) provided by operating activities		
Depreciation and amortization	913	823
Valuation adjustments	248	281
Deferred tax expense (income)	117	-20
Change in income tax assets, income tax liabilities and provisions for income tax	-32	-57
Results on disposals of non-current assets	-21	12
Results of companies accounted for by the equity method	-97	-26
Change in current and non-current provisions *)	88	-340
Change in other operating assets and liabilities	-2,808	-30
Cash (used for) provided by operating activities	**-999**	**753**
Investments:		
- Purchases of intangible assets, PPE	-1,168	-809
- Proceeds from disposals of intangible assets, PPE	77	20
- Acquisitions of subsidiaries and joint ventures (net of cash)	-5	-436
- Proceeds from disposals of subsidiaries (net of cash)	0	18
- Payments for investments in associates and other investments and long-term financial assets	-92	-120
- Proceeds from disposals of associates and other investments and long-term financial assets	73	40
- Dividends paid by companies valued at equity	43	50
Change of securities	1,961	938
Cash provided by (used for) investing activities	**889**	**-299**
Change in long-term and short-term financing liabilities	302	9
Cash distribution to EADS N.V. shareholders	-369	-178
Dividends paid to non-controlling interests	-2	-1
Changes in capital and non-controlling interests	87	-99
Change in treasury shares	-5	-20
Cash provided by (used for) financing activities	**13**	**-289**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	57	-49
Net (decrease) increase in cash and cash equivalents	**-40**	**116**
Cash and cash equivalents at beginning of period	**5,284**	**5,030**
Cash and cash equivalents at end of period	**5,244**	**5,146**

*) In the first six months of 2012 and 2011, "contribution to plan assets for pensions" is shown in "change in current and non-current provisions" within cash (used for) provided by operating activities. Previously, "contribution to plan assets for pensions" was disclosed in cash provided by (used for) investing activities. It amounts in the first six months of 2012 to -320 M € (first six months 2011: -300 M €). Prior half-year figures have been adjusted accordingly.

As of 30 June 2012, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 703 M € (710 M € as of 31 December 2011), 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 2011	**8,841**	**95**	**8,936**
Profit for the period	109	1	110
Other comprehensive income	2,509	-2	2,507
Cash distribution to shareholders/ dividends to non-controlling interests	-178	-1	-179
Equity transaction (IAS 27)	-45	-70	-115
Capital increase	16	4	20
Change in treasury shares	-20	0	-20
Others	15	0	15
Balance at 30 June 2011	**11,247**	**27**	**11,274**
Balance at 1 January 2012	**8,850**	**20**	**8,870**
Profit for the period	594	-1	593
Other comprehensive income	-1,539	-2	-1,541
Cash distribution to shareholders/ dividends to non-controlling interests	-369	-2	-371
Capital increase	87	0	87
Equity transactions (IAS 27)	-15	10	-5
Change in treasury shares	-5	0	-5
Others	18	0	18
Balance at 30 June 2012	**7,621**	**25**	**7,646**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at 30 June 2012

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 six-month period ended 30 June 2012 were authorized for issue by EADS' Board of Directors on 26 July 2012.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting (amended 2010) 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 European Union (EU) as at 30 June 2012 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 2011. Except for the amended Standards to be applied for the first time in the first six months 2012 (mentioned below in the next section), EADS' accounting policies and techniques are unchanged compared to 31 December 2011.

Financial reporting rules applied for the first time in the first six months 2012

The following amended Standard was applied for the first time in the first six months 2012 and is effective for EADS as of 1 January 2012. If not otherwise stated, it does not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

The IASB issued amendments to IFRS 7 "Financial Instruments: Disclosures" as part of its comprehensive review of off balance sheet activities relating to transfers of financial assets. The amendments shall help users of financial statements evaluating the risk exposures relating to such transfers and the effect of those risks on an entity's financial position and require additional disclosures.

3. Acquisitions and other M&A transactions

On 3 April 2012, Astrium Holding S.A.S. acquired 66.8% of Space Engineering, Rome (Italy), a specialist in digital telecommunications, RF and antenna equipment engineering for both space and ground based applications.

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

Both transactions are considered to be insignificant for EADS – individually and collectively. Other M&A transactions were not material for EADS Group.

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.
- *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. “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**
Six-month period ended 30 June 2012									
Revenues	16,585	843	2,771	2,661	2,186	721	25,767	-833	**24,934**
Research and development expenses	-1,121	-7	-131	-54	-101	-7	-1,421	-4	**-1,425**
Profit before finance result and income taxes	536	1	198	128	85	13	961	98	**1,059**
EBIT pre-goodwill imp. and exceptionals (see definition below)	548	2	199	130	88	13	980	98	**1,078**
Six-month period ended 30 June 2011									
Revenues	14,464	1,112	2,171	2,347	2,133	524	22,751	-815	**21,936**
Research and development expenses	-1,120	-14	-102	-30	-113	-4	-1,383	-26	**-1,409**
Profit before finance result and income taxes	210	2	94	101	74	2	483	38	**521**
EBIT pre-goodwill imp. and exceptionals (see definition below)	223	3	94	103	89	12	524	39	**563**

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 June 2012	1 January - 30 June 2011
Profit before finance result and income taxes	**1,059**	**521**
Goodwill and exceptionals:		
Disposal of goodwill	0	22
Exceptional depreciation (fixed assets in cost of sales)	19	20
EBIT pre-goodwill impairment and exceptionals	**1,078**	**563**

6. Significant income statement items

Revenues of 24,934 M € (first half-year 2011: 21,936 M €) increase by +2,998 M €, mainly at Airbus Commercial (+2,121 M €), Eurocopter (+600 M €) and Astrium (+314 M €). All segments, except for Airbus Military, contributed positively to the increase of revenues. Airbus Military includes revenues related to the A400M programme of 234 M € (first half-year 2011: 412 M €). Companies, which were acquired in 2011, contributed to the increase of revenues by 773 M €.

The **Gross Margin** increases by +695 M € to 3,731 M € compared to 3,036 M € in the first half-year of 2011. This improvement is mainly related to better performance of the long range and single aisle programs in Airbus Commercial and of the civil helicopter programmes in Eurocopter and to Astrium. Based on an updated technical solution concept to fix permanently the retrofit of the A380 wing rib issue, an additional amount of -181 M € is recognized in the first six months 2012 for the repair costs on delivered aircraft. 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 relationship, contracts adjustments may occur, and be considered on a case by case basis. The A350 XWB Entry Into Service has now moved into the second half of 2014. Airbus Commercial booked a charge of -124 M €, which accounts for an actual delay incurred of around three months.

Research and development expenses increase by -16 M € to -1,425 M € (first half-year 2011: -1,409 M €) mainly reflecting programs of Eurocopter and Astrium. The main contribution to the expenses comes from the A350 XWB programme.

Share of profit from associates under the equity method and other income from investments of 127 M € (first half-year 2011: 41 M €) mainly consists of the share of the result of Dassault Aviation of 89 M € (first half-year 2011: 38 M €).

Finance result amounts to -239 M € (first half-year 2011: -366 M €) comprising interest result of -143 M € (first half-year 2011: -97 M €). Other financial result amounts to -96 M € (first half-year 2011: -269 M €) and mainly includes charges from the unwinding of discounted provisions (-82 M €, first half-year 2011: -81 M €), the negative revaluation of financial instruments (-43 M €, first half-year 2011: -70 M €) and the positive impact from foreign exchange valuation of monetary items (+57 M €, first half-year 2011: a negative impact of -102 M €).

The **income tax** expense of -227 M € (first half-year 2011: -45 M €) corresponds to an effective income tax rate of 28% (first half-year 2011: 29%).

7. Significant items of the statement of financial position

Non-current assets

Intangible assets of 12,934 M € (prior year-end: 12,745 M €) include 10,796 M € (prior year-end: 10,760 M €) of goodwill. This mainly relates to Airbus Commercial (6,666 M €), Cassidian (2,563 M €), Astrium (1,176 M €) and Eurocopter (328 M €). Except for an impairment charge in Other Businesses of -20 M €, the last annual impairment tests, which were performed in the fourth quarter of 2011, did not lead to any impairment charges. Capitalization for development costs of the A350 XWB programme started in the second quarter 2012. Since 1 April 2012, a total amount of 128 M € is capitalized for the A350XWB.

Property, plant and equipment remain stable at 14,487 M € (prior year-end: 14,233 M €), including leased assets of 547 M € (prior year-end: 574 M €). Property, plant and equipment also comprise “Investment property” amounting to 74 M € (prior year-end: 74 M €).

Investments in associates under the equity method of 2,537 M € (prior year-end: 2,677 M €) mainly include the equity investment in Dassault Aviation, amounting to 2,410 M € (prior year-end: 2,552 M €). The change in Dassault Aviation is affected by the recognition of a negative catch-up regarding EADS’ 2011 share in other comprehensive income of -101 M €.

Other investments and other long-term financial assets of 2,433 M € (prior year-end: 2,378 M €) are related to Airbus for an amount of 1,651 M € (prior year-end: 1,659 M €), mainly concerning the non-current portion of aircraft financing activities.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -118 M € to 1,766 M € (prior year-end: 1,884 M €) is mainly caused by the negative variation of the non-current portion of fair values of derivative financial instruments (-79 M €).

Deferred tax assets increase by +618 M € to 4,927 M € (prior year-end: 4,309 M €). The increase is mainly due to the variation of fair values of derivative financial instruments.

The fair values of **derivative financial instruments** are included in other non-current assets (407 M €, prior year-end: 486 M €), in other current assets (273 M €, prior year-end: 404 M €), in other non-current liabilities (3,132 M €, prior year-end: 2,140 M €) and in other current liabilities (1,343 M €, prior year-end: 995 M €) which corresponds to a total net fair value of -3,795 M € (prior year-end: -2,245 M €). The volume of hedged US dollar-contracts increases from 75.1 billion US dollar as at 31 December 2011 to 84.1 billion US dollar as at 30 June 2012. The US dollar spot rate became more favorable (USD/ € spot rate of 1.26 at 30 June 2012 vs. 1.29 at 31 December 2011). The average US dollar hedge rate for the hedge portfolio of the Group improves from 1.37 USD/ € as at 31 December 2011 to 1.36 USD/ € as at 30 June 2012.

Current assets

Inventories of 25,128 M € (prior year-end: 22,563 M €) increase by +2,565 M €. This is mainly driven by the phasing of deliveries and a ramp-up reflected in the increase of unfinished goods and services for Airbus (+1,736 M €), Cassidian (+338 M €) and Eurocopter (+302 M €) programmes. Airbus also records higher finished goods (+160 M €).

Trade receivables decrease by -261 M € to 6,138 M € (prior year-end: 6,399 M €), mainly caused by Cassidian (-240 M €), Airbus (-99 M €) and Eurocopter (-90 M €), being partly offset by Astrium (+155 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 +245 M € to 4,748 M € (prior year-end: 4,503 M €) comprises among others an increase of +152 M € in receivables from related parties and of +48 M € in VAT receivables.

Cash and cash equivalents decrease from 5,284 M € to 5,244 M € (see also note 7 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 7,621 M € (prior year-end: 8,850 M €). The decrease in equity is mainly due to other comprehensive income for the period of -1,539 M € and a cash distribution to shareholders of -369 M €, partly compensated by a net income +594 M €.

Non-controlling interests increased to 25 M € (prior year-end: 20 M €).

Non-current liabilities

Non-current provisions of 10,013 M € (prior year-end: 9,125 M €) comprise the non-current portion of pension provisions with an increase of +651 M € to 6,279 M € (prior year-end: 5,628 M €). Compared to year-end 2011, the discount rates applied to the calculation of pension provisions decreases from 4.5 % to 3.4 % (Germany) and 3.5 % (France) and from 4.8 % to 4.4 % (UK), leading to an increase of +830 M € with a corresponding effect in deferred tax assets of +250 M € and actuarial losses of -580 M € in equity.

Moreover, other provisions are included in non-current provisions, which increase by +237 M € to 3,734 M €. This reflects the increase of the onerous contract provision for the A350 XWB, where a charge of 124 M € has been recorded.

Long-term financing liabilities, mainly comprising bonds and liabilities to financial institutions, decrease by -62 M € to 3,566 M € (prior year-end: 3,628 M €).

Other non-current liabilities, comprising “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income”, increase in total by +600 M € to 18,897 M € (prior year-end: 18,297 M €), due to the non-current portion of liabilities for derivative financial instruments (+992 M €) while non-current advance payments received decrease by -383 M €.

Current liabilities

Current provisions decrease by -210 M € to 5,650 M € (prior year-end: 5,860 M €) and comprise the current portions of pensions (193 M €) and of other provisions (5,457 M €).

Trade liabilities decrease by -737 M € to 8,893 M € (prior year-end: 9,630 M €), mainly at Astrium (-448 M €) and Cassidian (-319 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +2,088 M € to 32,320 M € (prior year-end: 30,232 M €). Other current liabilities mainly comprise current customer advance payments of 26,229 M € (prior year-end: 25,006 M €), increasing by +1,223 M €.

8. Significant cash flow items

Cash (used for) provided by operating activities decreases by -1,752 M € to -999 M € (first half-year 2011 adjusted by -300 M € to +753 M € - please refer to the footnote to the cash flow statements). Gross cash flow from operations (before changes in other operating assets and liabilities) of +1,809 M € improves compared to the prior period’s level (first half-year 2011 adjusted by -300 M € to +783 M €). Changes in other operating assets and liabilities amount to -2,808 M € (first half-year 2011: -30 M €), mainly reflecting back-loaded deliveries as well as a ramp-up and thus a strong increase in inventories across most divisions, which are partly offset by customer advance payments received.

Cash provided by (used for) investing activities amounts to +889 M € (first half-year 2011 adjusted by +300 M € to -299 M €). This mainly comprises a change in securities of +1,961 M € (first half-year 2011: +938 M €), partly offset by purchases of intangible assets and property, plant and equipment of -1,168 M € (first half-year 2011: -809 M €), mainly in Airbus.

Cash provided by (used for) financing activities increases by +302 M € to +13 M € (first half-year 2011: -289 M €). Changes in long-term and short-term financing liabilities of +302 M € (first half-year 2011: +9 M €) reflecting the resumption of the commercial paper programme and changes in capital and non-controlling interests of +87 M € (first half-year 2011: -99 M €) related to the issuance of new shares due to the exercise of stock options are partly offset by a cash distribution to shareholders of -369 M € (first half-year 2011: -178 M €).

9. Number of shares

The total number of shares outstanding is 819,057,104 and 811,215,145 as of 30 June 2012 and 2011, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first half-year of 2012, the number of treasury shares held by EADS increased from 5,585,780 as of 31 December 2011 to 5,783,311 as of 30 June 2012.

In the first half-year 2012, EADS issued 4,358,124 new shares (in the first half-year 2011: 994,247 new shares).

10. 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 June 2012	1 January to 30 June 2011
Net income attributable to equity owners of the parent	594 M €	109 M €
Weighted average number of ordinary shares outstanding	817,333,453	810,797,892
Basic earnings per share	0.73 €	0.13 €

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 4th, 5th, 6th and 8th stock option plan in the first six months of 2012 (in the first six months of 2011: the 4th and the 5th stock option plan), 1,548,793 potential shares (in the first six months 2011: 1,270,810 shares) were considered in the calculation of diluted earnings per share.

	1 January to 30 June 2012	1 January to 30 June 2011
Net income attributable to equity owners of the parent	594 M €	109 M €
Weighted average number of ordinary shares outstanding (diluted)	818,882,246	812,068,702
Diluted earnings per share	0.73 €	0.13 €

11. Related party transactions

The Group has entered into various transactions with related companies in the first six months of 2012 and 2011 that have all been carried out in the normal course of business. As it is the Group's policy, related party transactions have to be carried out at arm's length. Transactions with related parties include the French government and its related entities, Daimler AG, Lagardère group and the Spanish government (SEPI). Except for the transactions with the French and Spanish government, such transactions are not considered material to the Group either individually or on aggregate. The transactions with the French government include mainly sales from Eurocopter, Astrium, Cassidian and Airbus Military. The transactions with the Spanish government include mainly sales from Airbus Military and Cassidian. The French and Spanish government are also customers of the A400M programme.

12. Number of employees

The number of employees as at 30 June 2012 is 135,634 as compared to 133,115 as at 31 December 2011.

13. 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 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' 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 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 concerning subsidies to Boeing. The US has until 23 September 2012 to implement the findings. 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.

CNIM - 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 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 - EADS has commissioned an independent investigation into compliance allegations made in connection with one of its subsidiaries, GPT Special Project Management Ltd. The independent investigation remains ongoing.

Regarding EADS' provisions policy, EADS recognises provisions for litigation and claims when (i) it has a present obligation from legal actions, governmental investigations, proceedings and other claims resulting from past events that are pending or may be instituted or asserted in the future against the Group, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and (iii) a reliable estimate of the amount of such obligation can be made. EADS believes that it has made adequate provisions to cover current or contemplated general and specific litigation risks.

14. Subsequent events

On 1 July 2012, Cassidian acquired 51% of RAS GmbH, Bremen (Germany), to pursue Rheinmetall's activities related to Unmanned Aerial Systems (UAS) as well as cargo loading systems (CLS) together with Rheinmetall within a new entity. The revenue of both activities amounted to approximately 70 M € for the year 2011.

On 13 July 2012, Cassidian signed an agreement to acquire via its German legal entity EADS Deutschland GmbH, Ottobrunn, Germany, 75.1% of the shares of Carl Zeiss Optronics GmbH, Oberkochen, Germany, (CZO) with the intention to run the optics and optronics activities of Carl Zeiss Optronics GmbH together with Carl Zeiss AG. CZO is a manufacturer of optronic, optic and precision-engineered products for military and civil applications and reported revenues of approximately 160 M € for its last fiscal year 2010/ 2011. The closing of the transaction is subject to anti-trust and regulatory approvals and is expected to be finalised in the second half of 2012.

The total purchase consideration for both transactions is expected to amount to approximately 140 M € based on an initial valuation of its contingent components.

On 2 July 2012, Airbus announced it will establish a manufacturing facility in the United States to assemble and deliver A320 Family aircraft. Located at the Brookley Aeroplex in Mobile, Alabama, it will be the company's first U.S.-based production facility. Airbus stressed that the assembly line, which will create jobs and strengthen the aerospace industry, is part of its strategy to enhance Airbus' global competitiveness by meeting the growing needs of its customers in the United States and elsewhere. The facility in Alabama will assemble the industry-leading family of A319, A320 and A321 aircraft. The company said construction of the assembly line will begin in summer 2013. Aircraft assembly is planned to start in 2015, with first deliveries from the Mobile facility beginning in 2016. Airbus anticipates the facility will produce between 40 and 50 aircraft per year by 2018.

KPMG

Ernst & Young

To: The EADS N.V. shareholders:

Review report

Introduction

We have reviewed the condensed consolidated financial information of EADS N.V., Amsterdam, ('the Company') for the six-month period ended June 30, 2012, which comprises the condensed consolidated statement of financial position as at June 30, 2012, and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of this condensed consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on this condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial information for the six-month period ended June 30, 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Utrecht, July 26, 2012	Rotterdam, July 26, 2012
KPMG Accountants N.V. (signed by J.C.M. van Rooijen)	Ernst & Young Accountants LLP (signed by C.T. Reckers)