Unaudited Condensed Consolidated Financial Information of EADS N.V. for the three-month period ended March 31, 2010

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - March 31, 2010		January 1 - March 31, 2009		Deviation
	M €	%	M €	%	M €
Revenues	8,950	100	8,467	100	483
Cost of sales	-7,844	-88	-7,260	-86	-584
Gross margin	**1,106**	**12**	**1,207**	**14**	**-101**
Selling, administrative & other expenses	-527	-6	-548	-6	21
Research and development expenses	-572	-6	-562	-7	-10
Other income	48	1	70	1	-22
Share of profit from associates under the equity method and other income from investments	18	0	49	1	-31
Profit before finance result and income taxes	**73**	**1**	**216**	**3**	**-143**
Interest income	82	1	122	1	-40
Interest expense	-135	-1	-131	-1	-4
Other financial result	130	1	40	0	90
Finance result	**77**	**1**	**31**	**0**	**46**
Income taxes	-47	-1	-77	-1	30
Profit for the period	**103**	**1**	**170**	**2**	**-67**
Attributable to:					
Equity owners of the parent **(Net loss / income)**	**103**	**1**	**170**	**2**	**-67**
Non-controlling interests	0	0	0	0	0

Earnings per share	€	€	€
Basic and diluted	0.13	0.21	-0.08

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - March 31, 2010	January 1 - March 31, 2009
Profit for the period	**103**	**170**
Foreign currency translation differences for foreign operations	98	11
Net change in fair value of cash flow hedges	-3,006	-1,311
Net change in fair value of available-for-sale financial assets	88	29
Tax on income and expense recognized directly in equity	949	399
Other comprehensive income, net of tax	**-1,871**	**-872**
Total comprehensive income of the period	**-1,768**	**-702**
Attributable to:		
Equity owners of the parent	-1,767	-702
Non-controlling interests	-1	0

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	March 31, 2010		December 31, 2009		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,080	14	11,060	14	20	0
Property, plant and equipment	12,596	16	12,586	16	10	0
Investments in associates under the equity method	2,567	3	2,514	3	53	2
Other investments and long-term financial assets	2,481	3	2,210	3	271	12
Other non-current assets	2,066	3	2,783	3	-717	-26
Deferred tax assets	3,769	5	2,656	3	1,113	42
Non-current securities	4,467	6	3,983	5	484	12
	39,026	50	37,792	47	1,234	3
Current assets						
Inventories	23,295	29	21,577	27	1,718	8
Trade receivables	5,484	7	5,587	7	-103	-2
Other current assets	3,828	4	4,238	5	-410	-10
Current securities	3,478	4	4,072	5	-594	-15
Cash and cash equivalents	5,103	6	7,038	9	-1,935	-27
Non-current assets / disposal groups classified as held for sale	34	0	0	0	34	
	41,222	50	42,512	53	-1,290	-3
Total assets	**80,248**	**100**	**80,304**	**100**	**-56**	**0**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	816	1	816	1	0	0
Reserves	7,287	9	7,182	9	105	1
Accumulated other comprehensive income	776	1	2,646	3	-1,870	-71
Treasury shares	-110	0	-109	0	-1	1
	8,769	11	10,535	13	-1,766	-17
Non-controlling interests	102	0	106	0	-4	-4
	8,871	11	10,641	13	-1,770	-17
Non-current liabilities						
Non-current provisions	8,186	10	8,137	10	49	1
Long-term financing liabilities	2,900	4	2,867	4	33	1
Deferred tax liabilities	962	1	751	1	211	28
Other non-current liabilities	17,818	22	15,532	19	2,286	15
	29,866	37	27,287	34	2,579	9
Current liabilities						
Current provisions	5,930	8	5,883	8	47	1
Short-term financing liabilities	1,395	2	2,429	3	-1,034	-43
Trade liabilities	8,261	10	8,217	10	44	1
Current tax liabilities	212	0	220	0	-8	-4
Other current liabilities	25,713	32	25,627	32	86	0
	41,511	52	42,376	53	-865	-2
Total liabilities	71,377	89	69,663	87	1,714	2
Total equity and liabilities	**80,248**	**100**	**80,304**	**100**	**-56**	**0**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	January 1 - March 31, 2010	January 1 - March 31, 2009
	M€	M€
Profit for the period attributable to equity owners of the parent (Net income)	**103**	**170**
Adjustments to reconcile profit for the period to cash (used for) operating activities		
Depreciation and amortization	384	369
Valuation adjustments	-92	110
Deferred tax expense	17	36
Change in income tax assets, income tax liabilities and provisions for income tax	-29	-41
Results on disposal of non-current assets	-3	-44
Results of companies accounted for by the equity method	-19	-44
Change in current and non-current provisions	25	102
Change in other operating assets and liabilities	-1,112	-1,018
Cash (used for) operating activities	**-726**	**-360**
Investments:		
- Purchase of intangible assets, PPE	-345	-310
- Proceeds from disposals of intangible assets, PPE	7	7
- Proceeds from disposals of subsidiaries (net of cash)	0	15
- Payments for investments in associates and other investments and long-term financial assets	-83	-48
- Proceeds from disposals of associates and other investments and long-term financial assets	23	7
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	136	891
Contribution to plan assets	-1	0
Cash (used for) provided by investing activities	**-263**	**666**
Change in long-term and short-term financing liabilities	-1,010	-105
Capital increase and changes in non-controlling interests	-2	1
Change in treasury shares	-1	10
Cash (used for) financing activities	**-1,013**	**-94**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	67	22
Net (decrease) increase in cash and cash equivalents	**-1,935**	**234**
Cash and cash equivalents at beginning of period	**7,038**	**6,745**
Cash and cash equivalents at end of period	**5,103**	**6,979**

As of March 31, 2010, EADS' cash position (stated as cash and cash equivalents in the Unaudited Condensed IFRS Consolidated Statements of Cash Flows) includes 717 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 equity
Balance at January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive income	-702	0	-702
Change in treasury shares	10	0	10
Others	4	1	5
Balance at March 31, 2009	**10,334**	**105**	**10,439**
Balance at January 1, 2010	**10,535**	**106**	**10,641**
Total comprehensive income	-1,767	-1	-1,768
Capital decrease	0	-3	-3
Change in treasury shares	-1	0	-1
Others	2	0	2
Balance at March 31, 2010	**8,769**	**102**	**8,871**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at March 31, 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 three-month period ended March 31, 2010 were authorized for issue by EADS’ Board of Directors on May 12, 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 Standing Interpretations Committee (“SIC”).

Financial reporting rules applied for the first time in the first quarter 2010

The following revised or amended Standards were applied for the first time in the first quarter 2010 and are effective for EADS as of January 1, 2010. If not otherwise stated, the following Standards and revised Standards did not have a material impact on EADS' Consolidated Financial Statements for the first quarter 2010 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 “Eligible Hedged Items – Amendment to IAS 39 “Financial Instruments: Recognition and Measurement”” is to propose rule-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.

The following endorsed Interpretations were also required to be applied for the first time in the first quarter 2010. If not otherwise stated, these Interpretations did not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

IFRIC 12 “Service Concession Arrangements”

IFRIC 17 “Distributions of Non-cash Assets to Owners”

IFRIC 18 “Transfers of Assets from Customers”

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 recognised as revenues and expenses respectively by reference to the stage of completion of the A400M contract activity at the reporting date. This was based on the technical progress of the program and the signature of a principle agreement with the Launch Nations which is subject to parliamentary approval processes. While the A400M program made further technical progress including a series of further successful test flights of the first prototype aircraft as well as successful engine tests and the first flight of the second prototype aircraft, the program progress and milestone structure did not trigger revenue recognition of the A400M program until March 31, 2010 according to the percentage of completion method. Further, the current status of the ongoing negotiations between EADS/Airbus/AMSL and the Launch Nations since March 5, 2010 did not lead to a contract amendment including a related export levy facility yet. As of March 31, 2010 the A400M provision remains nearly unchanged at 2.5 billion €.

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 program”* in the notes to the Consolidated Financial Statements for the year ending December 31, 2009.

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 three 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 all Airbus A400M operations.

The above mentioned 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.

- *Defence & Security* — 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	Defence & Security	Other Busines-ses	Total segments	HQ/ Conso.	**Consoli-dated**
Three-month period ended March 31, 2010									
Revenues	5,989	384	798	924	928	246	9,269	-319	**8,950**
Research and development expenses	-431	-2	-47	-18	-57	-1	-556	-16	**-572**
Profit (loss) before finance result and income taxes	0	1	25	40	19	-1	84	-11	**73**
EBIT pre-goodwill imp. and exceptionals (see definition below)	6	1	26	41	21	-1	94	-11	**83**
Three-month period ended March 31, 2009									
Revenues	5,470	456	758	904	934	214	8,736	-269	**8,467**
Research and development expenses	-438	-3	-41	-17	-37	-1	-537	-25	**-562**
Profit (loss) before finance result and income taxes	199	-116	38	35	15	0	171	45	**216**
EBIT pre-goodwill imp. and exceptionals (see definition below)	205	-116	38	36	21	0	184	48	**232**

The presentation of "Profit (loss) before finance result and income taxes" and "EBIT pre-goodwill impairment and exceptionals" for Airbus Military for the first quarter 2009 is adjusted according to the presentation for the first quarter 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- March 31, 2010	January 1- March 31, 2009
Profit before finance result and income taxes	**73**	**216**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	10	16
EBIT pre-goodwill impairment and exceptionals	**83**	**232**

7. Significant income statement items

Revenues of 8,950 M € (first quarter 2009: 8,467 M €) increase by 483 M €, mainly at Airbus Commercial (+519 M €), due to more deliveries of commercial aircraft (119 with revenue recognition versus 116 in the previous year) and a higher volume and a favorable mix, partly offset by an unfavorable US dollar impact. Moreover, Eurocopter and Astrium contributed positively. Airbus Military decreases by -72 M € resulting from the application of the early stage accounting method for the A400M contract in 2009 (in 2010 the application of the common percentage of completion method is resumed, no milestones have been recognized in the first quarter).

The **Gross Margin** decreases by -101 M € to 1,106 M € compared to 1,207 M € in the first quarter of 2009. This reduction is mainly related to unfavorable foreign exchange rate effects at Airbus Commercial, which are partly offset by a favorable mix in Single Aisle and Long Range aircraft. Defence & Security and Astrium recognize increasing positive gross margins.

Research and development expenses of -572 M € (first quarter 2009: -562 M €) nearly remain on the same level. Defence & Security increases by -20 M €, while Airbus Commercial decreases by +7 M €, the ramp-up for A350XWB is thereby more than compensated by reductions in other programs.

Other income decreases by -22 M € to 48 M € (first quarter 2009: 70 M €), reflecting the gain on disposal from the Filton site (33 M €) recognized in the first quarter 2009.

Share of profit from associates under the equity method and other income from investments of 18 M € (first quarter 2009: 49 M €) is mainly influenced by the consistently estimated share of the result of Dassault Aviation of 30 M € (first quarter 2009: 43 M €). The Dassault Aviation equity accounted-for income in the first quarter 2010 includes a positive 2009 catch-up amounting to +3 M €.

Finance result amounts to 77 M € (first quarter 2009: +31 M €) mainly including the positive revaluation of some monetary items and financial instruments, partly compensated by negative impacts from the unwinding of the discount of provisions and the interest result of -53 M € (first quarter 2009: -9 M €) reflecting decreasing interest rates.

The **income tax** expense of -47 M € (first quarter 2009: -77 M €) corresponds to an effective income tax rate of 31% (first quarter 2009: 31%).

8. Significant items of the statements of financial position

Non-current assets

Intangible assets of 11,080 M € (prior year-end: 11,060 M €) include 9,758 M € (prior year-end: 9,741 M €) of goodwill. This mainly relates to Airbus Commercial (6,425 M €), Defence & Security (2,516 M €), Astrium (604 M €) and Eurocopter (111 M €). The last annual impairment tests, which were performed in the fourth quarter 2009, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +51 M €, **property, plant and equipment** decrease by -41 M € to 12,596 M € (prior year-end: 12,586 M €), including leased assets of 737 M € (prior year-end: 703 M €). Property, plant and equipment also comprise “Investment property” amounting to 77 M € (prior year-end: 78 M €).

Investments in associates under the equity method of 2,567 M € (prior year-end: 2,514 M €) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to 2,444 M € (prior year-end: 2,380 M €).

Other investments and other long-term financial assets of 2,481 M € (prior year-end: 2,210 M €) are related to Airbus for an amount of 1,922 M € (prior year-end: 1,691 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of +77 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The decrease by -717 M € to 2,066 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 (-712 M €).

Deferred tax assets of 3,769 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 (595 M €, prior year-end: 1,307 M €), in other current assets (444 M €, prior year-end: 937 M €), in other non-current liabilities (1,949 M €, prior year-end: 732 M €) and in other current liabilities (651 M €, prior year-end: 220 M €) which corresponds to a total net fair value of -1,561 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 66.2 billion US dollar as at March 31, 2010. The US dollar vanilla options of 2 billion US dollar as of December 31, 2009 were sold. The US dollar exchange rate became more favorable (USD / € spot rate of 1.35 at March 31, 2010 vs. 1.44 at December 31, 2009). The average US dollar hedge rate for the hedge portfolio of the Group remains stable at 1.39 USD / € as at December 31, 2009 and March 31, 2010, respectively.

Current assets

Inventories of 23,295 M € (prior year-end: 21,577 M €) increase by +1,718 M €. This is mainly driven by an increase in unfinished goods and services in Airbus Division (+551 M €), at Eurocopter (+270 M €) coming from commercial programs as well as governmental programs (NH 90 and Tiger) and at Defence & Security (+361 M €, thereof +126 M € for the Eurofighter program). Additionally, Airbus records higher finished goods for aircraft on stock (+375 M €).

Trade receivables decrease by -103 M € to 5,484 M € (prior year-end: 5,587 M €), mainly caused by Eurocopter (-91 M €), Defence & Security (-94 M €) and Airbus Division (-61 M €), partly compensated by Astrium (+170 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 -410 M € to 3,828 M € (prior year-end: 4,238 M €) comprises among others a decrease of -493 M € in positive fair values of derivative financial instruments and reduced receivables from related companies (-250 M €, mainly Eurofighter Jagdflugzeug GmbH). This is partly compensated by increasing current other assets (+217 M €), comprising among others claims to tax rebates and current prepaid expenses.

Cash and cash equivalents decrease from 7,038 M € to 5,103 M € (see also note 9 “Significant cash flow items”).

Non-current assets classified as held for sale of 34 M € (prior year-end: 0 M €) include 100 % shares of DASELL Cabin Interior GmbH, which are expected to be sold within the next months.

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 8,769 M € (prior year-end: 10,535 M €). The decrease in equity is mainly due to a comprehensive income for the period of -1,767 M €, primarily resulting from a negative net change in fair value of cash flow hedges.

Non-controlling interests slightly decrease to 102 M € (prior year-end: 106 M €).

Non-current liabilities

Non-current provisions of 8,186 M € (prior year-end: 8,137 M €) comprise the non-current portion of pension provisions with an increase of +59 M € to 5,139 M € (prior year-end: 5,080 M €).

Moreover, other provisions are included in non-current provisions, which decrease by -10 M € to 3,047 M €. The decrease mainly reflects restructuring provisions for the reduction of overhead costs (-64 M €) (mainly “Power 8” program, of which -65 M € are reclassified to other current provisions) and obligations from service and maintenance agreements (-34 M €), partly compensated by foreign exchange rate effects on provisions for aircraft financing activities (+52 M €).

Long-term financing liabilities, which mainly comprise bonds, increase by +33 M € to 2,900 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 +2,286 M € to 17,818 M € (prior year-end: 15,532 M €). They mainly include non-current customer advance payments received of 9,582 M € (prior year-end: 8,579 M €) and the non-current portion of European Government refundable advances amounting to 4,952 M € (prior year-end: 4,882 M €). The rise is mainly affected by the increase of fair values of derivative financial instruments (please refer to “derivative financial instruments”) as well as higher advance payments received (+1,003 M €, mainly at Airbus division). The main part of non-current deferred income of 265 M € (prior year-end: 266 M €) is linked to deferred revenues of Airbus and ATR relating to Residual Value Guarantee clauses. These are reversed over the guaranteed period.

Current liabilities

Current provisions increase by +47 M € to 5,930 M € (prior year-end: 5,883 M €) and comprise the current portions of pensions (216 M €) and other provisions (5,714 M €). The increase mainly reflects provisions for loss making contracts (+46 M €), provisions for personnel charges (+40 M €) and for restructuring measures (+31 M €, thereof +65 M € reclassified from non-current provisions), partly reduced by provisions for outstanding costs (-74 M €).

Short-term financing liabilities of 1,395 M € (prior year-end: 2,429 M €) decrease by -1,034 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 +86 M € to 25,713 M € (prior year-end: 25,627 M €). Other current liabilities mainly comprise current customer advance payments of 20,740 M € (prior year-end: 21,271 M €).

9. Significant cash flow items

Cash used for operating activities decreases by -366 M € to -726 M € (first three months 2009: -360 M €). Gross cash flow from operations (excluding working capital changes) of +386 M € falls below the prior period's level (first three months 2009: +658 M €). The decrease is mainly affected by foreign exchange rate effects. Changes in other operating assets and liabilities (working capital changes) amount to -1,112 M € (first three months 2009: -1,018 M €), mainly reflecting an increase in inventories, partly compensated by higher advance payments received.

Cash used for / provided by investing activities (including change in securities) amounts to -263 M € (first three months 2009: +666 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -345 M €, namely in Airbus division, and payments for investments in associates and other investments and long-term financial assets of -83 M €, partly compensated by a net sale of securities of +136 M €.

Cash used for financing activities is reduced by -919 M € to -1,013 M € (first three months 2009: -94 M €). The outflow 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 810,886,053 and 810,648,402 as of March 31, 2010 and 2009, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the first three months of 2010, the number of treasury shares held by EADS increased from 5,196,450 as of December 31, 2009 to 5,219,008 as of March 31, 2010.

In the first three months of 2010 and 2009, respectively, EADS did not issue any 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 March 31, 2010	January 1 to March 31, 2009
Net income attributable to equity owners of the parent	103 M €	170 M €
Weighted average number of ordinary shares outstanding	810,894,262	809,366,635
Basic earnings per share	0.13 €	0.21 €

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 did not exceed the exercise price of any stock option plan initiated by the Group, no shares related to stock options were considered in the calculation of diluted earnings per share during the first three months of 2010 and 2009. Since the average price of EADS shares during the first three months of 2010 exceeded the price of performance and restricted shares, 1,280,857 shares related to performance and restricted shares (in the first three months of 2009: 675,086 shares) were considered in the calculation.

	January 1 to March 31, 2010	January 1 to March 31, 2009
Net income attributable to equity owners of the parent	103 M €	170 M €
Weighted average number of ordinary shares outstanding (diluted)	812,175,119	810,041,721
Diluted earnings per share	0.13 €	0.21 €

12. Related party transactions

The Group has entered into various transactions with related companies in the first three 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 AG, 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, Defence & Security and Astrium divisions. The transactions with SEPI include mainly sales from Airbus Military and Defence & Security division.

13. Number of employees

The number of employees as at March 31, 2010 is 119,860 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.

Paragraph 4 is replaced by the following: “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 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. On 23 March 2010, a non-binding confidential report was issued in the case brought by the US. The decision will be released publicly in the second quarter of 2010, and will likely be appealed by both sides. A draft decision in the case brought by the EU concerning subsidies to Boeing is expected in June 2010. 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 litigation is expected to continue for several years.”

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 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 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.”

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 until end June 2010, with a further 30 days thereafter for AMSL to submit its response in the arbitration if renegotiations are not successful.”

15. Subsequent events

On April 27, 2010 Eurocopter has announced details of the implementation of the transformation and improvement program SHAPE. As part of this program, Eurocopter plans to save 200 M € annually.