Year 2009 Report

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the year ended December 31, 2009

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - December 31, 2009		January 1 - December 31, 2008		Deviation
	M €	%	M €	%	M €
Revenues	42,822	100	43,265	100	-443
Cost of sales	-38,383	-90	-35,907	-83	-2,476
Gross margin	**4,439**	**10**	**7,358**	**17**	**-2,919**
Selling, administrative & other expenses	-2,298	-5	-2,317	-5	19
Research and development expenses	-2,825	-6	-2,669	-6	-156
Other income	170	0	189	0	-19
Share of profit from associates under the equity method and other income from investments	134	0	211	0	-77
Profit (loss) before finance result and income taxes	**-380**	**-1**	**2,772**	**6**	**-3,152**
Interest income	356	1	617	1	-261
Interest expense	-503	-1	-581	-1	78
Other financial result	-445	-1	-508	-1	63
Finance result	**-592**	**-1**	**-472**	**-1**	**-120**
Income taxes	220	0	-703	-1	923
Profit (loss) for the period	**-752**	**-2**	**1,597**	**4**	**-2,349**
Attributable to:					
Equity owners of the parent **(Net loss / income)**	**-763**	**-2**	**1,572**	**4**	**-2,335**
Non-controlling interests	11	0	25	0	-14
Earnings per share	€		€		€
Basic and diluted	-0.94		1.95		-2.89

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - December 31, 2009	January 1 - December 31, 2008
Profit (loss) for the period	**-752**	**1,597**
Foreign currency translation differences for foreign operations	-262	417
Net change in fair value of cash flow hedges	1,483	-5,427
Net change in fair value of available-for-sale financial assets	162	0
Changes in actuarial gains and losses	-595	-346
Tax on income and expense recognized directly in equity	-381	1,722
Other comprehensive income, net of tax	**407**	**-3,634**
Total comprehensive income of the period	**-345**	**-2,037**
Attributable to:		
Equity owners of the parent	-354	-2,056
Non-controlling interests	9	19

Unaudited Condensed IFRS Consolidated Statements of Financial Position

	December 31, 2009		December 31, 2008		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,060	14	11,171	15	-111	-1
Property, plant and equipment	12,586	16	12,243	16	343	3
Investments in associates under the equity method	2,514	3	2,356	3	158	7
Other investments and long-term financial assets	2,210	3	1,712	2	498	29
Other non-current assets	2,783	3	2,646	3	137	5
Deferred tax assets	2,656	3	2,756	4	-100	-4
Non-current securities	3,983	5	3,040	4	943	31
	37,792	47	35,924	47	1,868	5
Current assets						
Inventories	21,577	27	19,452	26	2,125	11
Trade receivables	5,587	7	5,267	7	320	6
Other current assets	4,238	5	4,590	6	-352	-8
Current securities	4,072	5	3,912	5	160	4
Cash and cash equivalents	7,038	9	6,745	9	293	4
Non-current assets / disposal groups classified as held for sale	0	0	263	0	-263	
	42,512	53	40,229	53	2,283	6
Total assets	**80,304**	**100**	**76,153**	**100**	**4,151**	**5**
Total equity						
Equity attributable to equity owners of the parent						
Capital stock	816	1	815	1	1	0
Reserves	7,182	9	8,558	11	-1,376	-16
Accumulated other comprehensive income	2,646	3	1,758	3	888	51
Treasury shares	-109	0	-109	0	0	0
	10,535	13	11,022	15	-487	-4
Non-controlling interests	106	0	104	0	2	2
	10,641	13	11,126	15	-485	-4
Non-current liabilities						
Non-current provisions	8,137	10	7,479	10	658	9
Long-term financing liabilities	2,867	4	3,046	4	-179	-6
Deferred tax liabilities	751	1	953	1	-202	-21
Other non-current liabilities	15,532	19	16,824	22	-1,292	-8
	27,287	34	28,302	37	-1,015	-4
Current liabilities						
Current provisions	5,883	8	4,583	6	1,300	28
Short-term financing liabilities	2,429	3	1,458	2	971	67
Trade liabilities	8,217	10	7,824	10	393	5
Current tax liabilities	220	0	201	0	19	9
Other current liabilities	25,627	32	22,504	30	3,123	14
Liabilities directly associated with non-current assets classified as held for sale	0	0	155	0	-155	
	42,376	53	36,725	48	5,651	15
Total liabilities	69,663	87	65,027	85	4,636	7
Total equity and liabilities	**80,304**	**100**	**76,153**	**100**	**4,151**	**5**

Unaudited Condensed IFRS Consolidated Statements of Cash Flows

	January 1 - December 31, 2009	January 1 - December 31, 2008
	M €	M €
Profit (loss) for the period attributable to equity owners of the parent (Net loss / income)	**-763**	**1,572**
Profit for the period attributable to non-controlling interests	11	25
Adjustments to reconcile profit (loss) for the period to cash provided by operating activities		
Depreciation and amortization	1,826	1,667
Valuation adjustments	-20	1,215
Deferred tax expense (income)	-428	349
Change in income tax assets, income tax liabilities and provisions for actual income tax	176	-39
Results on disposal of non-current assets	-31	-31
Results of companies accounted for by the equity method	-115	-188
Change in current and non-current provisions	1,767	1
Change in other operating assets and liabilities	15	-172
Cash provided by operating activities	**2,438**	**4,399**
Investments:		
- Purchase of intangible assets, PPE	-1,957	-1,837
- Proceeds from disposals of intangible assets, PPE	75	35
- Acquisitions of subsidiaries, joint ventures, businesses and non-controlling interests (net of cash)	-21	-265
- Proceeds from disposals of subsidiaries (net of cash)	13	2
- Payments for investments in associates and other investments and long-term financial assets	-136	-122
- Proceeds from disposals of associates and other investments and long-term financial assets	43	180
- Dividends paid by companies valued at equity	27	50
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	103	117
Change in securities	-821	-2,676
Contribution to plan assets	-173	-436
Cash (used for) investing activities	**-2,847**	**-4,952**
Increase in financing liabilities	1,114	471
Repayment of financing liabilities	-208	-628
Cash distribution to EADS N.V. shareholders	-162	-97
Dividends paid to non-controlling interests	-4	-10
Capital increase and changes in non-controlling interests	17	24
Change in treasury shares	-5	39
Cash provided by (used for) financing activities	**752**	**-201**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-50	-50
Net increase (decrease) in cash and cash equivalents	**293**	**-804**
Cash and cash equivalents at beginning of period	**6,745**	**7,549**
Cash and cash equivalents at end of period	**7,038**	**6,745**

As of December 31, 2009, EADS' cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 751 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 Changes in Equity

in M €	Equity attributable to equity owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2008	**13,090**	**85**	**13,175**
Total comprehensive income	-2,056	19	-2,037
Cash distribution to shareholders	-97	-10	-107
Capital Increase	24	1	25
Change in treasury shares	39	0	39
Change in non-controlling interests	0	9	9
Others	22	0	22
Balance at December 31, 2008	**11,022**	**104**	**11,126**
Total comprehensive income	-354	9	-345
Cash distribution to shareholders	-162	-4	-166
Capital Increase	15	2	17
Change in treasury shares	-5	0	-5
Others	19	-5	14
Balance at December 31, 2009	**10,535**	**106**	**10,641**

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

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 year ended December 31, 2009 were authorized for issue by EADS' Board of Directors on March 8, 2010.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union (EU) as at December 31, 2009.

The IFRS rules applied by EADS for preparing 2009 year end Consolidated Financial Statements are the same as for the previous financial year except for those following the application of new or amended Standards or Interpretations respectively and changes in accounting policies as detailed below.

a) New or Amended Standards

The application of the following amended standards is mandatory for EADS for the fiscal year starting January 1, 2009. If not otherwise stated, the following new or amended Standards did not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

IFRS 8 "Operating Segments" (issued in November 2006 and endorsed in November 2007) 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 the relating changes to the presentation of segment information.

The **Amendment to IAS 23** "Borrowing Costs" removes the option of recognizing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as an expense and therefore requires capitalizing such borrowing costs as part of the cost of the asset prospectively. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. This amendment was released in April 2007, was endorsed in December 2008 and became mandatory to EADS as of January 1, 2009. The application of the amended IAS 23 results in the mandatory capitalization of borrowing costs related to qualifying assets and will thus increase the amount of total costs capitalized and thus the basis of depreciations of such qualifying assets.

The **Amendment to IAS 1** "Presentation of Financial Statements: A revised presentation" *(issued in September 2007 and endorsed in December 2008) became effective for EADS as of January 1, 2009 and* introduced 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. Total comprehensive income may be presented either according to a single statement approach (effectively combining both the consolidated income statement and all non-owner changes in equity in a single statement), or according to a two statement approach in a consolidated income statement and a separate statement of comprehensive income. EADS provides such information according to the two statement approach in an income statement as well as in a statement of comprehensive income for its Consolidated Financial Statements from 2009 onwards.

The **Amendments to IFRS 4 and IFRS 7** "Improving Disclosures about Financial Instruments" (issued in March 2009 and endorsed in December 2009) require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendments require disclosure of fair value measurements by level of a fair value measurement hierarchy.

EADS applied the amendments to **IAS 32 and IAS 1** "Puttable Financial Instruments" (issued in February 2008, endorsed in January 2009), the amendments to **IFRS 1** "First-time Adoption of International Financial Reporting Standards" and to **IAS 27** "Consolidated and Separate Financial Statements" *(issued in May 2008, endorsed in January 2009)* as well as the amendments to **IFRS 2** "Share Based Payments - Vesting Conditions and Cancellations" (amended in January 2008 and endorsed in December 2008).

Further, in May 2008 the IASB issued its first omnibus of amendments to its standards primarily with a view to removing inconsistencies and clarifying wording in several IFRS standards, which was endorsed in January 2009. There are separate transition rules for each amended standard. Except for the amendments regarding IAS 16 and IAS 7 (presentation of the sales proceeds from assets previously used for renting activities), which were early adopted by EADS in its 2008 Consolidated Financial Statements, the majority of these amendments, being effective from January 1, 2009 onwards, did not have any material impact on EADS' Consolidated Financial Statements.

Finally, EADS' accounting policies were not affected by the amendments "Reclassification of Financial Assets: Amendments to **IAS 39** "Financial Instruments: Recognition and Measurement" and ***IFRS 7*** *"Financial Instruments: Disclosures" (both Standards amended and endorsed in October 2008)* as well as their related later amendments regarding the effective date and the transition rules (endorsed in September 2009), as EADS did not reclassify any such financial instruments. Furthermore, the related amendments "Embedded Derivatives: Amendments to **IFRIC 9** "Reassessment of Embedded Derivatives" and **IAS 39** "Financial Instruments: Recognition and Measurement" (both amended in December 2008 and endorsed in November 2009) also did not have an impact on EADS' accounting policies.

b) New Interpretations

The following Interpretation became effective as of January 1, 2009. If not otherwise stated, the following Interpretations did not have a material impact on EADS' Consolidated Financial Statements as well as its basic and diluted earnings per share.

IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" (issued in July 2007, endorsed in December 2008 resulting in an effective date as of January 1, 2009) clarifies how the maximum amount of net plan assets is calculated and which circumstances require an additional pension liability to be recognized.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" (issued in July 2008, endorsed in June 2009) provides additional guidance on the accounting for a hedge of a net investment, mainly regarding the identification of the foreign currency risks that qualify for hedge accounting, where within the group the hedging instruments can be held and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment.

Further, EADS' accounting policies were not affected by **IFRIC 13** "Customer Loyalty Programmes" (issued in June 2007, endorsed in December 2008) and the sector-specific interpretation **IFRIC 15** "Agreements for the Construction of Real Estate" (issued in July 2008, endorsed in July 2009), as EADS does neither maintain such customer loyalty programs nor undertakes such construction activities.

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 EADS could neither finally agree with OCCAR an updated contract scheme for the A400M programme nor reliably assess the related financial implications of this delay and applied the early-stage method of accounting until the end of December 2009 (see the corresponding notes disclosures in Note 3 "Accounting for the A400M programme" in EADS' Consolidated Financial Statements 2008 and the unaudited Quarterly Condensed Consolidated Financial Information 2009 for further details of the A400M programme and its related accounting issues). Under the early stage method of accounting applied until the end of December 2009, all A400M related work-in-progress, which would have been expensed upon the completion of technical milestones according to the common percentage 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 initial A400M Launch Contract.

During its ongoing discussions in 2009 with OCCAR and the Launch Nations, EADS successfully reinforced the Nations' confidence in the A400M programme and prepared a common basis for all parties involved to realign and rebase the A400M programme on future realistic general and specific conditions acceptable to all parties. These discussions addressed various aspects of the future progress of the programme such as the date for the first flight, certification procedures and the expected first entry into service as well as technical details of the aircraft and commercial issues of an updated contract scheme. Even though these ongoing discussions did not lead to an updated A400M contract scheme until the date of issuance of these IFRS Consolidated Financial Statements, the increasing level of details agreed between EADS, OCCAR and the Launch Nations in their constructive negotiations during the 4th quarter 2009 and the first weeks of 2010 provides a reasonable basis for reassessing contract revenues from an EADS perspective. An important step on the commercial side was achieved with the signing of the joint principle agreement "Understanding on the Continuation of the A400M Programme" reached between the seven Launch Nations and EADS/Airbus/AMSL on March 5, 2010. This step was accompanied by a further technical progress of the programme - mainly reflected in the successful first flight of the A400M on December, 11 2009 - and a considerable reduction of sources of uncertainty regarding the total expected costs. All three items, the ongoing progress on the commercial side including the level of details agreed between EADS and the Launch Nations since the fourth quarter 2009, the successful first flight of the A400M (and its implications for linked programme milestones such as the delivery of the first aircraft) together with a significant higher visibility on total expected costs enabled EADS to leave the early-stage accounting of the A400M programme at the end of December 2009 and to reassess the A400M loss provision within the A400M related year end closing procedures.

This reassessment also considered as an adjusting event for the EADS' 2009 Consolidated Financial Statements the details agreed upon with the Launch Nations during February and March 2010. In particular, the assessment of the need and amount of additional provisions for the continuation and completion of the A400M programme is based on the "Understanding on the Continuation of the A400M Programme" reached between the seven Launch Nations ("Nations") and EADS/Airbus/AMSL jointly signed by them (together the "Parties") on March 5, 2010 ("A400M Understanding"). This A400M Understanding has been reached "without prejudice and subject to contract". It is based on an exchange of letters from the State Secretary of the German Ministry of Defence, Rüdiger Wolf, on behalf of the seven Launch Nations and from the EADS CEO, Louis Gallois, during February 2010. The A400M Understanding - referring to the latest draft no. 14 of the Heads of Terms exchanged between the Parties until March 5, 2010 ("Heads of Terms") - and these letters are the result of negotiations over several months and constitute the basis on which management expects that a final agreement between the Parties on an amendment of the contract between AMSL and OCCAR ("Contract") will be reached as soon as practically possible.

The A400M Understanding, the Heads of Terms and the exchanged letters summarize the status of the negotiations and propose a number of changes to the initial contract which will only become binding upon Contract amendment and further requiring the implementation of an Export Levy Scheme or similar schemes. Assuming that the Nations will not derogate from what is agreed in the A400M Understanding and was offered in Mr. Wolf's letters previously, management has made further assumptions.

Whilst management has made these assumptions in good faith and believing them to be probable, there is no certainty that a final Contract amendment can be achieved. In particular, it is critical to the management's assessment that the agreed Export Levy Scheme or a similar scheme providing for 1.5 billion € will finally be concluded in a way which allows EADS/Airbus a revenue recognition as agreed in the A400M Understanding or can be included otherwise in the loss making contract ("LMC") computation. This will require a specific agreement with the Nations on an Export Levy Scheme or on a similar scheme mechanism and will be subject to national approval processes and the availability of funds (for this specific scheme).

The following elements of the ongoing negotiations between EADS, OCCAR and the Launch Nations - as currently expressed in the A400M Understanding, the Heads of Terms and the exchanged letters - were inter alia considered within the reassessment of A400M loss provision as of December 31, 2009:

- a price increase of 2 billion € at economic conditions as of January 2009,
- a waiver on liquidated damages arising from the former A400M delivery scheme being realigned to the new delivery plan proposed to the Launch Nations,
- an Export Levy Scheme providing for 1.5 billion € and
- accelerated pre-delivery payments in the period of 2010 to 2014 according to the new delivery plan.

The main characteristics of the Export Levy Scheme as currently negotiated is that a fixed pre-defined levy would be paid by EADS for each new export aircraft delivered without further guarantees by EADS.

The reassessment of the A400M loss provision considered also the updated expected total costs as of December 2009 in accordance with the current status of the negotiations. In addition, the impacts arisen from the cancellation of the South African A400M order in November 2009 were taken into account as well. Finally, EADS' management best estimate comprised an assessment of the fiscal consequences of the update of the A400M loss provision.

The following tables summarise the major accounting balances specifically related to the A400M programme as at December 31, 2009 and as at December 31, 2008:

in M €	**December 31, 2009**	**December 31, 2008**
Accumulated revenues	5,042	4,543
Accumulated cost of sales	(9,056)	(6,739)
Accumulated EBIT-impact	**(4,014)**	**(2,196)**

in M €	**December 31, 2009**	**December 31, 2008**
Accumulated revenues	5,042	4,543
Accumulated advance payments received	(7,049)	(5,712)
Net advance payments received (shown in liabilities)	**(2,007)**	**(1,169)**

	Total EBIT impact of the A400M programme	
in M €	**January 1 - December 31, 2009**	**January 1 - December 31, 2008**
Revenues	499	1,526
Expenses	(1,218)	(1,938)
Subtotal	(719)	(412)
Consumption of provision	719	404
Additional costs (including increase in provision)	(1,818)	(696)
Total EBIT impact	**(1,818)**	**(704)**

in M €	December 31, 2009	December 31, 2008
Property, plant and equipment (mainly buildings and jigs and tools)	755	722
Current assets (mainly advance payments made)	1,115	953
Net advance payments received (shown in liabilities)	(2,007)	(1,169)
A400M loss provision	(2,464)	(1,349)

The A400M loss provision as at December 31, 2009 (amounting to 2,464 M€ (1,349 M€ as at December 31, 2008)) has been determined based on the best estimate of EADS' management, reflecting in particular the status of the elements of the ongoing negotiations between EADS and the Launch Nations as of December 31, 2009, and adjusted to actual values as explained above as well as the expected total costs of the A400M programme updated in December 2009. Due to the fact that the envisaged contract amendments agreed upon in the A400M Understanding and the Heads of Terms have not been concluded yet, the financial consequences of the upcoming contractual amendments of the A400M contract scheme on EADS' Consolidated Financial Statements have been assessed on a best estimate basis and may be subject to changes depending on final contracts to be implemented. There is no certainty that such contractual amendments will be accomplished including any necessary parliamentary approval processes and availability of funds of the Launch Nations. Consequently and in particular with regard to the export levy scheme, there might arise a need that EADS' management has to reassess its assumptions regarding the consideration of the elements described above in the computation of the A400M loss provision as soon as the negotiations are finished. In case of such a reassessment EADS future financial performance could be significantly impacted.

The assessment of the statutory and fiscal consequences of the flow down of the above mentioned ongoing negotiations to the local and national entities of EADS is in process.

EADS intends to resume the common percentage at completion method for the A400M programme from 2010 onwards.

4. Changes in the consolidation perimeter of EADS

On April 22, 2008, EADS acquired PlantCML California / USA, a leading provider of emergency response solutions, which has been fully consolidated since that date. The difference between the purchase price and the acquired net assets led to the recognition of a final goodwill of 278 M USD.

On July 28, 2008, EADS acquired an additional 41% of Spot Image, Toulouse / France, a world leader in the provision of satellite imagery and geo-information value-added services. EADS thus increased its stake in Spot Image to 81% and consolidates it fully. This additional purchase led to the recognition of a final goodwill of 4 M €.

In the previous year, 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 is accounted for using the equity method and presented in "Other Businesses".

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

5. Segment information

Through the end of 2009, the Group operated 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. As per decision of the Board of Directors the former Military Transport Aircraft Division (MTAD) has been integrated into the Airbus organisation since January 1, 2009. Airbus Military integrates the former MTAD business 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 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 (MTAD) into Airbus being Airbus Military and the consolidation of EADS EFW (previously included in Other Businesses) within Airbus from 2009 onwards, the 2008 figures have been restated accordingly. Additionally, completing the reorganization of aerostructures activities within EADS, the site in Augsburg (previously included in Defence & Security) was transferred to Airbus Commercial in 2009. The respective previous year's figures are not restated, but impacts are explained where considered to be material.

In the second quarter of 2009, the carrying amounts of operative real estate, owned by Headquarters, were transferred retrospectively to the respective segments as at January 1, 2009. Since the operative segments as tenants are treated as if they were the owners, rental income and depreciations in Headquarters were restated accordingly, thus affecting its EBIT.

The following table presents information with respect to the Group's business segments. Consolidation effects, the holding function of EADS Headquarters and other activities not allocable to the reportable segments are disclosed in the column "HQ / Conso.". "Other Businesses" mainly comprises the development, manufacturing, marketing and sale of regional turboprop aircraft, light commercial aircraft and aircraft components.

in M €	Airbus Commercial	Airbus Military	Eurocopter	Astrium	Defence & Security	Other Businesses	Total segments	HQ/ Conso.	**Consolidated**
Year ended December 31, 2009									
Revenues	26,370	2,235	4,570	4,799	5,363	1,096	44,433	-1,611	**42,822**
Research and development expenses	-2,293	-13	-164	-74	-216	-6	-2,766	-59	**-2,825**
Profit (loss) before finance result and income taxes	363	-1,756	262	257	437	21	-416	36	**-380**
EBIT pre-goodwill imp. and exceptionals (see definition below)	386	-1,754	263	261	449	21	-374	52	**-322**
Year ended December 31, 2008									
Revenues	26,524	2,759	4,486	4,289	5,668 *)	1,338	45,064	-1,799	**43,265**
Research and development expenses	-2,210	-9	-134	-69	-174	-9	-2,605	-64	**-2,669**
Profit (loss) before finance result and income taxes	2,279	-495	292	231	399	43	2,749	23	**2,772**
EBIT pre-goodwill imp. and exceptionals (see definition below)	2,306	-493	293	234	408	43	2,791	39	**2,830**

*) thereof revenues of 438 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-December 31, 2009	January 1-December 31, 2008
Profit (loss) before finance result and income taxes	**-380**	**2,772**
Goodwill and exceptionals:		
Exceptional depreciation (fixed and financial assets in cost of sales)	56	52
Exceptional disposal (fixed assets in other income)	2	6
EBIT pre-goodwill impairment and exceptionals	**-322**	**2,830**

7. Significant income statement items

Revenues of 42,822 M € (2008: 43,265 M €) decrease by -443 M € due to an unfavorable US Dollar impact, the deconsolidation of Socata, of which 70 % was sold in 2009 and the remaining 30% are now accounted for at equity, despite of higher activities at Astrium (partly driven by a catch-up for in-orbit incentive schemes on commercial telecommunication satellites). Moreover, Airbus Commercial delivered more aircraft (498 versus 483 in the previous year) and Eurocopter contributed positively. The revenues also include 499 M € (2008: 1,107 M €), resulting from the application of the early stage accounting method for the A400M contract.

The **Gross Margin** decreases by -2,919 M € to 4,439 M € compared to 7,358 M € in 2008. This deterioration is mainly related to higher expenses for the A400M at Airbus Military. Additionally in 2009, the gross margin of Airbus Commercial is in particular burdened by foreign exchange rate effects and lower realized prices for delivered A330 aircraft, partly compensated by lower A380 onerous contract charges. In 2009, strong operational performance with delivery ramp-up, Power8 savings and improvements in Defence & Security and Astrium positively contribute to the development of the gross margin.

Research and development expenses of -2,825 M € (2008: -2,669 M €) principally reflect an increase for the Airbus A350XWB and some Defence & Security and Eurocopter programs partly compensated for by a decrease in the Airbus A380 program.

Other income decreases by -19 M € to 170 M € (2008: 189 M €). Other income includes among others gains from the sale of land and buildings.

Share of profit from associates under the equity method and other income from investments of 134 M € (2008: 211 M €) mainly consists of the result of Dassault Aviation of 120 M € (2008: 169 M €). Since for the second half-year 2009 no published financial information is available yet from Dassault Aviation at the date of authorization for issue of 2009 financial statements, EADS used a best estimate for the net income of Dassault Aviation including a catch-up on results for 2008 as well as direct recognitions in equity (AOCI) with regards to restatements for different treatments of actuarial gains and losses of pensions.

Finance result amounts to -592 M € (2008: -472 M €) mainly including negative impacts from the unwinding of the discount of provisions and the revaluation of some monetary items and financial instruments as well as the interest result of -147 M € (2008: +36 M €) reflecting decreasing interest rates.

The **income tax** benefit of +220 M € (2008: -703 M €) corresponds to an effective income tax rate of 23% (2008: 31%). Major driver of this tax rate are unexpected write-downs of non-recoverable tax assets within Airbus Division.

8. Significant items of the statements of financial position

Non-current assets

Intangible assets of 11,060 M € (prior year-end: 11,171 M €) include 9,741 M € (prior year-end: 9,760 M €) of goodwill. This mainly relates to Airbus Commercial (6,425 M €), Defence & Security (2,503 M €), Astrium (604 M €) and Eurocopter (111 M €). The related annual impairment tests, which were performed at the end of the year, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +160 M €, **property, plant and equipment** increase by +183 M € to 12,586 M € (prior year-end: 12,243 M €), including leased assets of 703 M € (prior year-end: 878 M €). Property, plant and equipment also comprise “Investment property” amounting to 78 M € (prior year-end: 87 M €).

Investments in associates under the equity method of 2,514 M € (prior year-end: 2,356 M €) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to 2,380 M € (prior year-end: 2,243 M €).

Other investments and other long-term financial assets of 2,210 M € (prior year-end: 1,712 M €) are related to Airbus for an amount of 1,691 M € (prior year-end: 1,290 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of -35 M €.

Other non-current assets mainly comprise non-current derivative financial instruments and non-current prepaid expenses. The increase by +137 M € to 2,783 M € (prior year-end: 2,646 M €) is mainly caused by the positive variation of the non-current portion of fair values of derivative financial instruments (+206 M €).

Deferred tax assets of 2,656 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 (1,307 M €, prior year-end: 1,101 M €), in other current assets (937 M €, prior year-end: 1,482 M €), in other non-current liabilities (732 M €, prior year-end: 2,208 M €) and in other current liabilities (220 M €, prior year-end: 657 M €) which corresponds to a total net fair value of 1,292 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 60.8 billion US dollar as at December 31, 2009, including 2 billion of US dollar vanilla options (prior year-end: 9 billion USD). The US dollar exchange rate became less favorable (USD / € spot rate of 1.44 at December 31, 2009 vs. 1.39 at December 31, 2008). The average US dollar hedge rate for the hedge portfolio of the Group deteriorates from 1.36 USD / € as at December 31, 2008 to 1.39 USD / € as at December 31, 2009 (excluding US dollar plain vanilla options which are out of the money).

Current assets

Inventories of 21,577 M € (prior year-end: 19,452 M €) increase by +2,125 M €. This is mainly driven by an increase in unfinished goods and services in Airbus Commercial’s A380, Single Aisle and Long Range programs (+1,351 M €), at Eurocopter (+169 M €) due to lower deliveries in commercial programs (mainly Dauphin and Ecureuil) and governmental programs (NH 90 and Tiger) and at Defence & Security (+64 M €). Boosted by its launcher business, Astrium records a higher level of advance payments made to suppliers (+406 M €).

Trade receivables increase by +320 M € to 5,587 M € (prior year-end: 5,267 M €), mainly caused by Airbus (+188 M €), predominantly for Tanker, and by Astrium (+106 M €), mostly from Direction Générale de l’ Armement.

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 -352 M € to 4,238 M € (prior year-end: 4,590 M €) comprises among others a decrease of -545 M € in positive fair values of derivative financial instruments. This is partly compensated by increased receivables from related companies (+189 M €, mainly Eurofighter Jagdflugzeug GmbH).

Cash and cash equivalents increase from 6,745 M € to 7,038 M € (see also note 9 “Significant cash flow items”).

Total equity

Equity attributable to equity owners of the parent (including purchased treasury shares) amounts to 10,535 M € (prior year-end: 11,022 M €). The decrease in equity is mainly due to a comprehensive income for the period of -354 M €, primarily resulting from the loss of the period and changes in actuarial losses on defined benefit plans, partly compensated by a positive net change in fair value of cash flow hedges. Additionally, equity is reduced by the cash distribution to the shareholders.

Non-controlling interests slightly increase to 106 M € (prior year-end: 104 M €).

Non-current liabilities

Non-current provisions of 8,137 M € (prior year-end: 7,479 M €) comprise the non-current portion of pension provisions with an increase of +745 M € to 5,080 M € (prior year-end: 4,335 M €), mainly reflecting lower discount rates used for the calculation of pension obligations.

Moreover, other provisions are included in non-current provisions, which decrease by -87 M € to 3,057 M €. The decrease mainly reflects restructuring provisions for the reduction of overhead costs (“Power 8” program, -130 M €) and provisions for outstanding costs (-44 M€), partly compensated for by provisions for loss making contracts (+120 M €).

Other provisions include among others the provision for aircraft financing activities.

Long-term financing liabilities of 2,867 M € (prior year-end: 3,046 M €) decrease by -179 M €. Due to the maturity date of the first tranche of the EMTN bond in March 2010, an amount of 1 billion € is classified to short-term financing liabilities. In August 2009, this decrease was balanced by issuing the third tranche of the EMTN bond amounting to 1 billion €.

Other non-current liabilities comprise “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income” and decrease in total by -1,292 M € to 15,532 M € (prior year-end: 16,824 M €). They mainly include non-current customer advance payments received of 8,579 M € (prior year-end: 8,843 M €) and the non-current portion of European Government refundable advances amounting to 4,882 M € (prior year-end: 4,563 M €). The decrease is mainly affected by the reduction of fair values of derivative financial instruments (please refer to “derivative financial instruments”). The main part of non-current deferred income of 266 M € (prior year-end: 418 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 +1,300 M € to 5,883 M € (prior year-end: 4,583 M €) and comprise the current portions of pensions (226 M €) and other provisions (5,657 M €). The increase mainly reflects provisions for loss making contracts (+1,161 M €), primarily from A400M charges, provisions for litigations (+69 M €) and provisions for outstanding costs (+64 M€).

Short-term financing liabilities of 2,429 M € (prior year-end: 1,458 M €) increase by +971 M €, mainly due to the first tranche of the EMTN bond with an amount of 1 billion €, maturing in March 2010.

Other current liabilities include "Current other financial liabilities", "Current other liabilities" and "Current deferred income". They increase by +3,123 M € to 25,627 M € (prior year-end: 22,504 M €). Other current liabilities mainly comprise current customer advance payments of 21,271 M € (prior year-end: 17,802 M €).

9. Significant cash flow items

Cash provided by operating activities decreases by -1,961 M € to 2,438 M € (2008: 4,399 M €). Gross cash flow from operations (excluding working capital changes) of 2,423 M € falls below the prior period's level (2008: 4,571 M €). The decrease is mainly caused by the Airbus division. Changes in other operating assets and liabilities (working capital changes) amount to +15 M € (2008: -172 M €), mainly reflecting a higher advance payments received, partly compensated by an increase in inventories and trade receivables.

Cash used for investing activities (including change in securities) amounts to -2,847 M € (2008: -4,952 M €). This mainly comprises purchases of intangible assets and property, plant and equipment of -1,957 M €, namely in Airbus division, and a net purchase of securities of -821 M €.

Cash provided by (used for) financing activities improves by +953 M € to 752 M € (2008: -201 M €). The inflow comprises the issuance of the third tranche of the EMTN bond (1 billion €) included in financing liabilities partly offset by the cash payment to shareholders.

10. Number of shares

The total number of shares outstanding is 810,908,611 and 809,509,147 as of December 31, 2009 and 2008, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the year 2009, the number of treasury shares held by EADS decreased from 5,259,965 as of December 31, 2008 to 5,196,450 as of December 31, 2009.

In 2009, EADS issued no shares (in 2008: 14,200 shares) as a result of the exercise of stock options in relation to the implemented stock option plans. Under the 2009 Employee Stock Ownership Plan, EADS issued 1,358,936 shares in December 2009. Under ESOP 2008, 2,031,820 shares were issued in July 2008.

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 December 31, 2009	January 1 to December 31, 2008
Net income (loss) attributable to equity owners of the parent	-763 M €	1,572 M €
Weighted average number of ordinary shares outstanding	809,698,631	806,978,801
Basic earnings per share	-0.94 €	1.95 €

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 in 2009 and 2008. Since the average price of EADS shares in 2009 exceeded the price of performance and restricted shares, 1,491,482 shares related to performance and restricted shares (in 2008: 618,141 shares) were considered in the calculation.

	January 1 to December 31, 2009	January 1 to December 31, 2008
Net income (loss) attributable to equity owners of the parent	-763 M €	1,572 M €
Weighted average number of ordinary shares outstanding (diluted)	811,190,113	807,596,942
Diluted earnings per share	-0.94 €	1.95 €

12. Related party transactions

The Group has entered into various transactions with related companies in 2009 and 2008 that have all been carried out in the normal course of business. As it is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, Daimler, Lagardère and SEPI (Spanish State). Except for the transactions with the French State and SEPI, such transactions are not considered material to the Group either individually or on aggregate. The transactions with the French State include mainly sales from the Eurocopter, 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 December 31, 2009 is 119,506 as compared to 118,349 as 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), 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.

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 a purchase agreement with GFAC in October 2001 for 38 single-aisle and long-range aircraft, in the context of Swissair's bankruptcy. On 6 February 2009, a judge decided in favour of GFAC. In March 2009, GFAC submitted arguments on the amount of its alleged damages and requested entry of judgment. In parallel, Airbus has filed an appeal of the February 2009 decision, which was heard by the appellate court on 17 September 2009. Both plaintiff's request and defendant's appeal are currently pending, with the risk that Airbus may ultimately be required to pay an amount equal to the pre-delivery payments plus legal interest as damages.

In 2006, a liquidator representing the special purpose vehicle Flightlease No. 7 (a wholly-owned subsidiary of the bankrupt Swissair Group) sued Airbus before a Paris court to recover USD 319 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus' termination of a purchase agreement with Flightlease No. 7 in October 2001, in the context of Swissair's bankruptcy. On 23 December 2009 Airbus SAS filed a counterclaim against Flightlease No. 7 and notified its parent company Flightlease Holdings to be joined in the proceedings as guarantor of Flightlease No. 7.

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 4 September 2009, a non-binding confidential draft report was issued in the case brought by the US. The parties are currently providing comments on the draft, and a first instance decision could occur in the second quarter of 2010. 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.

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 current and former executives for breach of such market regulations and insider trading rules, respectively. On 22 July 2009, the Rapporteur of the Sanction Commission of the AMF issued a report regarding the charges notified by the AMF, which contained various recommendations to the Sanction Commission on the merits of the charges. Following oral hearings before the Sanction Commission which took place from 23-27 November 2009, the Sanction Commission decided, in a decision published on 17 December 2009, to dismiss all charges against EADS and the other notified persons. The Sanctions

Commission held that EADS had complied with all applicable market information duties, in particular in respect of risk of delays affecting the A380 programme and its development, and that there had been no breach of insider trading rules. Following criminal complaints filed by a shareholders' association and by an individual shareholder (including a civil claim for damages), a French investigating judge is still carrying out an investigation on the same facts.

In Germany, criminal proceedings regarding suspected insider trading offences have not established any wrongdoing and are meanwhile mostly terminated. 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. Several plaintiffs have filed motions for "model proceedings", which would allow common issues of fact or law in multiple individual securities actions to be decided together with binding effect in all such actions. The proceedings are in their preliminary stage and the amounts claimed are relatively small.

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. On 16 November 2009, plaintiff and defendants filed supplemental memorandums in support of their positions, which were followed by oral arguments on the motions to dismiss on 11 December 2009. The defendants' motions to dismiss are pending.

On 9 September 2009 and 4 December 2009, respectively, two separate requests were filed by institutional shareholders with the Enterprise Chamber (Ondernemingskamer) of the Court of Appeal in Amsterdam to open an inquiry into the management and affairs of EADS. The applicants allege in their requests that there are serious reasons to doubt proper management by EADS, primarily with respect to the A380 programme delays announced in 2006 and the related disclosures to the market. A hearing on the requests was held on 28 January 2010 before the Enterprise Court, with a decision currently pending.

Following an investigation conducted by the Italian Guardia di Finanza, Italian tax authorities are currently evaluating whether Astrium owes any overdue tax in Italy related to its past contractual relationships. In parallel, the Italian Public Prosecutor decided at the end of December 2009 to initiate proceedings against Astrium's legal representatives for failure to file a tax declaration and attempted fraud.

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 million. On 17 December 2009, the parties entered into a standstill agreement, pursuant to which AMSL agreed not to pursue its claims until a later date. On 8 February 2010, EPI notified AMSL of its own claims under the engine agreement, in an amount totalling approximately € 425 million, and requested that AMSL enters into a standstill agreement in respect of such claims. AMSL refused this request. 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. AMSL has sent notice of termination of the standstill agreement dated 17 December 2009.

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

In February 2010, EADS entered into negotiations to increase Airbus' stake in DASELL Cabin Interior GmbH / Germany, a medium-sized manufacturer of cabin interior components and sanitary facilities, to 100% and to sell this Aerospace OEM supplier afterwards to an industrial investor. These negotiations were not finalized until the date the Consolidated Financial Statements were authorized for issue by EADS' Board of Directors.

On March 5, 2010, the Launch Nations and EADS have come to a principle agreement regarding the A400M military airlifter with the intention to amend the original contract accordingly in the coming weeks. Please refer to the notes section "3. Accounting for the A400M programme" for further details.

Upon evaluation of the request for proposal for the US Air Force Tanker replacement, Northrop Grumman has decided not to submit a bid to the US Department of Defence for the KC-X program in March 2010. EADS as partner to Northrop Grumman regrets but accepts this decision.