First quarter 2009 Report

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the three-month period ended March 31, 2009

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Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - March 31, 2009		January 1 - March 31, 2008		Deviation
	M €	%	M €	%	M €
Revenues	8,467	100	9,853	100	-1,386
Cost of sales	-7,260	-86	-8,145	-83	885
Gross margin	**1,207**	**14**	**1,708**	**17**	**-501**
Selling, administrative & other expenses	-548	-6	-485	-5	-63
Research and development expenses	-562	-7	-534	-5	-28
Other income	70	1	25	0	45
Share of profit from associates under the equity method and other income from investments	49	1	44	1	5
Profit before finance result and income taxes	**216**	**3**	**758**	**8**	**-542**
Interest income	122	1	147	1	-25
Interest expense	-131	-1	-154	-2	23
Other financial result	40	0	-333	-3	373
Finance result	**31**	**0**	**-340**	**-4**	**371**
Income taxes	-77	-1	-125	-1	48
Profit for the period	**170**	**2**	**293**	**3**	**-123**
Attributable to:					
Equity holders of the parent **(Net income)**	**170**	**2**	**285**	**3**	**-115**
Minority interests	0	0	8	0	-8

Earnings per share	€	€	€
Basic and diluted	0.21	0.35	-0.14

Unaudited Condensed IFRS Consolidated Balance Sheets

	March 31, 2009		December 31, 2008		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,160	15	11,171	15	-11	0
Property, plant and equipment	12,280	16	12,243	16	37	0
Investments in associates under the equity method	2,414	3	2,356	3	58	2
Other investments and long-term financial assets	1,748	2	1,712	2	36	2
Other non-current assets	2,364	3	2,646	3	-282	-11
Deferred tax assets	3,239	4	2,756	4	483	18
Non-current securities	3,240	4	3,040	4	200	7
	36,445	47	35,924	47	521	1
Current assets						
Inventories	22,144	28	19,452	26	2,692	14
Trade receivables	5,087	7	5,267	7	-180	-3
Other current assets	4,169	5	4,590	6	-421	-9
Current securities	2,869	4	3,912	5	-1,043	-27
Cash and cash equivalents	6,979	9	6,745	9	234	3
Non-current assets / disposal groups classified as held for sale	0	0	263	0	-263	
	41,248	53	40,229	53	1,019	3
Total assets	**77,693**	**100**	**76,153**	**100**	**1,540**	**2**
Total equity						
Equity attributable to equity holders of the parent						
Capital stock	815	1	815	1	0	0
Reserves	8,732	11	8,558	11	174	2
Accumulated other comprehensive income	886	1	1,758	3	-872	-50
Treasury shares	-99	0	-109	0	10	-9
	10,334	13	11,022	15	-688	-6
Minority interests	105	0	104	0	1	1
	10,439	13	11,126	15	-687	-6
Non-current liabilities						
Non-current provisions	7,601	10	7,479	10	122	2
Long-term financing liabilities	2,069	3	3,046	4	-977	-32
Deferred tax liabilities	1,044	1	953	1	91	10
Other non-current liabilities	17,265	22	16,824	22	441	3
	27,979	36	28,302	37	-323	-1
Current liabilities						
Current provisions	4,644	6	4,583	6	61	1
Short-term financing liabilities	2,274	3	1,458	2	816	56
Trade liabilities	8,154	11	7,824	10	330	4
Current tax liabilities	201	0	201	0	0	0
Other current liabilities	24,002	31	22,504	30	1,498	7
Liabilities directly associated with non current assets classified as held for sale	0	0	155	0	-155	
	39,275	51	36,725	48	2,550	7
Total liabilities	67,254	87	65,027	85	2,227	3
Total equity and liabilities	**77,693**	**100**	**76,153**	**100**	**1,540**	**2**

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - March 31, 2009	January 1 - March 31, 2008
	M €	M €
Profit for the period attributable to equity holders of the parent **(Net income)**	**170**	**285**
Profit for the period attributable to minority interests	0	8
Adjustments to reconcile profit for the period (net income) to cash provided by (used for) operating activities		
Depreciation and amortization	369	420
Valuation adjustments	110	518
Deferred tax expense	36	107
Change in income tax assets, income tax liabilities and provisions for actual income tax	-41	11
Results on disposal of non-current assets	-44	-13
Results of companies accounted for by the equity method	-44	-43
Change in current and non-current provisions	102	22
Change in other operating assets and liabilities	-1.018	138
Cash (used for) provided by operating activities	**-360**	**1.453**
- Purchase of intangible assets, PPE	-310	-326
- Proceeds from disposals of intangible assets, PPE	7	0
- Proceeds from disposals of subsidiaries (net of cash)	15	0
- Payments for investments in associates and other investments and long-term financial assets	-48	-63
- Proceeds from disposals of associates and other investments and long-term financial assets	7	15
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	104	0
Change of securities	891	-1.918
Cash provided by (used for) investing activities	**666**	**-2.292**
Change in long-term and short-term financing liabilities	-105	-294
Change in minority interests and capital increase	1	0
Disposal of treasury shares	10	26
Cash (used for) financing activities	**-94**	**-268**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	22	-42
Net increase (decrease) in cash and cash equivalents	**234**	**-1.149**
Cash and cash equivalents at beginning of period	**6.745**	**7.549**
Cash and cash equivalents at end of period	**6.979**	**6.400**

Note: For retrospective adjustments concerning the first quarter 2008 please refer to Note 9 “Significant cash flow items”.

As of March 31, 2009, EADS’ cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 628 M € (666 M € as of December 31, 2008), which represent EADS’ share in MBDA’s cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income (Loss)

in M €	January 1 - March 31, 2009	January 1 - March 31, 2008
Profit for the period	**170**	**293**
Foreign currency translation differences for foreign operations	11	-68
Changes in fair value of cash flow hedges	-1,311	826
Net change in fair value of available-for-sale financial assets	29	-25
Tax on income and expense recognized directly in equity	399	-256
Other comprehensive income (loss), net of tax	**-872**	**477**
Total comprehensive income (loss) of the period	**-702**	**770**
Attributable to:		
Equity holders of the parent	-702	762
Minority interests	0	8
Total comprehensive income (loss) of the period	**-702**	**770**

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

in M €	Equity attributable to equity holders of the parent	Minority interests	total
Balance at January 1, 2008	**13,090**	**85**	**13,175**
Total comprehensive income	762	8	770
Sale of treasury shares	26	0	26
Others	6	0	6
Balance at March 31, 2008	**13,884**	**93**	**13,977**
Balance at January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive loss	-702	0	-702
Sale of treasury shares	10	0	10
Others	4	1	5
Balance at March 31, 2009	**10,334**	**105**	**10,439**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at March 31, 2009

1. The Company

The accompanying Condensed Interim Consolidated Financial Statements (unaudited) present the operations of **European Aeronautic Defence and Space Company EADS N.V.** and its subsidiaries ("EADS" or the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (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 three-month period ended March 31, 2009 were authorized for issue by EADS' Board of Directors on May 11, 2009.

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"), adopted by the International Accounting Standards Board ("IASB") as endorsed by the EU. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

Financial reporting rules applied for the first time in the first quarter 2009

The following Standards and revised Standards were applied for the first time in the first quarter 2009 and are effective for EADS as of January 1, 2009. If not otherwise stated, it is expected that the following standards and revised standards will not have a material impact on EADS' Consolidated Financial Statements.

The Amendment to IAS 23 "Borrowing Costs" removes the option of recognising borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as an expense and therefore requires capitalising such borrowing costs as part of the cost of the asset prospectively. The application of the amended IAS 23 results in the mandatory capitalisation of borrowing costs related to qualifying assets and thus increases the amount of total costs capitalised and thus the basis of depreciations of such qualifying assets.

IFRS 8 "Operating Segments" replaced IAS 14 "Segment Reporting" for accounting periods beginning on or after January 1, 2009. IFRS 8 requires the presentation and disclosure of segment information to be based on the internal management reports regularly reviewed by EADS' Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. EADS' segment reporting takes into consideration these new requirements of IFRS 8 as well as its new management structure from 2009 onwards. See Note 5 "Segment Information" for relating changes to the presentation of segment information.

The Amendment to IAS 1 "Presentation of Financial Statements: A revised presentation" introduces among other notes disclosures the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners.

The Amendments to IAS 32 and IAS 1 “Puttable Financial Instruments”.

The Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” and IAS 27 “Consolidated and Separate Financial Statements”.

The Amendments to IFRS 2 “Share Based Payments - Vesting Conditions and Cancellations”.

Finally, in May 2008 the IASB issued its omnibus of amendments to its standards primarily with a view to removing inconsistencies and clarifying wording. There are separate transition rules for each amended standard. Except for the amendments regarding IAS 16 and IAS 7 (see Note 9 “Significant cash flow items”), which were early adopted by EADS in its 2008’ Consolidated Financial Statements, the majority of these amendments, being effective from January 1, 2009 onwards, will not have a material impact on EADS’ Consolidated Financial Statements.

The following endorsed Interpretations were also required to be applied for the first time in the first quarter 2009:

IFRIC 13 “Customer Loyalty Programmes” (issued 2007, endorsed in December 2008)

IFRIC 14 “IAS 19 – The Limit of a Defined Benefit Asset Minimum Funding Requirements and their Interaction” (issued 2007, endorsed in December 2008 resulting in an effective date as of January 1st, 2009)

These Interpretations do not have a significant impact on EADS’ Consolidated Financial Statements.

IFRIC 12 “Service Concession Arrangements” (issued 2006, endorsed in March 2009) will be effective from January 1, 2010 onwards. The potential impacts from its application are under investigation.

New financial reporting rules issued during the first quarter 2009

The following amendments were published during the first quarter 2009:

The IASB published in March 2009 Amendments to IFRS 7 “Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments” which are mandatory for the first time for annual periods beginning on or after January 1, 2009. These amendments will result in additional disclosures in EADS’ Consolidated Financial Statements for 2009 with regard to the fair value measurement of financial instruments and liquidity risks.

Further, the IASB issued Amendments to IFRIC 9 and IAS 39 “Embedded Derivatives” to clarify the accounting treatment of embedded derivatives. The amendments are mandatory (retrospective application) for the first time for annual periods ending on or after June 30, 2009.

The following Interpretation was also issued:

IFRIC 18 “Transfers of Assets from Customers”. The Interpretation is mandatory (prospective application) for annual periods beginning on or after July 1, 2009. Retrospective application is also permitted to a limited extent.

With the exception of the changes regarding IFRS 7 “Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments”, these new financial reporting rules are not expected to have a significant impact on EADS’ Consolidated Financial Statements.

The accounting policies used in the preparation of these Unaudited Condensed Interim Consolidated Financial Statements are consistent with those used for the annual Consolidated Financial Statements for the year ended December 31, 2008, which are disclosed as an integral part of the Group’s Annual Report 2008. The annual Consolidated Financial Statements were authorized for issue by EADS’ Board of Directors on March 9, 2009.

3. Accounting for the A400M programme

In September 2008, the Airbus A400M airlifter programme was affected by an undefined delay of the first flight of the A400M, mainly due to the unavailability of the propulsion system and beyond that – but not first flight critical – due to the fact that other major suppliers of mission critical systems and of system integration were severely struggling with the challenging technical requirements of this aircraft. Consequently, from September 2008 onwards and up to the date of these Unaudited Condensed IFRS Consolidated Financial Statements, EADS could not reliably assess either a revised technical timetable of the A400M programme or the related financial implications of this delay and applied the early-stage method of accounting (see Note 3 “Accounting for the A400M programme” in EADS’ Consolidated Financial Statements 2008 for further details of the A400M programme and relating accounting issues).

Under the Launch Contract between Airbus Military SL (“AMSL”) and OCCAR, OCCAR had the contractual right with unanimous mandate of all Launch Nations to claim termination of the whole A400M Launch Contract as of April 1, 2009, as the first flight of the A400M did not occur before March 31, 2009. OCCAR did not exercise this cancellation right and subsequently agreed to a three month moratorium period until the end of June 2009. This moratorium period provides an opportunity for all partners of the programme to agree on the way ahead for various unresolved issues related to the whole program. Furthermore, it gives room to realign and rebase the contract on realistic general and specific conditions acceptable to all parties.

During this period, EADS and AMSL continue to address all technical challenges associated with the assembly of the first A400M aircraft and will continue to work with their suppliers and partners to confirm a robust timetable including a date for the first flight.

Under the early stage method of accounting, all A400M related work-in-progress, which would have been expensed upon the completion of technical milestones according to the estimate at completion method of accounting only, have been expensed as incurred, with related revenues recognized up to the recoverable part of these costs as per the A400M Launch Contract. The A400M contract loss provision was accounted for in light of the excess-contract-costs-over-remaining-contract-revenues, based on the probable remaining contract costs that could be estimated. Additional potential contract costs not estimable as of the date of these Unaudited Condensed IFRS Consolidated Financial Statements have been considered as contingent liabilities.

The following tables summarize the major accounting balances specifically related to the A400M programme as at March 31, 2009:

in M €	As at March 31, 2009
Accumulated revenues	4,697
Accumulated cost of sales	-7,013
Accumulated EBIT-impact	-2,316

in M €	As at March 31, 2009
Accumulated revenues	4,697
Accumulated advance payments received	-5,891
Net advance payments received (shown as liabilities)	-1,194

in M €	First three month-period enden March 31, 2009
Revenues	154
Expensed work-in-progress	-261
Subtotal	**-107**
Consumption of contract provision	107
Additional costs (including addition to contract provision)	-120
Total EBIT impact	**-120**

in M €	As at March 31, 2009
Property, plant and equipment (mainly buildings and jigs and tools)	786
Current assets (mainly advance payments made)	933
Net advance payments received (shown as liabilities)	1,194
A400M provision	1,371

In case of a potential, but still considered to date unlikely by EADS, cancellation of the A400M contract by OCCAR at the end of the moratorium period, AMSL would have to reimburse all initial payments, pre-delivery payments and any other payments received from OCCAR which would represent a total amount of cash of approximately 5.9 bn €. In addition, EADS would have to determine the further utilisation of specific tangible assets currently used for the A400M programme.

Under the scenario of a continuation of the A400M programme under the Launch Contract, significant penalties based on contractual clauses could be notified to EADS for a cumulative amount of 1.4 bn €, due in case each aircraft delivery would be delayed by more than 10 months from the original contractual timetable. Based upon the currently probable minimum delivery delays, this penalty clause would apply at least to a significant number of aircraft, but would be subject to future discussion with customers. The A400M provision as of March 31, 2009 includes EADS' current assessment of the pro-rated amount of penalties to be finally paid.

The A400M provision related to the excess-of-contract-costs-over-remaining-contract-revenues (amounting to 1,371 M € as at March 31, 2009) has been determined on the basis of the probable excess contract costs that could be estimated at the end of the first quarter 2009 taking into consideration the technical and industrial uncertainties attached to the programme. As they cannot currently be estimated, various potential additional costs linked to the unquantifiable financial consequences of the shift in the delivery schedule have not been taken into account when reassessing the A400M provision in EADS' financial statements for the first quarter 2009. Therefore, significant negative income statement's impacts may still have to be accounted for in future periods when such costs become estimable or triggering events lead to a return to the estimate-at-completion method of accounting. Potential benefits from current discussions with customers might reduce such impacts, but would only be taken into account once agreed upon by OCCAR and the Launch Nations. Currently, under certain continuation scenarios which are still lacking enough estimable evidence and which are not taking into account the expected outcome by EADS of the current discussions with OCCAR, the magnitude of the negative impact of additional costs would substantially alter the financial statements of EADS as a whole in the future. An appropriate assessment of this negative impact requires sufficient progress of current discussions with OCCAR and the clients as well as an in-depth related update of the consolidated financial contract review of the A400M programme.

In conclusion, while EADS believes the cost and revenue estimates currently incorporated in the Unaudited Condensed IFRS Consolidated Financial Statements under the early stage method of accounting reflect its most appropriate judgments under the current circumstances, the technical complexity of the A400M programme and the uncertainty about the outcome of on-going technical developments imply that further financial risks may arise, such as significant additional delays in delivery schedule, additional contract completion costs as well as the ultimate amount of liquidated damages to be paid. Materialisation of these risks could also trigger an additional significant financial exposure due to potential order cancellations or even as a result of a potential early termination of the whole A400M programme.

4. Changes in the consolidation perimeter of EADS

In the previous year, EADS had 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”.

Other acquisitions or disposals by the Group that occurred in the first three months of 2009 are not material, nor were those that occurred in the first three months 2008.

5. Segment information

In 2009, the Group operates in four divisions (reportable segments) which reflect the internal organizational and management structure.

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

In the context of the full integration of the former Military Transport Aircraft Division (MTA) into Airbus being Airbus Military and the consolidation of EADS EFW (previously included in Other Businesses) within Airbus from 2009 onwards, the Airbus segment's 2008 figures and Other Businesses' figures have been restated accordingly. Additionally, completing the reorganisation of aerostructures activities within EADS, the site in Augsburg (previously included in Defence & Security) has been transferred to Airbus segment in 2009. The respective previous year's figures are not restated, but explained where considered to be material.

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

in M €	Airbus	Eurocopter	Defence & Security	Astrium	Other Businesses	total segments	HQ/ Conso.	**Consoli-dated**
Three-month period ended March 31, 2009								
Revenues	5,883	758	934	904	214	8,693	-226	**8,467**
thereof Airbus Military	456							
Research and development expenses	-441	-41	-37	-17	-1	-537	-25	**-562**
thereof Airbus Military	-3							
Profit before finance result and income taxes	83	38	15	35	0	171	45	**216**
thereof Airbus Military	-5							
EBIT pre-goodwill imp. and exceptionals (see definition below)	89	38	21	36	0	184	48	**232**
thereof Airbus Military	-5							
Three-month period ended March 31, 2008								
Revenues	7,430	732	990 *)	751	257	10,160	-307	**9,853**
thereof Airbus Military	636							
Research and development expenses	-442	-24	-35	-14	-2	-517	-17	**-534**
thereof Airbus Military	-1							
Profit before finance result and income taxes	629	37	31	32	9	738	20	**758**
thereof Airbus Military	-1							
EBIT pre-goodwill imp. and exceptionals (see definition below)	635	37	33	33	9	747	22	**769**
thereof Airbus Military	-1							

*) thereof revenues of 81 M € related to the site in Augsburg

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.

A 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- March 31, 2009	January 1- March 31, 2008
Profit before finance result and income taxes	**216**	**758**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	16	11
EBIT pre-goodwill impairment and exceptionals	**232**	**769**

7. Significant income statement items

Revenues of 8,467 M € (first quarter 2008: 9,853 M €) decrease by -14% due to less commercial aircraft deliveries (116 units versus 123 in the first quarter 2008) at Airbus, an unfavorable US Dollar impact and lower revenues in relation to the A400M programme. This is partly compensated by increased volumes mainly at Astrium.

The **Gross Margin** decreases by -501 M € to 1,207 M € compared to 1,708 M € in the first quarter of 2008. This deterioration is mainly related to Airbus which is in particular burdened in 2009 by foreign exchange rate effects and negative volume effects. Except for Airbus and Defence & Security, the other divisions increase gross margins.

Research and development expenses of -562 M € (first quarter 2008: -534 M €) principally reflect an increase for the Airbus A350XWB and some Eurocopter programmes partly compensated by a decrease in the Airbus A380-800 programme.

Other income increases by +45 M € to 70 M € (first quarter 2008: 25 M €) mainly due to the preliminary gain of +33 M € resulting from the sale of Airbus UK’s former site in Filton to GKN.

Share of profit from associates under the equity method and other income from investments of 49 M € (first quarter 2008: 44 M €) is mainly influenced by the consistently estimated share of the result of Dassault Aviation of 43 M € (first quarter 2008: 43 M €). The Dassault Aviation equity accounted-for income in the first quarter 2009 includes a positive 2008 catch-up amounting to +4 M €.

Finance result amounts to +31 M € (first quarter 2008: -340 M €) including positive effects from the revaluation of USD and GBP positions, partly offset by the negative impacts from the revaluation of capitalized option premiums and the unwinding of the discounting mainly on A380, A350XWB and Power8 provisions.

The **income tax** expense of -77 M € (first quarter 2008: -125 M €) corresponds to an effective income tax rate of 31% (first quarter 2008: 30%). It was impacted by a negative tax rate differential from main EADS countries with higher income tax rates applied than in the Netherlands and by an impairment of deferred tax assets partly compensated by the lower effective tax rate on the share of Dassault Aviation equity result.

8. Significant balance sheet items

Non-current assets

Intangible assets of 11,160 M € (prior year-end: 11,171 M €) include 9,771 M € (prior year-end: 9,760 M €) of goodwill. This mainly relates to Airbus (6,437 M €), Defence & Security (2,520 M €), Astrium (616 M €) and Eurocopter (111 M €). The last annual impairment tests, which were performed at the end of the year 2008, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +86 M €, **property, plant and equipment** decrease by -49 M € to 12,280 M € (prior year-end: 12,243 M €), including leased assets of 841 M € (prior year-end: 878 M €). Property, plant and equipment also comprise “Investment property” amounting to 85 M € (prior year-end: 87 M €).

Investments in associates under the equity method of 2,414 M € (prior year-end: 2,356 M €) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to 2,297 M € (prior year-end: 2,243 M €).

Other investments and other long-term financial assets of 1,748 M € (prior year-end: 1,712 M €) are related to Airbus for an amount of 1,261 M € (prior year-end: 1,290 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of +43 M €.

Other non-current assets mainly comprise Non-current derivative financial instruments and Non-current prepaid expenses. The decrease by -282 M € to 2,364 M € (prior year-end: 2,646 M €) is mainly caused by the negative variation of the non-current portion of fair values of derivative financial instruments (-196 M €) and the negative revaluation of option premiums at Airbus contracted in the course of the EADS US dollar hedging strategy.

Deferred tax assets of 3,239 M € (prior year-end: 2,756 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in other non-current assets (905 M €, prior year-end: 1,101 M €), in other current assets (822 M €, prior year-end: 1,482 M €), in other non-current liabilities (2,650 M €, prior year-end: 2,208 M €) and in other current liabilities (755 M €, prior year-end: 657 M €) which corresponds to a total net fair value of -1,678 M € (prior year-end: -282 M €). The volume of hedged US dollar-contracts decreases from 68.1 billion US dollar as at December 31, 2008 to a net of 67.6 billion US dollar as at March 31, 2009, including 8 billion of US dollar vanilla options. Though the US dollar exchange rate became stronger (USD / € spot rate of 1.33 at March 31, 2009 vs. 1.39 at December 31, 2008), the average US dollar hedge rate for the hedge portfolio of the Group remains stable at 1.36 USD / € as at March 31, 2009 (excluding US dollar plain vanilla options which are out of the money).

Current assets

Inventories of 22,144 M € (prior year-end: 19,452 M €) increase by +2,692 M €. This is mainly driven by an increase of unfinished goods and services at Airbus segment (+1,795 M €) and at Eurocopter (+372 M €) due to a ramp-up of commercial programmes (mainly SuperPuma, Dauphin and EC 135) and governmental programmes. Boosted by its launcher business, Astrium records a higher level of work in progress as well as of advance payments made.

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 -421 M € to 4,169 M € (prior year-end: 4,590 M €) comprises among others a decrease of -660 M € in positive fair values of derivative financial instruments.

Cash and cash equivalents increase from 6,745 M € to 6,979 M € (see also note 9 "Significant cash flow items").

Total equity

Equity attributable to equity holders of the parent (including purchased treasury shares) amounts to 10,334 M € (prior year-end: 11,022 M €). The decrease is mainly due to a comprehensive loss for the period of -702 M €, primarily resulting from negative effects from changes in fair values of derivative financial instruments, partly compensated by the profit for the period.

Minority interests slightly increase to 105 M € (prior year-end: 104 M €).

Non-current liabilities

Non-current provisions of 7,601 M € (prior year-end: 7,479 M €) comprise the non-current portion of pension provisions with an increase of +79 M € to 4,414 M € (prior year-end: 4,335 M €).

Moreover, other provisions are included in non-current provisions, which increase by +43 M € to 3,187 M €. A significant part of the increase (+42 M €, thereof foreign exchange effects of +35 M €) relates to the provision for aircraft financing activities, which amounts to 845 M €.

Long-term financing liabilities of 2,069 M € (prior year-end: 3,046 M €), excluding foreign exchange rate effects of +55 M € decrease by -1,032 M €. Due to the maturity date of the first tranche of the EMTN bond, an amount of 1 bn € is shifted to short-term financing liabilities.

Other non-current liabilities comprise "Non-current other financial liabilities", "Non-current other liabilities" and "Non-current deferred income" and increase in total by +441 M € to 17,265 M € (prior year-end: 16,824 M €). They mainly include non-current customer advance payments received of 8,931 M € (prior year-end: 8,843 M €) and the non-current portion of European Government refundable advances amounting to 4,585 M € (prior year-end: 4,563 M €). The main part of non-current deferred income of 310 M € (prior year-end: 418 M €) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. These are reversed over the guaranteed period.

Current liabilities

Current provisions increase by +61 M € to 4,644 M € (prior year-end: 4,583 M €) and comprise the current portions of pensions (202 M €) and other provisions (4,442 M €). The increase mainly reflects provisions for personnel expenses (+40 M €) and obligations from service and maintenance agreements (+21 M €).

Short-term financing liabilities of 2,274 M € (prior year-end: 1,458 M €) increase by +816 M €, mainly due to the first tranche of the EMTN bond with an amount of 1 bn €, which matures within one year from March 31, 2009 onwards.

Trade liabilities increase by +330 M € (thereof +50 M € foreign exchange rate effect) to 8,154 M € (prior year-end: 7,824 M €), mainly coming from Airbus (+402 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +1,498 M € to 24,002 M € (prior year-end: 22,504 M €). Other current liabilities mainly comprise current customer advance payments of 18,827 M € (prior year-end: 17,802 M €).

9. Significant cash flow items

IAS 16 “Property, Plant and Equipment” and consequentially IAS 7 “Statement of Cash Flows” were amended by the IASB’s Annual Improvements Project 2008 regarding the presentation of cash flows relating to customer financing activities. Cash flows from leased assets and finance lease receivables formerly presented within investing activities are now included in “change in other operating assets and liabilities” within operating activities. Cash flows in relation to customer finance liabilities formerly presented in “change in long-term and short-term financing liabilities” within financing activities are now also included in “change in other operating assets and liabilities” within operating activities.

Cash (used for) provided by operating activities decreases by -1,813 M € to -360 M € (first three months 2008: 1,453 M €). Gross cash flow from operations (excluding working capital changes) of 658 M € falls below prior period’s level (first three months 2008: 1,315 M €) as well as changes in other operating assets and liabilities (working capital changes) which amount to -1,018 M € (first three months 2008: 138 M €). The degradation mainly results from an increase of inventories.

Cash provided by (used for) investing activities amounts to +666 M € (first three months 2008: -2,292 M €). This mainly comprises a net sale of securities of +891 M €, partly offset by purchases of intangible assets and property, plant and equipment of -310 M €, namely in Airbus.

Cash (used for) financing activities improves by +174 M € to -94 M € (first three months 2008: -268 M €). The outflow mainly comprises the net repayment of financing liabilities.

10. Number of shares

The total number of shares outstanding is 810,648,402 and 805,855,052 as of March 31, 2009 and 2008, respectively. EADS’ shares are exclusively ordinary shares with a par value of 1.00 €.

During the first three months of 2009, the number of treasury shares held by EADS decreased from 5,259,965 as of December 31, 2008 to 4,120,710 as of March 31, 2009.

EADS did not issue any new shares. In the first three months 2008, EADS issued 14,200 shares as a result of the exercise of stock options in relation with the implemented stock option plans.

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 March 31, 2009	January 1 to March 31, 2008
Net income attributable to equity holders of the parent	170 M €	285 M €
Weighted average number of ordinary shares outstanding	809,366,635	804,848,965
Basic earnings per share	0.21 €	0.35 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's categories of dilutive potential ordinary shares are stock options as well as performance and restricted shares. Since the average price of EADS shares during the first three months of 2009 did not exceed the exercise price of any stock option plan (in the first three months of 2008: the 4th and 5th stock option plans) initiated by the Group, no shares related to stock options were considered in the calculation of diluted earnings per share (in the first three months of 2008: 481,076 shares). Since the average price of EADS shares during the first three months 2009 exceeded the price of performance and restricted shares, 675,086 shares related to performance and restricted shares (in the first three months of 2008: no shares) were considered in the calculation.

	January 1 to March 31, 2009	January 1 to March 31, 2008
Net income attributable to equity holders of the parent	170 M €	285 M €
Weighted average number of ordinary shares outstanding (diluted)	810,041,721	805,330,041
Diluted earnings per share	0.21 €	0.35 €

12. Related party transactions

The Group has entered into various transactions with related companies in the first three months of 2009 and 2008 that have all been carried out in the normal course of business. As is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI, such transactions are not considered material to the Group either individually or in the aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security and Astrium divisions. The transactions with SEPI include mainly sales from Airbus Military in Airbus segment and Defence & Security division.

13. Number of employees

The number of employees at March 31, 2009 is 117,198 as compared to 118,349 at December 31, 2008.

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

In 2005, a liquidator representing the special purpose vehicle GFAC (a joint venture between Swissair and GATX) sued Airbus before a New York court to recover USD 227 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus' termination of the Purchase Agreement with GFAC in October 2001 for 38 SA and LR aircraft, in the context of Swissair's bankruptcy. On 6 February 2009, the judge decided in favour of GFAC. Airbus has asked the court to reconsider its decision at a hearing on 18 March 2009 and has also filed an appeal. Both requests are under consideration by the courts, and it cannot be excluded that Airbus could be ordered to pay an amount equal to the pre-delivery payments plus legal interest.

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 subsidisation of Boeing. On 31 May 2005, the US and the EU each requested the establishment of a panel. At its meeting on 20 July 2005, the Dispute Settlement Body established the panels. Between November 2005 and the present, the parties filed numerous written submissions and attended several oral hearings in both cases. The parties continue to provide input in response to the WTO's written questions in advance of issuance of the WTO panels' reports. Exact timing of further steps in the WTO litigation process is subject to ruling of the panels and to negotiations between the US and the EU. Unless a settlement, which is currently not under discussion, is reached between the parties, the WTO panels have indicated that they will issue draft reports sometime in 2009.

The French Autorité des marchés financiers (the "AMF") began investigations in 2006 for alleged breaches of market regulations and insider trading rules with respect to, among other things, the A380 delays announced in 2006. On 1 April 2008, the AMF announced the notification of charges against EADS and certain of its executives for breach of such market regulations and insider trading rules, respectively. EADS and the individual defendants intend to vigorously exercise their defence rights in front of the Sanction Commission of the AMF, which will decide whether to impose fines after due hearing of the parties. EADS believes that the financial risk associated with this procedure and its possible consequences is not material. However, it recognises that these proceedings may have significant consequences on its image and reputation. Following criminal complaints filed by a shareholders' association and by an individual shareholder (including a civil claim for damages), French investigating judges are also carrying out investigations on the same facts.

In Germany, the German Federal Financial Supervisory Authority (the "BaFin") began its own investigations in 2006 for alleged breaches of market regulations and insider trading rules. However, the BaFin formally notified EADS on 2 March 2007 that it had discontinued its investigation for suspected breaches of market regulations. Upon referral by the BaFin, German criminal proceedings regarding suspected insider trading offences are still pending against a small number of individuals at lower management level, while investigations against other individuals were discontinued without charges being brought.

Furthermore, in Germany, several shareholders have filed civil actions against EADS since 2006 to recover their alleged losses in connection with the disclosure of A380 programme delays, the latest such actions being filed in early 2009. A plaintiff motion for "model proceedings" is also currently pending before the court, which would allow common issues of fact or law in multiple individual securities actions to be bundled together. The actions are in their preliminary stage and the amounts claimed are relatively small. EADS anticipates a vigorous defence.

On 12 June 2008, two actions were initiated in the United States District Court for the Southern District of New York, one of which has since been voluntarily withdrawn. The remaining action purports 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 are EADS and four current or former executives of EADS and Airbus. The action seeks 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 2 January 2009, defendants filed motions to dismiss the complaint in the action. On 17 March 2009, plaintiff filed its opposition to the motions to dismiss; on 23 April 2009, defendants filed replies; and on 30 April 2009, plaintiff requested leave to file a sur-reply. That request and defendants' motions to dismiss are pending. EADS anticipates a vigorous defence to the lawsuit.

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.

15. Subsequent events

The EADS Board of Directors has appointed Bodo Uebber as Chairman of the Board of Directors. Mr Uebber, who has been member of the EADS Board of Directors since 2007, has succeeded Ruediger Grube effective 14 April 2009. Mr Grube resigned from his Chairman's position following his new appointment at Deutsche Bahn AG.

Furthermore, the EADS Board of Directors has proposed the appointment of a new Board Member, Wilfried Porth (Member of the Management Board of Daimler AG), to fill the Board vacancy left by Mr Grube's departure. EADS' shareholders will be asked to confirm this appointment at their Annual General Meeting to be held on 27 May 2009.

On May 6, 2009 Airbus announced that due to the current economic and aviation crisis and following specific customer requests for deferrals, it is adapting its A380 aircraft delivery schedule for 2009 / 2010. According to the new plan, Airbus expects to deliver 14 double-decker aircraft in 2009 and more than 20 aircraft in 2010.

Within the ongoing negotiations with OCCAR in April 2009, EADS and AMSL proposed a new programme baseline for the A400M to the Launch Nations. This proposed programme baseline which is conditional on achieving certain maturity gates includes changes of the programme organisation based on the integration of MTA into Airbus, suggestions for the technical evolution of the propulsion system and other mission critical systems as well as a proposal for potential contract adjustments.