

Documentation for the Annual General Meeting

on Wednesday 27 May 2009 at 2 pm

at Hotel Okura Amsterdam

Ferdinand Bolstraat 333, 1072 LH Amsterdam, The Netherlands



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The step beyond



Agenda

- 1 Adoption of the Report of the Board of Directors including the:
 - chapter on corporate governance,
 - policy on dividends,
 - proposed compensation policy and remuneration including rights to subscribe for shares for the Members of the Board of Directors;
- 2 Adoption of the audited accounts for the financial year 2008;
- 3 Approval of the result allocation, distribution and payment date;
- 4 Release from liability of the Members of the Board of Directors;
- 5 Appointment of the auditors for the financial year 2009;
- 6 Amendment of Article 29 paragraph 2 of the Company's Articles of Association;
- 7 Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights of existing shareholders;
- 8 Cancellation of shares repurchased by the Company;
- 9 Renewal of the authorisation for the Board of Directors to repurchase shares of the Company; and
- 10 Appointment of Mr Wilfried Porth as a Member of the Board of Directors.



Text of the Resolutions Proposed by the Board of Directors

FIRST RESOLUTION

Adoption of the Report of the Board of Directors

RESOLVED THAT the Report of the Board of Directors, as submitted to the Annual General Meeting, including the chapter on corporate governance, the policy on dividends and proposed compensation policy and remuneration including rights to subscribe for shares for the Members of the Board of Directors be and hereby is accepted and adopted.

SECOND RESOLUTION

Adoption of the audited accounts for the financial year 2008

RESOLVED THAT the audited accounts for the accounting period from 1 January 2008 to 31 December 2008, as submitted to the Annual General Meeting by the Board of Directors, be and hereby are adopted.

THIRD RESOLUTION

Approval of the result allocation, distribution and payment date

RESOLVED THAT the net profit of € 1,572 million, as shown in the income statement for the financial year 2008, shall be added to retained earnings and that a payment of a gross amount of €0.20 per share shall be made to the shareholders from distributable reserves on 8 June 2009.

FOURTH RESOLUTION

Release from liability of the Members of the Board of Directors

RESOLVED THAT the Members of the Board of Directors be and hereby are granted a release from liability for the performance of their duties during and with respect to the financial year 2008, to the extent that their activity has been reflected in the audited annual accounts for the financial year 2008 or in the Report of the Board of Directors.

FIFTH RESOLUTION

Appointment of the auditors for the financial year 2009

RESOLVED THAT the Company's auditors for the accounting period being the financial year 2009 shall be Ernst & Young Accountants L.L.P., whose registered office is at Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands, and KPMG Accountants N.V., whose registered office is at Fascinatio Boulevard 200, 3065 WB Rotterdam, The Netherlands.

SIXTH RESOLUTION

Amendment of Article 29 paragraph 2 of the Company's Articles of Association

RESOLVED THAT the following Article of the Company's Articles of Association shall be amended to reflect changes of Dutch law to read in translation as follows and that both the Board of Directors and the Chief Executive Officer be and hereby are authorised, with powers of substitution, to implement this resolution:

"FINANCIAL YEAR AND ANNUAL ACCOUNTS

Article 29

2. *The Company shall close its books on the thirty-first of December of each year. The Board of Directors shall draw up the annual financial report, consisting of the audited annual accounts, the Board Report and statements as referred to in Article 5:25c Act on Financial Supervision ("WFT") and the Company shall make these generally available within four months therefrom. The audited annual accounts, consisting of a balance sheet, a profit and loss account, explanatory notes and consolidated accounts shall be submitted by the Board of Directors to the General Meeting of shareholders for adoption**.*

* In the original Dutch language:
"BOEKJAAR EN JAARREKENING
Artikel 29

2 De boeken van de Vennootschap worden jaarlijks per de één en dertigste december afgesloten. De Raad van Bestuur maakt de jaarlijkse financiële verslaggeving, bestaande uit de door een accountant gecontroleerde jaarrekening, het jaarverslag en de verklaringen als bedoeld in artikel 5:25c Wvot op het Financieel Toezicht ("WFT") op en de Vennootschap stelt deze binnen vier maanden na afloop van het boekjaar algemeen verkrijgbaar. De door een accountant gecontroleerde jaarrekening, bestaande uit een balans, een winst- en verliesrekening met toelichting en geconsolideerde jaarrekening wordt door de Raad van Bestuur aan de algemene vergadering van aandeelhouders ter vaststelling overlegd".



SEVENTH RESOLUTION

Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights of existing shareholders

RESOLVED THAT in accordance with the Articles of Association, the Board of Directors be and hereby is designated, subject to revocation by the General Meeting, to have powers to issue shares and to grant rights to subscribe for shares which are part of the Company's authorised share capital, provided that such powers shall be limited to 1% of the Company's authorised capital from time to time and to limit or exclude preferential subscription rights, in both cases for a period expiring at the Annual General Meeting to be held in 2011.

Such powers include without limitation the approval of share-related long term incentive plans (such as stock option, performance and restricted share plans) and employee share ownership plans. Such powers may also include the granting of rights to subscribe for shares which can be exercised at such time as may be specified in or pursuant to such plans and the issue of shares to be paid up from freely distributable reserves.

EIGHTH RESOLUTION

Cancellation of shares repurchased by the Company

RESOLVED THAT the number of shares in the Company held by the Company, up to a maximum of 22,987 shares, be cancelled and both the Board of Directors and the Chief Executive Officer be and hereby are authorised, with powers of substitution, to implement this resolution in accordance with Dutch law.

NINTH RESOLUTION

Renewal of the authorisation for the Board of Directors to repurchase shares of the Company

RESOLVED THAT the Board of Directors be and hereby is authorised, for a new period of 18 months from the date of this Annual General Meeting, to repurchase shares of the Company, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, the Company will not hold more than 10% of the Company's issued share capital and at a price not less than the nominal value and not more than the higher of the price of the last independent trade and the highest current independent bid on the trading venues of the regulated market of the country in which the purchase is carried out. This authorisation supersedes and replaces the authorisation given by the Annual General Meeting of 26 May 2008 in its seventh resolution.

TENTH RESOLUTION

Appointment of Mr Wilfried Porth as a Member of the Board of Directors

RESOLVED THAT effective at the end of this Annual General Meeting, Mr Wilfried Porth be appointed as a Member of the Board of Directors.



Presentation of the Resolutions Proposed by the Board of Directors

FIRST RESOLUTION

Adoption of the Report of the Board of Directors

We recommend that this AGM adopt the Board Report including, in order to comply with Dutch law and the recommendations of the Dutch Code, the chapter on corporate governance, the policy on dividends and the compensation policy and remuneration for the Members of the Board as described in the Board Report.

SECOND RESOLUTION

Adoption of the audited accounts for the financial year 2008

We recommend that this AGM approve the audited accounts for 2008.

THIRD RESOLUTION

Approval of the result allocation, distribution and payment date

We recommend that this AGM resolve that the net profit of € 1,572 million, as shown in the income statement for the financial year 2008, shall be added to retained earnings and that a payment of a gross amount of € 0.20 per share shall be made to the shareholders from distributable reserves on 8 June 2009.

As from Wednesday 3 June 2009, EADS' shares will be traded ex-dividend on the Frankfurt, Paris and Spanish Stock Exchanges. The dividend payment will be made on 8 June 2009 to holders of EADS' shares as of 5 June 2009.

FOURTH RESOLUTION

Release from liability of the Members of the Board of Directors

We recommend that this AGM discharge the Members of the Board from their responsibility for the conduct of the Company's business with respect to the financial year 2008.

FIFTH RESOLUTION

Appointment of the auditors for the financial year 2009

We recommend that the Company's auditors for the financial year 2009 should be Ernst & Young Accountants L.L.P. whose registered office is at Antonio Vivaldistraat 150, 1083 HP Amsterdam, The Netherlands, and KPMG Accountants N.V. whose registered office is at Fascinatio Boulevard 200, 3065 WB Rotterdam, The Netherlands. Our proposal is thus to renew the appointment of the same auditors based on their respective qualifications, performance and independence.

SIXTH RESOLUTION

Amendment of Article 29 paragraph 2 of the Company's Articles of Association

We recommend that this AGM approve the amendment of the Company's Articles of Association in order to comply with changes in Dutch law that require the Company's annual financial report to be made available within four months of its financial year-end.

SEVENTH RESOLUTION

Delegation to the Board of Directors of powers to issue shares and to set aside preferential subscription rights for existing shareholders

We recommend that this AGM approve the renewal of the authorisation to the Board to issue shares of the Company up to 1% of the authorised share capital, and to limit or exclude preferential subscription rights, for a period expiring at the AGM to be held in 2011, including specific powers to approve LTIPs (Long Term Incentive Plans) as well as ESOPs (Employee Share Ownership Plans), since the previous authorisation expires at the end of this AGM. The Company anticipates implementing an ESOP in 2009, which would have to be approved by the Board.



EIGHTH RESOLUTION

Cancellation of shares repurchased by the Company

We recommend that this AGM approve the cancellation of the shares repurchased by the Company up to a maximum amount of 22,987 shares, to compensate the dilution effect resulting from the issuance of shares following the exercise of stock options under the 2000 and 2002 stock option plans.

NINTH RESOLUTION

Renewal of the authorisation for the Board of Directors to repurchase shares of the Company

We recommend that this AGM approve the renewal of the authorisation to the Board to repurchase shares of the Company, for a new 18-month period by any means, including derivative products, on any stock exchange or otherwise. This authorisation will supersede and replace the authorisation granted by the AGM on 26 May 2008. The purposes of the share buy-back programmes to be implemented by EADS will be determined on a case-by-case basis by the Board based on needs and possibilities. For additional information on EADS' share buy-back programmes including their purposes, characteristics and status, the reader should refer to EADS' website at www.eads.com (Investor Relations) and to the documents filed with and/or approved by the relevant stock exchange authorities posted thereon.

TENTH RESOLUTION

Appointment of Mr Wilfried Porth as Member of the Board of Directors

On 14 April 2009, Mr Rüdiger Grube presented his resignation as Chairman of the EADS Board and the Board decided to designate Mr Bodo Uebber as his successor in this position, with immediate effect. Mr Rüdiger Grube also presented his resignation as Member of the Board and the Board decided to propose to this AGM Mr Wilfried Porth as his replacement for the remaining term of his appointment (*i.e.* AGM to be held in 2012).

As a consequence, we recommend that this AGM appoints Mr Wilfried Porth as Member of the Board, effective as of the end of this AGM.

Bodo Uebber

Mr Bodo Uebber was appointed Chairman of EADS in April 2009. He has been a Member of Daimler AG's Board of Management since 2003. He is currently responsible for finance, controlling, corporate procurement and Daimler Financial Services. In 2001, he was appointed Member of the Board of Management and Chief Financial Officer in Daimler Services AG and subsequently in 2003 Chairman of the Board of Management of Daimler Services AG, as well as Deputy Member of the Board of Management of Daimler AG. He previously held various financial positions within DASA AG, Dornier Luftfahrt and MTU Aero Engines GmbH. Mr Uebber graduated in engineering and economics at the Technical University of Karlsruhe.

Wilfried Porth

Mr Wilfried Porth has been a Member of Daimler AG's Board of Management since April 2009. He is currently responsible for Human Resources and for the Labour relations of the company. Since 2006, he was Executive Vice President, MB Van and prior to that, he was Chief Executive Officer of Mitsubishi Fuso Truck & Bus Corp. He previously held various engineering and management positions within the Daimler Group, including several years of experience abroad. Mr Porth graduated in engineering at the University of Stuttgart.



Report of the Board of Directors

(issued as of 9 March 2009)

Dear Shareholders,

We are pleased to convene this Annual General Meeting of the Shareholders (the “**AGM**”) of **European Aeronautic Defence and Space Company EADS N.V.** (hereinafter referred to as “**EADS**” or the “**Company**”). The main objectives of this AGM are:

- first, to adopt this Report of the Board of Directors (the “**Board Report**”) on EADS’ activities during the 2008 financial year;
- second, to present the financial statements of EADS for the 12 months ended 31 December 2008, to submit for your approval the accounts, the result allocation and the cash distribution for this period;
- third to appoint the auditors for the 2009 financial year;
- fourth, to release the Members of the Board of Directors (the “**Board**”) from liability for their activities during the 2008 financial year;
- fifth, to amend the Company’s Articles of Association; and
- finally, to approve the renewal of financial authorisations to the Board in respect of (i) the issuance of shares and setting aside of preferential subscription rights for existing shareholders, (ii) the repurchase of shares of the Company, and (iii) the cancellation of shares repurchased by the Company.

The documentation for this AGM consists of:

- the agenda for this AGM;
- the proposed resolutions which will be submitted for your approval at the end of this AGM;
- this Board Report;
- the consolidated and company financial statements for 2008 and the same information for 2007 for comparison purposes; and
- the Auditors’ Reports from Ernst & Young Accountants LLP and KPMG Accountants N.V.

1. General Overview

Since its creation, in July 2000, by combining the businesses previously operated by Aerospatiale Matra, DaimlerChrysler Aerospace AG (“DASA”) and Construcciones Aeronáuticas S.A. (“CASA”), EADS has been a recognised leader across most sectors of its operations, consolidating its control in such areas of longstanding collaboration as Airbus, Eurocopter, Eurofighter, Astrium, MBDA and the Ariane industrial framework.

With a workforce of 118,349 employees (at year-end 2008) and revenues of €43.3 billion in 2008, EADS is Europe’s number one aerospace and defence company, and the second largest aerospace and defence company in the world.

In terms of market share, EADS is among the top two manufacturers of commercial aircraft and civil helicopters, commercial space launch vehicles and missiles systems, and a leading supplier of military aircraft, satellites, defence electronics and related services. EADS has organised its businesses in four Divisions: (i) Airbus and Airbus Military, (ii) Eurocopter, (iii) Defence and Security and (iv) Astrium.

In 2008, EADS generated 74.5% of its revenues in the civil sector and 25.5% in the defence sector.



2. Main Events for 2008

EADS delivered satisfactory results in 2008, but is facing challenges in critical programmes. The Group continued to show robust underlying performance and benefited from strong market demand. EADS recorded a remarkable order intake across its product portfolio, receiving more than €98.6 billion in orders for the year. In particular, Airbus aircraft and helicopters deliveries were at historically high levels. The solid cash flow generation and the record net cash position provide some resilience against the financial and economic crisis.

For the full year 2008, EADS delivered an EBIT* of €2.8 billion. The Group benefited from its strong underlying performance and foreign currency effects while dealing with challenges in critical programmes. Revenues increased by 11% to €43.3 billion. EADS' order book achieved a new record of more than €400 billion. Net Cash reached an unprecedented level of €9.2 billion thanks to better than expected Free Cash Flow generation.

EADS has made several proactive decisions to face the financial turmoil head on. With weaker air traffic and more difficult financing conditions, the commercial aircraft market is expected to slow down with risk of deferrals and even cancellations. On the Airbus single aisle family, rates are reduced to 34 aircraft per month from October 2009 and ramp up on the Long Range family is frozen at 8.5 per month, to reflect the weakening outlook. Airbus will use the flexibility to adapt its production policy as the economic environment changes.

The transformation process initiated in 2006 in reaction to the A380 delays and the US\$ volatility allows EADS to face the crisis with a better shape. Through a new organisational structure, leaner processes and careful cash management, Power8 has significantly reduced Airbus' cost base. For the second year in a row, Power8 exceeded targets, delivering cost savings of about €1.3 billion. This is more than half way to the €2.1 billion 2010 objective. To complement Power8 launched in 2007, EADS initiated other measures to improve its global efficiency. Power8 Plus has been launched as a Group-wide initiative to deliver a further annual EBIT* benefit of €1 billion from across the Group in 2011 to 2012. The full amount will comprise a €650 million contribution from Airbus and €350 million contributed by the MTAD (Airbus Military), Eurocopter, Astrium and Defence & Security Divisions as well as by EADS Headquarters. In addition, a programme called "Future EADS" aims at a leaner organisation at Group level and better integration mainly through shared services and targets cost savings at a minimum level of €200 million in 2011-2012.

In 2008 EADS also made significant progress in focusing on its core business. The Group successfully completed its aerostructures strategy. In the course of 2008, the Laupheim site and part of Filton have been sold, while the German sites Nordenham, Varel and Augsburg were merged into Premium Aerotec and the French sites at Meaulte and St. Nazaire Ville into Aerolia. These two companies became operational on 1 January 2009. Furthermore, EADS has sold a 70% holding in Socata to Daher, whilst keeping the remaining 30% for the time being. In parallel, Airbus continues to expand its industrial footprint. The new A320 Final Assembly Line in Tianjin, China opened in September and will secure access to the fast-growing Chinese market.

At the same time, the year 2008 was also characterised by challenges on key development programmes. The A400M programme has been delayed, while Airbus continues to face a strong challenge in ramping up A380 production. With respect to the A400M programme in particular, it will have to be brought back on track, with a clear and reliable time schedule. In order to simplify the management structure and to exploit synergies with the rest of Airbus, EADS announced in December that it would integrate the Military Transport Aircraft Division into Airbus under the name "Airbus Military". In particular, the integration will strengthen management of the challenging A400M military transport programme.

In the meantime, Airbus Military (the former Military Transport Aircraft Division - MTAD) and EADS announced that they had proposed a new programme approach for the A400M to the Launch Nations, through OCCAR, with the aim to find an appropriate way forward for this programme. Airbus Military and EADS wanted to initiate discussions around the programme schedule along with changes to other areas of the contract including in particular certain technical characteristics of this military aircraft. In line with complex military development programmes, Airbus Military suggested to resume series production only once adequate maturity is reached based on flight test results. With such new approach, the first delivery of the A400M would then occur three years after its first flight. This programme might constitute a significant exposure. Airbus Military and EADS will only be able to update all of the financial consequences of a revised industrial plan, once the availability of the engines and mission critical systems is firmly determined and once OCCAR's position on the proposal is known.

The year 2008 started strongly for the commercial business with the order backlog reaching new highs while the defence & institutional activities showed a promising performance.

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.

However, the overall business environment became unpredictable and turbulent in the second half of the year, due to fluctuating oil prices and exchange rates. The financial landscape was hit by a credit crisis that impacted general growth prospects, household wealth and industry liquidity. Despite downgraded air traffic growth forecasts and indications of consolidation in the airline industry, the civil business ended the year with solid order backlogs. A weaker financing environment will certainly put pressure on manufacturers to find solutions for their customers' financing needs. Historically, air traffic follows changes in annual global GDP and consequently this has had a slowdown effect on air transport and passenger traffic. The fall in the oil price provides some relief for airlines or commercial customers and the general easing of commodity prices may lead to lower costs for manufacturers in the mid-term.

Defence spending is expected to remain stable and as it is closely linked to geopolitical tensions and security needs as well as economic considerations. The long term nature of the investments in Defence and Space makes these segments less impacted in the short term. In addition, defence related investments are an efficient means of sustaining a country's industrial base and support high-technology jobs. Although precedents suggest that the new US Administration may alter the defence budget during 2009, there is also a possibility that any significant change in this budget will be postponed due to the Quadrennial Defence Review in the last quarter of the year. Also, it is worth considering that there is a time lag of several months between the defence budget appropriations and outlays.

Following the ministerial conference of European Space Agency, or ESA, in November, the council called for investments in innovation, including space technologies and services, despite the financial crisis.

During 2008 **Airbus** delivered a record number of aircraft while addressing major industrial challenges. Airbus delivered 483 aircraft, 30 more than compared to 2007. The revised target of delivering 12 A380 aircraft in 2008 was reached. In what was a difficult year for the global economy, Airbus' order intake was remarkably strong and above expectations. Airbus recorded 900 firm new gross orders, increasing the order backlog to a new record of 3,715 aircraft. Net orders, after accounting for cancellations, stood at 777 in 2008. This represents a 54% market share for aircraft with more than 100 seats by units and 59% by value. The recently launched A350 XWB won 163 new firm orders increasing the total order count to 478 from 29 customers. **Airbus Military** experienced delays in its flagship A400M heavy transport aircraft, which overshadowed the Division's other activities and weighed on the financial results. In September 2008, EADS announced an undefined delay of the first flight of the A400M mainly due to the unavailability of the propulsion system. In the meantime, Airbus Military and EADS have proposed a new programme approach for the A400M with the aim to find an appropriate way forward for

this programme. Otherwise, the first C-295 aircraft has been delivered to Portugal. The A330 Multi-Role Tanker Transport (MRTT) aircraft won four out of the five competitive tenders worldwide, including the UK's Future Strategic Tanker Aircraft programme (14), the United Arab Emirates' order (3) and Saudi Arabia's order (3). The Northrop Grumman KC-45 Tanker aircraft that is based on A330 MRTT was initially selected by the US Air Force, even though the decision was revised later for legal reasons linked to the management of the tender process by the DoD (US Department of Defense).

Eurocopter met its 2008 objectives for helicopter sales and deliveries and increased its turnover by 7.5%. Constituting a production ramp-up of 20% as compared to 2007, a total of 588 helicopters have been delivered. Reflecting their advanced capabilities and low lifecycle costs, Eurocopter helicopters captured a 53% share of the civil and parapublic market and continued to increase its military orders. At the end of December the order backlog value exceeded €14 billion or the equivalent of 1,515 helicopters. Order bookings, still showing strong demand for new helicopter models and services, amounted to €4.9 billion. This included 715 new aircraft, 36% civil and 64% military respectively.

Eurocopter made technical progress during the year by fully qualifying the Tiger in its HAP and UHT variants, and by ramping up NH90 production with first deliveries from the Finnish and Australian assembly lines. After the delivery of the 50th UH-72A Lakota to the US Army, the US Navy became a Lakota customer. Meanwhile, production of the first EC175 prototype co-developed with Chinese partners was launched.

Astrium strengthens several years of innovation and efficiency improvement, and confirms its competitive position. Prime contractor on Europe's contribution to the ISS, Astrium achieved a historic technical success as the Columbus laboratory and Automated Transfer Vehicle connected with the ISS in space early in 2008. Ariane 5 launcher won 13 orders, more than half the open market. It has proved highly reliable, performing 28 successful launches in a row since 2003. Also within the Business Unit, France's new-generation M51 ballistic missile completed its final trial flight.

While the telecommunications satellite market slowed, the Satellites Business Unit maintained its market share, winning two orders, launching seven telecommunication and two observation satellites. The European Space Agency awarded Astrium three major scientific satellites, while Chile and Spain each ordered an observation satellite. The Services Business Unit reached maturity. The Paradigm secure communications system became fully operational and able to service the UK Ministry of Defence following delivery of the third and final satellite, Skynet 5C. Progress was satisfactory on similar communications programmes for Germany and the United Arab Emirates.



While the established Eurofighter, missiles and radars continue to support **Defence & Security (DS)** growth, Divisions' increasingly competitive technologies in Unmanned Aerial Vehicles (UAVs) and global security systems have an increasing share.

For Eurofighter, the last aircrafts out of 148 tranche one multi-role combat aircraft were delivered. The 236 in tranche two are being delivered. Within UAVs, DS is the only European supplier able to provide both large and small systems. Work on the risk reduction study for the Advanced UAV continued with the identification of France, Germany and Spain's capability requirements; for the two French programmes DRAC and SIDM delivery milestones were achieved. Furthermore, aerial target drones were delivered to the

US Army. In line with Group strategy, DS continued to expand security capabilities. Significantly, the acquisition of PlantCML brought access to the US market. In Beijing, PMR's TETRA network – the largest in Asia – played a vital role in securing the Olympic Games 2008.

2008 has reinforced EADS in line with the Vision 2020 strategy. With many high profile challenges still to overcome, the Group has shown strength and dedication in tackling its difficulties. The cash situation allows stability in the face of a destabilised world economy. Facing an economic downturn the protection of cash is a top priority, as well as further increasing the capacity to overcome challenges in key development programmes. For EADS, the crisis can be an opportunity to change and become a leaner and more efficient organisation.

3. Change in the Shareholding and Stock Price Evolution

3.1 SHAREHOLDING AND VOTING RIGHTS

Issued Share Capital

As of 31 December 2008, EADS' issued share capital amounted to €814,769,112 divided into 814,769,112 shares of a nominal value of €1 each. The issued share capital of EADS as of such date represents 27.16% of the authorised share capital of €3,000,000,000 comprising 3,000,000,000 shares. The holder of one issued share has one vote and is entitled to the profit in proportion to his participation in the issued share capital.

Modification of Share Capital or Rights Attached to Shares

Unless such right is limited or eliminated by the shareholders' meeting as described below, holders of shares have a pre-emptive right to subscribe for any newly issued shares pro rata to the aggregate nominal value of shares held by them, except for shares issued for consideration other than cash and shares issued to employees of the Company or of a Group company. For the contractual position as to pre-emption rights, see "3.4 Relationship with Principal Shareholders".

The shareholders' meeting has the power to issue shares. The shareholders' meeting may also authorise the Board for a period of no more than five years, to issue shares and to determine the terms and conditions of share issuances.

The shareholders' meeting also has the power to limit or to exclude pre-emption rights in connection with new issues of shares, and may authorise the Board for a period of no more than five years, to limit or to exclude pre-emption rights. All resolutions in this context must be approved by a two-thirds majority of the votes cast during the shareholders' meeting in the case where less than half of the capital issued is present or represented at said meeting.

Pursuant to the shareholders' resolution adopted at the AGM held on 4 May 2007, the powers to issue shares and to grant rights to subscribe for shares which are part of the Company's authorised share capital and to limit or exclude preferential subscription rights for existing shareholders have been delegated to the Board provided that such powers shall be limited to 1% of EADS' authorised share capital. Such powers have been granted for a period expiring at this AGM. Shareholders will be asked to renew this authority at this AGM.

At the AGM held on 26 May 2008, the Board was authorised, for a period of 18 months from the date of such AGM, to repurchase shares of EADS, by any means, including derivative products, on any stock exchange or otherwise, as long as, upon such repurchase, EADS would not hold more than 10% of EADS' issued share capital. Shareholders will be asked to renew this authority at this AGM.

The shareholders' meeting may reduce the issued share capital by cancellation of shares or by reducing the nominal value of the shares by means of an amendment to the Articles of Association, the latter requiring the approval of at least two-thirds of the votes cast at the general meeting. It will be proposed to cancel up to a maximum of 22,987 shares at this AGM.

The table below shows the total potential dilution that would occur if all the stock options issued as at 31 December 2008 were exercised:

	Number of shares	Per centage of diluted capital	Number of voting rights	Per centage of diluted voting rights*
Total number of EADS shares issued as of 31 December 2008	814,769,112	96.69%	811,627,354	96.67%
Total number of EADS shares which may be issued following exercise of stock options	27,935,589	3.31%	27,935,589	3.33%
Total potential EADS share capital	842,704,701	100%	839,562,943	100%

* The potential dilutive effect on capital and voting rights of the exercise of these stock options may be limited as a result of the Company's share purchase programmes and in the case of subsequent cancellation of repurchased shares.

Changes in the Issued Share Capital in 2008

During 2008, EADS repurchased 227,887 shares directly or pursuant to contracts entered into with a bank to purchase EADS shares on EADS' behalf through derivative products in order to compensate the dilution effect resulting from the issuance of shares following the exercise of stock options under the Company's various stock option plans. Further, 1,291,381 treasury shares were cancelled in July 2008 in accordance with the resolution adopted at the AGM held on 26 May 2008.

In addition, in 2008, EADS employees exercised 14,200 stock options granted to them through the stock option plan launched by the Company in 2003. As a result, 14,200 new shares were issued in the course of 2008.

Finally, in accordance with the resolution adopted at the AGM held on 4 May 2007, the Board approved the implementation of an employee share ownership plan ("ESOP") for 2008. As a result, 2,031,820 subscribed shares were issued in July 2008.

Shareholding structure

EADS combined the activities of *Aerospatiale Matra* ("Aerospatiale Matra" or "ASM"), Daimler Aerospace AG ("DASA AG") (with the exception of certain assets and liabilities) ("DASA") and *Construcciones Aeronauticas S.A.* ("CASA") pursuant to a series of transactions completed in July 2000.

In this document, the term "Completion" relates to the July 2000 completion of the contributions made by *Aerospatiale Matra*, DASA AG and *Sociedad Estatal de Participaciones Industriales* ("SEPI") (a Spanish stateholding company) to EADS to combine such activities into EADS.

Securities Granting Access to the Company's Capital

Except for stock options granted for the subscription of EADS shares (see "Notes to Consolidated Financial Statements (IFRS) – Note 36: Share-Based Payment"): there are no securities that give access, immediately or over time, to the share capital of EADS.

The term "Indirect EADS Shares" relates to the EADS shares held by Daimler AG ("Daimler"), SEPI and *Société de Gestion de l'Aéronautique, de la Défense et de l'Espace* ("Sogead"), for which EADS Participations B.V. exercises all the attached voting rights, as well as, for Lagardère SCA ("Lagardère") and *Société de Gestion de Participations Aéronautiques* ("Sogepa"), or the companies of their group, the number of EADS shares held indirectly via Sogead, reflecting by transparency, their respective interest in Sogead.

Unless the context requires otherwise, the shareholdings of DASA AG in EADS are referred to in this document as shareholdings of Daimler, and the rights and obligations of DASA AG pursuant to the agreements described herein are referred to as rights and obligations of Daimler.

As at 31 December 2008, 22.50% of EADS' share capital was held by DASA AG, which is a 66.67% subsidiary of Daimler Luft- und Raumfahrt Holding AG ("DLRH"), a 99.90% subsidiary of Daimler. The remaining 33.33% of DASA AG is held by a consortium of private and public-sector investors. Sogead, a French partnership limited by shares (*société en commandite par actions*) whose share capital, as at 31 December 2008, is held 60% by Sogepa (a French state holding company) and 40% by Désirade (a French *société par actions simplifiée* wholly owned by Lagardère), held 25.00% of the EADS shares. Thus, 47.50% of the share capital of EADS was held by Daimler and Sogead who jointly control EADS through a Dutch law contractual partnership managed by EADS Participations B.V. (the "Contractual Partnership"). SEPI which is a party to the Contractual Partnership, held 5.49% of the share capital of EADS. The public (including EADS employees) and the Company held, respectively, 46.56% and 0.39% of the share capital of EADS. The *République française* (the "French State") held directly 0.06% of the share capital, such shareholding being subject to certain specific provisions.

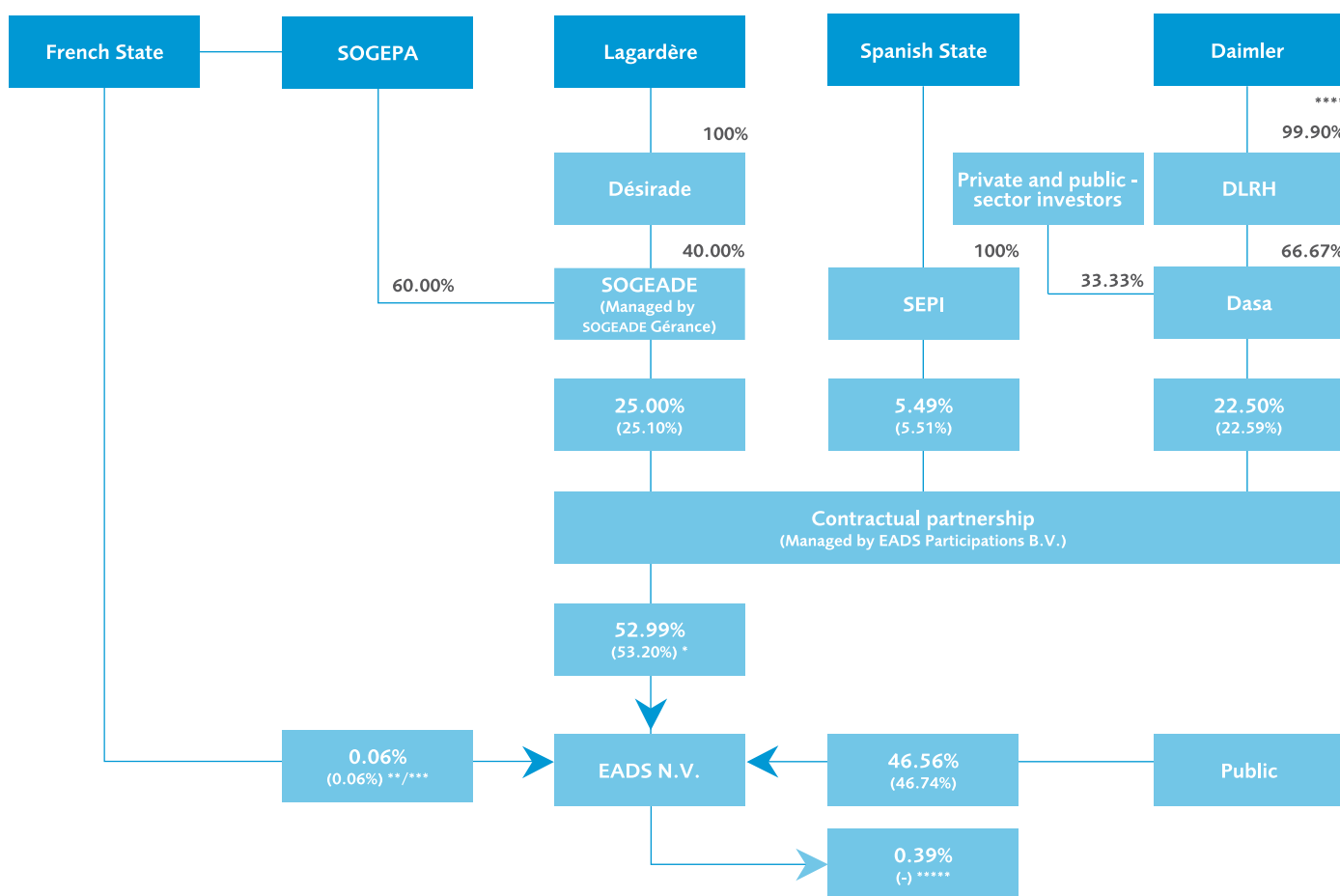


In April 2006, Daimler reduced by 7.5% its stake in EADS and Lagardère issued bonds redeemable into EADS shares, as a result of which it is committed to reduce its stake in EADS by 2.5% in June 2007, 2.5% in June 2008 and 2.5% in June 2009, *i.e.* a total of 7.5%.

On 9 February 2007, Daimler reached an agreement with a consortium of private and public-sector investors by which it effectively reduced its shareholding in EADS from 22.5% to 15%, while keeping and maintaining the balance of voting rights between Germany and French controlling shareholders. Daimler has placed its entire 22.5% equity interest in EADS into a new company controlled by Daimler, in which the consortium of investors has acquired a one-third interest through a special-purpose entity. This effectively represents

a 7.5% stake in EADS. Daimler continues to control the voting rights of the entire 22.5% package of EADS shares. Daimler has the option of dissolving the new structure on 1 July 2010 at the earliest. If the structure is dissolved, Daimler has the right either to provide the investors with EADS shares or to pay cash compensation. If EADS shares are provided, the German State, and the French State and Lagardère through Sogead, will be entitled to preempt such EADS shares to retain the balance between the German and the French side.

The diagram below shows the ownership structure of EADS as at 31 December 2008 (% of capital (voting rights)) before exercise of outstanding stock options granted for the subscription of EADS shares. See “Notes to Consolidated Financial Statements (IFRS) – Note 36: Share-Based Payment”.



* EADS Participations B.V. exercises the voting rights attached to these EADS shares pledged by Sogead, Daimler and SEPI who retain title to their respective shares.
 ** The French State exercises the voting rights attached to these EADS shares (such shares being placed with the Caisse des dépôts et consignations) in the same way that EADS Participations B.V. exercises the voting rights pooled in the Contractual Partnership.
 *** Shares held by the French State following the distribution without payment of consideration to certain former shareholders of Aerospatiale Matra as a result of its privatisation in June 1999. All the shares currently held by the French State will have to be sold on the market.
 **** DLRH is 99.90% held by Daimler; the balance is held by individual minority shareholders.
 ***** As at 31 December 2008, the Company holds, directly or indirectly through another company in which the Company holds directly or indirectly more than 50% of the share capital, 3,141,758 of its own shares. The EADS shares owned by the Company itself do not carry voting rights.

For the number of shares and voting rights held by Members of the Board and Executive Committee, see “Notes to the Company Financial Statements – Note 11: Remuneration”.

Developments in 2008 and early 2009

In June 2008, Lagardère redeemed bonds representing the second of three equal instalments of EADS shares (*i.e.* 2.5%). As a reminder, Lagardère issued in April 2006, mandatory exchangeable bonds. The EADS shares deliverable at the maturity of the bonds will represent a maximum of 7.5% of the share capital of EADS, or approximately 61 million EADS shares.

On 26 January 2009, Lagardère and Natixis, the sole subscriber to and sole holder of the outstanding mandatory exchangeable bonds issued by Lagardère in 2006, signed an amendment to the subscription contract whereby they agreed, on the initiative of Natixis, to bring forward the redemption date of the mandatory exchangeable bonds – and consequently, the delivery date of the third instalment of EADS shares – from 25 June 2009 to 24 March 2009. Under the terms of this amendment, Lagardère plans to deliver 20,370,000 EADS shares, representing 2.5% of the capital and voting rights of EADS, to Natixis on 24 March 2009.

Right to attend Meetings

Each holder of one or more shares may attend shareholders' meetings, either in person or by written proxy, to speak and to vote according to the Articles of Association.

A shareholder or person who has the right to attend a meeting can see to it that he is represented by more than one proxy holder, provided that only one proxy holder can be appointed for each share.

In relation to holders of registered shares, the Board may provide in the convening notice that those persons are recognised as authorised to exercise the rights to attend, speak and vote at the shareholders' meetings, who at the point in time mentioned in the convening notice are authorised to exercise those rights and as such have been registered in the register appointed for the purpose by the Board, irrespective of who is authorised to exercise those rights on the day of the meeting.

Any person who is entitled to exercise the rights set out in the above paragraph (either in person or by means of a written proxy) and is attending the meeting from another location in such a manner that the person acting as chairman of the meeting is convinced that such a person is properly participating in the meeting, shall be deemed to be present or represented at the meeting, shall be entitled to vote and shall be counted towards a quorum accordingly.

As a prerequisite to attending the shareholders' meeting and to casting votes, the holders of bearer shares and those who derived the aforementioned rights from these shares shall be

obliged to deposit their share certificate or the documents evidencing their rights against receipt, at such locations as shall be determined by the Board and stated in the convening notice.

Such convening notice shall also state the day that has been fixed as the final day on which the share certificates and the documents evidencing the aforementioned rights may be deposited. That day may not be earlier than five business days, but in each case not earlier than the seventh day, prior to the meeting.

As far as registered shares are concerned, the Board should be informed in writing within the timeframe mentioned in the two preceding sentences of the intention to attend the meeting (the Board must receive such written information ultimately on the date specified in the notice by which the meeting is convened).

Holders of shares that are registered in the shareholders' register kept in Amsterdam have the option of holding them through Euroclear France S.A. In this case the shares are registered in the name of Euroclear France S.A.

Shareholders holding their EADS shares through Euroclear France S.A. who wish to attend general meetings will have to request from their financial intermediary or accountholder an admission card and be given a proxy to this effect from Euroclear France S.A. in accordance with the instructions specified by the Company in the convening notice. For this purpose, a shareholder will also be able to request that it be registered directly (and not through Euroclear France S.A.) in the register of the Company. However, only shares registered in the name of Euroclear France S.A. may be traded on stock exchanges.

In order to exercise their voting rights, the shareholders will also be able, by contacting their financial intermediary or accountholder, to give their voting instructions to Euroclear France S.A. or to any other person designated for this purpose, as specified by the Company in the convening notice.

Pursuant to its Articles of Association, EADS may set a "registration date" at which the persons entitled to attend and vote at the shareholders' meetings are recorded for this purpose irrespective of who is shareholder at the time of the meeting. It may also provide for electronic means of convocation, attendance and voting at the shareholders' meetings. The introduction of such electronic means will depend on the availability of the necessary technical means and the market practice.



Mandatory public offer

Dutch law

In accordance with Dutch law, shareholders are required to make a public offer for all issued and outstanding shares in EADS' share capital if they – individually or acting in concert (as such terms are defined below), directly or indirectly – have 30% or more of the voting rights (significant control) in EADS. In addition to the other available exemptions listed below, the requirement to make a public offer does not apply to persons, who at the time the takeover provisions under Dutch law came into force, already held – individually or acting in concert – 30% or more of the voting rights in EADS.

Under Dutch law, natural persons, legal entities or companies are “acting in concert” if they cooperate on the basis of an agreement with the objective to acquire significant control (as defined above) in the target company, or if they cooperate with the company with the objective to prevent the success of an announced public offer for the shares in such company. The following categories of natural persons, legal entities or companies are deemed to be “acting in concert” under Dutch law: (i) legal entities or companies that form a group of companies, (ii) legal entities or companies and their subsidiaries, and (iii) natural persons and their subsidiary companies.

In addition to the exemption stated above, the obligation to make a public offer does not apply to the natural person, legal entity or company that, amongst others:

- acquires significant control as a result of declaring unconditional a public offer made for all shares (or depositary receipts) in the target company;
- is a legal entity, independent from the target company, that acquires significant control after a public offer has been announced by a third party, provided that such entity (i) holds the shares in the target company for a maximum period of two years and for purposes of protection of the target company and (ii) the corporate objects of such entity are to preserve the interests of the target company;
- is a legal entity, independent from the target company, which has issued depositary receipts for the shares in the target company;
- acquires significant control as a result of: (i) an intra-group transfer of the shares representing significant control; or (ii) a transfer between a parent company and its subsidiary;
- acquires significant control acting in concert with one or more other natural persons, legal entities or companies, in which case the obligation to make a public offer lies with the natural person, legal entity or company that can exercise most of the voting rights in the general meeting of shareholders of the Company;

- acts as a custodian (if and to the extent it cannot exercise any voting rights in its sole discretion).

The obligation to make a public offer also does not apply if:

- the natural person, legal entity or company, after acquiring significant control, loses such control within a thirty day grace period, unless (i) loss of control is due to a transfer to a natural person, legal entity or company to which one of the exemptions set out above applies, or (ii) the acquirer of the significant control has exercised its voting rights during this thirty day period; or
- the Company's general meeting of shareholders agrees upfront with the acquisition of significant control – and any subsequent acquisition of shares – by a third party with 95% of votes cast in favour of such proposal, excluding any votes by such third party and any of its concert parties.

Under Dutch Law, a minority shareholder may also make a request for his shares to be purchased by an offeror who holds at least 95% of the issued share capital and the voting rights. This claim must be brought before the Enterprise Chamber of the Court of Appeals in Amsterdam within the three-month period after the closing of the acceptance period of the public offer.

Articles of Association

Pursuant to Article 15 of the Articles of Association, in the event that a direct or indirect acquisition of shares in the Company results in a person acting alone or in concert holding shares or voting rights where the control over the number of shares or votes reaches or exceeds 33 1/3% of the issued share capital of the Company then such person(s) is (are) required to make an unconditional public offer to all shareholders to acquire all of their shares or to procure that such an offer is made. Such offer must comply with all of the applicable regulatory or other legal requirements in each jurisdiction in which the Company's shares are listed.

Pursuant to Article 16 of the Articles of Association, in the event of a failure to launch such an offer (or if the offer does not satisfy the relevant legal or regulatory requirements in each of the jurisdictions where the Company's shares are listed) within two months after notification to the Company of shareholdings reaching or exceeding 33 1/3% or failing such notification, within a period of 15 days of receipt of notice from the Board confirming the obligation to make the public offer, then any person(s) who is (are) required to make the offer shall within the period specified by the notice sent by the Board exchange for depositary receipts to be issued by the Stichting Administratiekantoor EADS (the “**Foundation**”), such percentage of shares they hold over and above the 33 1/3% of the shares issued by the Company (the “**Excess percentage**”). From the date specified in the notice sent by the Board, the right to attend meetings, to vote and to receive

dividends shall be suspended in respect of the Excess percentage. If, within a period of 14 days from a further notice from the Board, the person required to exchange his shares representing his Excess percentage for depositary receipts still has not done so, then the Company is irrevocably authorised to exchange such shares for depositary receipts issued by the Foundation. The constitutive documents of the Foundation provide that the Foundation shall not have the right to attend shareholders' meetings of the Company as a shareholder, to speak at such meetings and to exercise the voting rights attached to the shares it holds, except if, in the view of the Board of the Foundation, such action is required for the performance of the mandatory offer provisions in the Articles of Association.

The obligation to make a public offer does not apply in the following situations (Article 17 of the Articles of Association):

- (i) to a transfer of shares to the Company itself or to the Foundation;
- (ii) to a securities custody, clearing or settlement institution acting in that capacity, provided that the provisions of Article 16 of the Articles of Association described above shall be applicable where shares are held for persons acting in breach of the provisions of Articles 15 and 16 of the Articles of Association described above;
- (iii) to a transfer of shares by the Company or to an issue of shares by the Company on a merger or on an acquisition by the Company of another company or business;
- (iv) to a transfer of shares from one party to another party who is a party to an agreement as envisaged under Dutch law to define "concert parties" where the agreement is entered into before 31 December 2000 (as amended, supplemented or replaced by a new agreement by the admission of one or more new parties or the exclusion of one or more parties) except that this exemption will not apply to a new party that individually or with its subsidiaries and/or group companies holds at least 33 1/3% of the control over shares or votes in the Company; this exemption is intended to exclude the parties to the Participation Agreement (See "3.4 Relationship with Principal Shareholders") as amended, supplemented or replaced by a new agreement by the admission of one or more new parties or the exclusion of one or more parties from the obligation to make the mandatory offer in the event of a transfer of shares between themselves; or
- (v) to a transfer by a shareholder to a subsidiary in which it holds more than 50% or by a shareholder to a company which holds more than 50% in such transferring shareholder.

Amendments to the Articles of Association

According to EADS' Articles of Association, resolutions to amend the Articles of Association require a two-thirds majority of the votes validly cast at a general meeting of shareholders. The proposal containing the literal text of the proposed amendment must be available for inspections by shareholders at EADS' headquarters and at a location in Amsterdam to be determined by the Board, from the day the meeting is convened until after the end of the meeting.

3.2 STOCK PRICE EVOLUTION 2008

2008 was a rollercoaster ride for EADS shares in a market environment hit by the economic slowdown. On 31 December, the share price closed at €12.03, 45% lower than year end 2007, tracking the CAC40 index which slumped by 43%.

In 2008, European equities tumbled along with stock markets around the world as turmoil in the financial sector spread to the real economy, triggering a sharp downturn and forcing governments to bailout a number of troubled lenders.

European indexes have lost over 40% posting their biggest annual fall as the markets were shattered by the worst credit crisis since the Great Depression of the 1930s.

In an uncertain macro-economic and stock market context, market operators seem to have been focused on two key drivers to determine the value of EADS: the movement in the dollar

and the indication of a world economic slowdown that tends to lead to deterioration in demand for air travel, increasing the risk of deferrals or cancellations in addition to a growing requirement for customer financing due to the credit crunch. Additionally to these, the highly volatile value of the price of oil (with a barrel ending 2008 at \$37 down by more than 74% from its historical peak of July 2008) influenced investors until September more than the long-term development of the Company. The problems specific to the Group – execution of major programmes (A400M development and A380 ramp-up difficulties) – also weighed heavily on the investment decision. Nevertheless, the solid cash-flow generation and net cash position which reflect strong underlying performance and dynamic order intake were received positively by the financial markets since it provides some resilience in the financial crisis.



3.3 DIVIDEND POLICY

The Group's improved operational performance in legacy programmes and the strong cash development drove earnings per share to €1.95 and justify the increase in dividend.

The Board of Directors is proposing to the Annual General Meeting of shareholders a dividend of €0.20 per share (gross amount dividend per share 2007: €0.12). Subject to the Annual General Meeting approval, the dividend will be paid on 8 June 2009.

3.4 RELATIONSHIP WITH PRINCIPAL SHAREHOLDERS

Below is a summary of the agreements governing the relationship between the founders of EADS, entered into at the time of the creation of EADS with respect to: (i) restriction on the exercise of voting rights and (ii) restriction of rights to transfer shares.

The principal agreements governing the relationships between the founders of EADS are an agreement (the "**Participation Agreement**") entered into on Completion between Daimler, DASA AG, Lagardère, Sogepa, Sogead and SEPI, and a Dutch law Contractual Partnership agreement entered into on Completion between Sogead, DASA AG, SEPI and EADS Participations B.V. (the "**Contractual Partnership Agreement**"), which repeats certain terms of the Participation Agreement and a certain number of other agreements (notably, a shareholder agreement (the "**Sogead Shareholders' Agreement**") entered into on Completion between Sogepa and Lagardère and an agreement between the French State, Daimler and DLRH). EADS Participations B.V. is a Dutch private company with limited liability and is the managing partner of the Contractual Partnership. The Indirect EADS Shares held by Daimler, Sogead and SEPI have been pledged to EADS Participations B.V., which has been granted the exclusive power to exercise the voting rights attached to the pledged shares (including the right to attend and speak at shareholders' meetings) in accordance with the Contractual Partnership Agreement.

The agreements above contain, among other things, provisions relating to the following matters:

- the composition of the Boards of Directors of EADS, EADS Participations B.V. and Sogead Gérance (*gérant commandité* of Sogead);
- restrictions on the transfer of EADS shares and Sogead shares;
- pre-emptive and tag-along rights of Daimler, Sogead, Sogepa and Lagardère;
- defences against hostile third parties;

- consequences of a change of control of Daimler, Sogead, Lagardère, Sogepa or SEPI;
- a put option granted by Sogead to Daimler over its EADS shares in certain circumstances;
- specific rights of the French State in relation to certain strategic decisions, regarding among other issues, EADS' ballistic missiles activity; and
- certain limitations on the extent of the French State's ownership of EADS.

Further details on the agreements among the principal shareholders of EADS are set out below.

Organisation of EADS Participations B.V.

The Board of Directors of EADS Participations B.V. has an equal number of directors nominated by Daimler and by Sogead, respectively (taking into account proposals made by Lagardère in respect of the Sogead-nominated directors). Daimler and Sogead each nominate two directors, unless otherwise agreed, and the Daimler-Directors and the Sogead-Directors jointly have the right to nominate and to remove the Chairman and the Chief Executive Officer. In addition, SEPI has the right to nominate a director, as long as the shareholding of SEPI in EADS is 5% or more but in any case until the AGM to be held in 2012. The Chairman shall either have French or German nationality and the Chief Executive Officer shall have the other nationality.

This structure gives Daimler and Sogead equal nominating rights in respect of the majority of the directors of the decision-making body of EADS Participations B.V. All decisions of EADS Participations B.V.'s Board of Directors shall require the vote in favour of at least four directors.

Transfer of EADS Shares

During the period commencing at Completion and ending on 1 July 2003 (the "**Standstill Period**"), there were restrictions

on Daimler's, Sogede's, SEPI's, Lagardère's, Sogepa's and the French State's ability to transfer EADS shares.

Following the expiration of the Standstill Period, as of 1 July 2003, Daimler, Sogede, SEPI, Lagardère and Sogepa each have the right to sell its EADS shares on the market, subject to the following conditions:

- if a party wishes to sell any EADS shares, it shall first sell its shares other than its Indirect EADS Shares before exercising its right to sell its Indirect EADS Shares in accordance with the provisions set out below;
- on the sale of Indirect EADS Shares, Daimler (in the case of a sale by Sogede), Sogede (in the case of a sale by Daimler) or Sogede and Daimler (in the case of a sale by SEPI) may either exercise a pre-emption right or sell its Indirect EADS Shares on the market in the same proportions as the respective Indirect EADS Shares of the relevant parties bear to each other;
- any transfer of Indirect EADS Shares by either Sogepa or Lagardère is subject to a pre-emption right in favour of Lagardère or Sogepa, as the case may be. In the event that such pre-emption right is not exercised, the Indirect EADS Shares may be sold (a) to an identified third party subject to Lagardère's or Sogepa's consent (as the case may be) and also to Daimler's consent and (b) if such consent is not obtained, the Indirect EADS Shares may be sold on the market, subject to Daimler's pre-emption right referred to above;
- Lagardère and Sogepa shall each have a proportional right to tag-along on a sale of its Indirect EADS Shares; and
- the pre-emption and tag-along rights of Lagardère and Sogepa referred to above do not apply to a transfer of EADS shares directly held by one of them.

Any sale on the market of EADS shares in accordance with the Participation Agreement shall be conducted in an orderly manner so as to ensure the least possible disruption to the market of EADS shares. To this effect, the parties shall consult with each other before any such sale.

Control of EADS

In the event that a third party to which Daimler or Sogede objects (a "**Hostile Third Party**") has a direct or indirect interest in EADS shares equal to 12.5% or more of the number

of such EADS shares the voting rights of which are pooled through the Contractual Partnership (a "**Qualifying Interest**"), then, unless a Hostile Offer (as defined below) has been made by the Hostile Third Party or until such time as Daimler and Sogede agree that the Hostile Third Party should no longer be considered a Hostile Third Party or the Hostile Third Party no longer holds a Qualifying Interest, the parties to the Participation Agreement shall exercise all means of control and influence in relation to EADS to avoid such Hostile Third Party increasing its rights or powers in relation to EADS.

Following the expiration of the Standstill Period, as of 1 July 2003, the parties to the Participation Agreement may accept an offer (whether by way of tender offer or otherwise) by a Hostile Third Party which is not acceptable to either Daimler or Sogede (a "**Hostile Offer**"), subject to provisions requiring, inter alia, the party wishing to accept, to first offer its EADS shares to Daimler and/or Sogede, in which case Daimler and / or Sogede may exercise their pre-emption rights in respect of all or some only of the EADS shares held by the party wishing to accept the Hostile Offer.

Any sale of EADS shares, other than the EADS Indirect Shares, by Daimler, Sogede or Lagardère, at a time when a Hostile Third Party is a shareholder and purchaser of EADS shares on the market, is subject to the pre-emption right of Sogede, Daimler and Sogepa respectively. In the case of a sale by Lagardère, if Sogepa does not exercise its right of preemption, Daimler has in turn a pre-emption right.

Pledge over EADS' Shares Granted to EADS Participations B.V.

Upon Completion and in order to secure their undertakings under the Contractual Partnership Agreement and the Participation Agreement, Sogede, Daimler and SEPI granted a pledge over their respective Indirect EADS Shares to EADS Participations B.V. for the benefit of EADS Participations B.V. and the other parties to the Contractual Partnership Agreement.

Related party transactions

See "Notes to Consolidated Financial Statements (IFRS) – Note 37: Related Party Transactions".



3.5 FUTURE EMPLOYEE SHARE OWNERSHIP PLANS AND LONG-TERM INCENTIVE PLAN

In the past, EADS has implemented the Employee Share Ownership Plans (ESOP) and Long-Term Incentive Plans (LTIP) to retain and reward EADS employees.

Pursuant to shareholders' resolutions adopted at the AGM, the powers to issue shares and to set aside preferential subscription rights of existing shareholders have been granted to the Board. Such powers include the approval of ESOP and LTIP plans.

Under ESOP and LTIP, the Board shall have the discretionary authority to offer shares and grant performance and/or restricted units to employees who, in the sole judgment of the Board, are eligible thereto and to subject such grant, as the case may be, to performance conditions; each unit giving right to payment in cash.

3.5.1 Future ESOP

The Company intends to implement an ESOP in 2009. The plan's implementation would have to be formally approved by the Board. The 2009 plan would have the following main characteristics: offer of up to approximately 2 million shares of the Company, *i.e.* up to 0.25% of its issued share capital, with discount price to the market (-20%) to all eligible EADS' employees, being individuals under contract with EADS or with its subsidiaries (more than 50% directly or indirectly held by EADS and companies in which EADS holds more than a 10% stake and where it exercises a material influence on the management).

3.5.2 2008 LTIP and Future LTIP

The Board has approved on 13 November 2008 the implementation of the 2008 LTIP. At vesting of the "2008 Unit Plan", payment is made in cash.

EADS has taken into account the market trend, which is moving from number of option/share/unit grants to face value grants. Accordingly, the size of annual EADS LTIP grant will be adjusted in the future to reflect the face value in comparison of the different Total Target Income of the Executive categories at target level.

At vesting dates, the eligible executives and selected individuals are entitled to a pay-out in cash based on the number of vested units times the value of the Company share.

The Board approved the granting of 2,192,740 Performance Units on target and 801,860 Restricted Units to 1,684 EADS Executives and selected non-Executives.

Performance units are rights to receive a payment in cash based on the value of the EADS share on the respective vesting dates. They are granted to Group executives based on their hierarchical level. Vesting of these units is conditional upon mid-term business performance over 3 years.

Restricted units are also rights to receive a payment in cash based on the value of the EADS share on the respective vesting dates. They are granted to selected individuals to reward personal performance and potential. Vesting of these units is subject to presence in the Group.

Should the performance criteria be met and/or provided that the executive is still employed by the Company, the vesting of the Performance and Restricted Units entitles the executives/selected individuals to four payments in cash over 2 years after the 3 years performance period; each payment representing 25% of the vested units.

Performance Units will vest at a minimum of 50%, 100% on target performance achievement and up to a maximum of 150% in case of overachievement of performance criteria.

In addition, and in order to strengthen the alignment of EADS Top management with long-term growth objectives, the Board has approved mandatory share ownership rules together with the 2008 Unit plan. EADS Executive Committee Members will have to own EADS shares equal to a minimum of 20% of the number of vested units. They will have to hold this number of EADS shares until the end of their mandate as an EADS Executive Committee Member.

The proposed 2009 LTIP would be a Performance and Restricted Unit Plan, with the same general principles as the one described above for the 2008 Performance and Restricted Unit Plan.

The plan would offer the granting of about 3,500,000 Performance and Restricted Units on target. This number of allocations will be strongly dependent, on the number of beneficiaries and on the evolution of the share value. The value of each unit would be based on an average price of EADS share price at the respective dates of vesting.

The implementation of this plan would again have to be formally approved by the Board.

4. Corporate Governance

4.1 MANAGEMENT AND CONTROL

4.1.1 Composition, powers and rules

Pursuant to the Articles of Association, the Board is responsible for the management of the Company.

The Board consists of a maximum of eleven members appointed and removed by the shareholders' meeting. The Board adopted rules governing its internal affairs (the "Rules") at a Board meeting held on 7 July 2000. The Rules were amended at a Board meeting held on 5 December 2003 to take into account recommendations for changes to corporate governance. The Rules were further amended at a Board meeting held on 22 October 2007, to take into account the corporate governance modifications approved during the Extraordinary General Meeting of Shareholders held the same day.

The Rules specify the composition, the role and the key responsibilities of the Board, and also determine the manner of appointment and the responsibilities of the Chairman and the Chief Executive Officer. The Rules also specify the creation of three committees (the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee) and specify their composition, role and operating rules.

The parties to the Participation Agreement (as amended on 22 October 2007 and as referred to in paragraph 3.4 hereof) have agreed that the voting rights attached to the Indirect EADS Shares shall be exercised by EADS Participations B.V. to ensure that the Board of EADS comprises the Directors of EADS Participations B.V. and four additional independent Directors.

According to the Rules, an independent Director is defined as "a Director who is not an officer, director, employee, agent or otherwise has any significant commercial or professional connection with either the DASA Group, the Lagardère Group, the Sogepa Group, the SEPI Group, the French State, the German State, the Spanish State or the EADS Group".

Pursuant to the Participation Agreement, the Board comprises eleven members as follows:

- one non-executive Chairman, appointed on joint proposal by the Daimler-Directors and the Sogead-Directors;
- the Chief Executive Officer of EADS, appointed on joint proposal by the Daimler-Directors and the Sogead-Directors;
- two Directors nominated by Daimler;
- two Directors nominated by Sogead;
- one Director nominated by SEPI, so long as the Indirect EADS Shares held by SEPI represent 5% or more of the total number of EADS Shares but in any case until the general meeting of shareholders to be held in 2012; and
- four independent Directors, jointly proposed by the Chairman and the Chief Executive Officer of EADS and individually approved by the Board.

Pursuant to the Articles of Association, each member of the Board holds office for a term expiring at the AGM to be held in 2012. Members of the Board will be elected at each fifth AGM thereafter.

The shareholders' meeting may at all times suspend or dismiss any member of the Board. There is no limitation on the number of terms that a Director may serve.

The Board appoints a Chairman, upon the joint proposal of the Daimler-Directors and the Sogead-Directors. The Chairman ensures the smooth functioning of the Board in particular with respect to its relations with the Chief Executive Officer with whom he teams up for top level strategic discussions with outside partners, which are conducted under his supervision.

The Chairman shall have either French or German nationality, provided that the Chief Executive Officer is of the other nationality.

The Chairman can submit his resignation as Chairman to the Board or can be dismissed as Chairman by the Board, upon the joint proposal of the Daimler-Directors and the Sogead-Directors. The appointment further terminates if the Chairman is dismissed or resigns as Director. Immediately following the dismissal or resignation of the Chairman, and if the Daimler-Directors and the Sogead-Directors do not immediately jointly designate a new Chairman, the Board appoints by simple majority a Director (with the same citizenship as the former Chairman) as interim Chairman for a period which expires at the earlier of either (i) twenty clear days after the Daimler-Directors and the Sogead-Directors jointly designate a new Chairman (during which period, a Board meeting is called in order to appoint the new Chairman, upon the joint proposal of the Daimler-Directors and the Sogead-Directors), or (ii) two months from that interim Chairman's appointment.

Upon request by any member of the Board made three years after the beginning of the Chairman's term and alleging that



significant adverse deviation(s) from objectives and/or failure(s) to implement the strategy defined by the Board occurred, the Board shall meet, to decide whether deviations and/or failures actually occurred during this period and if so, to decide whether to renew its confidence to the Chairman (the “**Vote of Confidence**”). The Board resolves upon such Vote of Confidence by simple majority. The Chairman is removed if he does not obtain such Vote of Confidence, a new Chairman being then appointed in accordance with the above.

Upon the joint proposal by the Daimler-Directors and the Sogead-Directors, the Board has appointed a Chief Executive Officer to be responsible for the day-to-day management of the Company. The way the Chief Executive Officer can resign or be dismissed and the way the Chief Executive Officer would, if any, be replaced are identical to those applying to the Chairman. The Vote of Confidence procedure stated above is also applicable to the Chief Executive Officer under the same conditions as for the Chairman.

Powers of the Board Members

The Company is represented by the Board or by the Chief Executive Officer (CEO). The Chief Executive Officer may not enter into transactions that form part of the key responsibilities of the Board unless these transactions have been approved by the Board.

The key responsibilities of the Board include amongst others:

- approving any change in the nature and scope of the business of the Group;
- approving any proposal to be submitted to the general meeting of shareholders in order to amend the articles of association of EADS (Qualified Majority, as defined below);
- approving the overall strategy and the strategic plan of the Group;
- approving substantial changes to the business plan and the yearly budget of the Group;
- setting the major performance targets of the Group;
- designating or removing the Chairman and the Chief Executive Officer and deciding upon the designation or removal of the Chief Executive Officer of Airbus (Qualified Majority);
- appointing the Members of the Executive Committee (see below), as a whole team, not on an individual basis;
- establishing and approving amendments to the Rules and to the rules for the Executive Committee (Qualified Majority);
- deciding upon the appointments of the Airbus Shareholder Committee, the EADS Corporate Secretary and the chairmen of the Supervisory Board (or similar organ) of other important Group companies and business units;
- approving material changes to the organisational structure of the Group;

- approving investments, projects or product decisions or divestments of the Group with a value exceeding € 350,000,000 (it being understood that this item shall require the Qualified Majority only for investments, projects or product decisions or divestments of the EADS Group with a value exceeding € 500,000,000);
- approving strategic alliances and co-operation agreements of the Group (Qualified Majority);
- approving matters of shareholder policy, major actions or major announcements to the capital markets;
- approving any material decision regarding the ballistic missiles business of the Group (Qualified Majority);
- approving other measures and business of fundamental significance for the Group or which involve an abnormal level of risk;
- approving any proposal by the Chairman and the Chief Executive Officer as to the appointment of the independent Directors, for submission to the general meeting of shareholders.

Voting and rules

Each Director has one vote, provided that, if there are more Sogead-nominated Directors than Daimler-nominated Directors present or represented at the meeting, the Daimler-nominated Director who is present at the meeting can exercise the same number of votes as the Sogead-nominated Directors who are present or represented at the meeting, and vice versa. All decisions of the Board are taken by a simple majority of votes (six Directors, present or represented, voting in favour of the decision), except for the votes relating to certain matters which can only be validly resolved upon a majority of votes including the unanimous vote of the two Sogead-nominated Directors and the two Daimler-nominated Directors (the “**Qualified Majority**”). The quorum for the transaction of business at meetings of the Board requires the presence of at least one of the Sogead-nominated Directors and one of the Daimler-nominated Directors. A Director can authorise another Director to represent him or her at a Board meeting and to vote on his or her behalf. Such authorisation must be in writing.

In the event of a deadlock in the Board, other than a deadlock giving Daimler the right to exercise the put option granted to it by Sogead, the matter shall be referred to Arnaud Lagardère (or such person as shall be nominated by Lagardère) as representative of Sogead and to the chief executive officer of Daimler. In the event that the matter in question, including a deadlock giving Daimler the right to exercise the put option (but in this case with the agreement of Sogepa and Daimler) is a matter within the competence of the general meeting of EADS, a resolution on the issue shall be put to the general meeting, with the voting rights of Sogead, Daimler and SEPI being negated.

Pursuant to the Rules, the Board may form committees from its members. In addition to the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee, the Board may form other committees to which it may transfer certain minor or ancillary decision-making functions although such assignment does not negate the joint responsibility of all Directors. The quorum for the transaction of business at any meeting of a committee requires the presence of at least one of the Sogeade-nominated Directors and one of the Daimler-nominated Directors. All decisions of a committee require the simple majority of the members.

In addition to the Rules, the work of the Board is governed by internal directors' guidelines (the "**Directors' Guidelines**") adopted in light of corporate governance best practices. The Directors Guidelines are composed of a Directors' charter (the "**Directors' Charter**") detailing the rights and duties of the Members of the Board, an Audit Committee charter (the "**Audit Committee Charter**"), a Remuneration and Nomination Committee charter (the "**Remuneration and Nomination Charter**") and a Strategic Committee charter (the "**Strategic Committee Charter**"), with each such charter setting forth the respective committees' roles.

COMPOSITION OF THE BOARD AS OF 9 MARCH 2009

Name	Age	Term started (as member of the Board)	Term expires	Principal function	Status
Rüdiger Grube	57	2004, re-elected in 2005 and 2007	2012	Chairman of EADS	Non-Executive
Louis Gallois	65	2000, re-elected in 2005 and 2007	2012	Chief Executive Officer of EADS	Executive
Rolf Bartke	62	2007	2012	Chairman of Kuka AG	Nominated by Daimler
Dominique D'Hinnin	49	2007	2012	Chief Financial Officer of Lagardère	Nominated by Sogeade
Juan Manuel Eguiagaray Ucelay	63	2005, re-elected in 2007	2012	Director of Studies at Fundación Alternativas	Nominated by SEPI
Arnaud Lagardère	48	2003, re-elected in 2005 and 2007	2012	General Partner and CEO of Lagardère	Nominated by Sogeade
Hermann-Josef Lamberti	53	2007	2012	Member of the Management Board of Deutsche Bank AG	Independent
Lakshmi N. Mittal	58	2007	2012	President and Chief Executive Officer of ArcelorMittal	Independent
Sir John Parker	66	2007	2012	Chairman of National Grid	Independent
Michel Pébereau	67	2007	2012	Chairman of BNP Paribas	Independent
Bodo Uebber	49	2007	2012	Member of the Board of Management of Daimler AG	Nominated by Daimler

Note: The professional address of all Members of the Board for any matter relating to EADS is Mendelweg 30, 2333 CS Leiden, The Netherlands.

More details of the curriculum vitae and other mandates of the individual Board Members can be found at the Company's website www.eads.com.

4.1.2 Operation of the Board in 2008

Board meetings

The Board met nine times during 2008 and was regularly informed of developments through business reports from

the Chief Executive Officer, including rolling forecasts as well as strategic and operational plans. The average attendance rate at such meetings was 80%.

Topics intensively discussed, and operations authorised at the Board meetings included: EADS' strategy (including Merger & Acquisition (M&A) matters and the competitive environment), major business issues such as the the A380 and A400M recovery efforts, the implementation of the "Future EADS" programme and of the Power8 Plus programme for



Airbus, the A350 XWB programme progress and Airbus future product strategy, the regular updates on the remaining programmes, the approval of operational plans, reorganisation topics, budgets, the Group's financial results and forecasts, as well as the creation of a new Compliance Organisation. The Board also dealt with topics regarding personnel and human resources, such as management qualification, remuneration (including a long-term incentive plan and an employee share ownership plan) as well as attracting, retaining and developing individuals with high potential in order to ensure the future quality of EADS' management and the multinational leadership structure. Besides, the Board took note of the decision to integrate the MTAD Division into Airbus under the name of Airbus Military, and to establish a coordination (without merger) of EADS Astrium and the EADS Defence and Security Divisions to capture technical and commercial synergies between these divisions. In addition, the Board intensively discussed the impact of the financial and economic crisis on EADS.

Assessment of the Performance of the Board

The Board of Directors carries out a self-assessment of its performance on an annual basis and a more thorough assessment every three years conducted by independent consultants. Due to the reconfiguration of the Board in October 2007, the self-assessment for that year did not take place, as its findings would have been irrelevant due to the short period of operation of the newly constituted Board.

The 2008 self-assessment was conducted by the Corporate Secretary, based upon one-to-one discussions between each Director and the Corporate Secretary. A discussion of the results was planned for a subsequent Board of Directors meeting. The evaluation explored the role of the Board of Directors, the correlation of its operations with its mission, and the instruments and processes that affect its performance.

The assessment concluded that the Board is generally satisfied with its ability to work as a team and to tackle relevant matters openly in the best interest of the company. In other words, there is room for enhancements, but no need for drastic adjustments, after 16 months of operation.

The Directors consider the frequency and the length of the Board meetings adequate and feel that issues are covered thoroughly. Supporting documentation is of good quality and informative, but deemed excessively detailed, with a need for refocusing to better support Board decision making. However, the comprehensiveness arises from the complexity of the business, and the proportion of information delivery relative to discussion reflects this fact.

With regards to the Board's teamwork, attendance is adequate and the unanimous opinion is that conflicting views are expressed, discussions are open and dissent can be voiced

constructively. Overall, the Board considers it assembles a very international, diverse and relevant set of skills, with a strong emphasis on finance competencies which are valuable to navigate the global financial crisis.

In addition, the directors feel that the Board-work allows them to fulfil their duty, and attention to compliance permeates the work of the Board. But they sense that the Board is too involved in operational matters – brought about by pressing programme difficulties – and absorbed by short term issues at the expense of the longer term view. Therefore the majority of Board Members require more time devoted to long lead questions, such as strategy and succession planning, by the whole Board.

Committees are very thorough and professional, and the articulation of the Audit Committee and of the Remuneration and Nomination Committee with the rest of the Board is satisfactory; however, Committee work should increasingly be held on dates separate from the Board meeting.

Finally, the Chairmanships of the Board and the Committees are recognised as very competent and dedicated.

Since the last assessment in 2006, the diversity of the skill set and experience in the Board room, and the focus on the agenda are the most tangible improvements. Meeting attendance for the Audit and the Remuneration and Nomination Committees has improved.

Continuous improvement and effectiveness of governance and management of the Group will remain a prime focus and key success factor of EADS.

4.1.3 The Audit Committee

Pursuant to the Rules, the Audit Committee makes recommendations to the Board on the appointment of auditors and the determination of their remuneration, as well as the approval of the annual financial statements and the interim accounts, discusses with the auditors their audit programme and the results of their audit of the accounts and monitors the adequacy of the Group's internal controls, accounting policies and financial reporting. The Audit Committee has responsibility for ensuring that the internal and external audit activities are correctly directed and that the audit matters are given due importance at meetings of the Board. The rules and responsibilities of the Audit Committee have been set out in more detail in the Audit Committee Charter.

The Audit Committee reviews the quarterly, half and full year accounts on the basis of the documents distributed in advance and its discussions with the auditors. The Head of Accounting and the Chief Financial Officer are requested to attend meetings of the Audit Committee to answer any questions.

The Audit Committee is chaired by Hermann-Josef Lamberti, and also includes Dominique D'Hinnin, Sir John Parker and Bodo Uebber as members. Rüdiger Grube and Louis Gallois are invited to participate in each meeting of the Committee.

The Audit Committee meets four times a year, or more frequently according to requirements. It met five times during 2008, with an average 75% attendance rate, to review the 2007 results as well as the first half-year results for 2008 of the Company, the quarterly financial reviews, as well as to review topics like enterprise risk management (ERM) and compliance.

4.1.4 The Remuneration and Nomination Committee

Pursuant to the Rules, the Remuneration and Nomination Committee makes recommendations to the Board regarding the appointment of the EADS Corporate Secretary, the Members of the Airbus Shareholder Committee, and the chairmen of the Supervisory Board (or similar organ) of other important Group member companies and business units. The Remuneration and Nomination Committee also makes recommendations to the Board regarding remuneration strategies and long-term remuneration plans and decides on the service contracts and other contractual matters in relation to the Board and Executive Committee Members. Once approved by the Chairman, it also reviews the proposals by the Chief Executive Officer for the appointment of Members of the Executive Committee and of the Airbus Chief Executive Officer. The rules and responsibilities of the Remuneration and Nomination Committee have been set out in more detail in the Remuneration and Nomination Charter.

The guiding principles governing management appointments in the Group should be that the best candidate is appointed to the position ("best man for the job"), while maintaining at the same time a broad balance in terms of nationalities which should not be detrimental to the quality and cohesiveness of the management team. The implementation of these principles should not create restrictions on the diversity of nationalities within the EADS executive management team.

The Remuneration and Nomination Committee is chaired by Sir John Parker, and also includes Rolf Bartke, Dominique D'Hinnin and Hermann-Josef Lamberti as members. Rüdiger Grube and Louis Gallois are invited to participate in each meeting of the Committee.

The Remuneration and Nomination Committee meets twice a year, or more frequently according to requirements. It met four times during 2008, with a 94% average attendance rate. In addition to making recommendations to the Board for major appointments within the Group, the Remuneration and

Nomination Committee reviewed the compensation policy (including pension schemes), the bonus payments for 2007, the long-term incentive plan and the employee share ownership plan for 2008/2009, as well as the salary review of the Executive Committee Members for 2008.

4.1.5 The Strategic Committee

The Strategic Committee was created in October 2007. It is not a decision making body but a resource available to the Board for the preparation of decisions on strategic matters. Pursuant to the Rules, the Strategic Committee makes recommendations to the Board regarding strategic developments, corporate strategies, major merger and acquisition projects, major investments, projects or product decisions or divestments, as well as major research and development projects.

The Strategic Committee is chaired by Rüdiger Grube, and also includes Louis Gallois, Arnaud Lagardère, Michel Pébereau and Bodo Uebber as members.

The Strategic Committee meets twice a year, or more frequently, according to need. It met four times during 2008. In addition to approving the Strategic Committee Charter, the Strategic Committee monitored the implementation of the EADS Vision 2020, screened the share price developments, made recommendations to the Board on merger and acquisition projects and reviewed the Power8 Plus Programme and the European consolidation process.

4.1.6 Insider Trading Rules

The Board has also adopted specific Insider Trading Rules, which restrict its members from trading in EADS shares in certain circumstances. Pursuant to the Insider Trading Rules: (i) all employees and directors are prohibited from conducting transactions in EADS shares or stock options if they have inside information, and (ii) certain persons are only allowed to trade in EADS shares or stock options within very limited periods and have specific information obligations to the ITR compliance officer of the Company and the competent financial market authorities with respect to certain transactions. The updated version of the Insider Trading Rules effective from 1 January 2007 is available on the Company's website.

Conflicts of interest

EADS has a conflict of interest policy which sets out that any conflict of interest or apparent conflicts of interest between EADS and Members of the Board shall be avoided (please refer to the Directors' Charter available on EADS website www.eads.com in the section Corporate Governance).



4.2 DUTCH CORPORATE GOVERNANCE CODE

In accordance with Dutch law and with the provisions of the Dutch Corporate Governance Code (the “**Dutch Code**”), which includes a number of non-mandatory recommendations, the Company either applies the provisions of the Dutch Code or, if applicable, explains the reasons for their non-application. While EADS, in its continuous efforts to adhere to the highest standards, applies most of the current recommendations of the Dutch Code, it has, in accordance with the “apply or explain” principle, provided the explanations below.

At the end of 2008, the Dutch Corporate Governance Code Monitory Committee presented various amendments to the Dutch Code (the “**Revised Code**”), which will become applicable in respect of financial years starting on or after 1 January 2009. EADS will state in its next board report for the 2009 financial year how it applied the principles and best practice provisions of the Revised Code and will, where applicable, explain why a provision was not applied.

For the financial year 2008, EADS states the following:

1. EADS is a controlled Company and, therefore, a number of the Members of the Board, Audit Committee, Remuneration and Nomination Committee and Strategic Committee are designated and can be removed by its controlling shareholders.

Nevertheless it should be noted that a self-assessment of the Board confirmed that the Members of the Board designated by the controlling shareholders hold opinions defend positions that are in all relevant aspects aligned with the economic interests of individual shareholders. Given the absence of material conflicting business interests between EADS and its controlling shareholders, and the independence of the controlling shareholders from one another, the Members of the Board designated by the controlling shareholders are deemed to fairly represent the interest of all shareholders in acting critically and independently of one another and of any particular interests. Furthermore, the Board’s composition, as reshaped in October 2007 to increase in particular number of independent Board Members, with a wide range of different experiences represented in the Board and the running of meetings is conducive to the expression of autonomous and complementary views.

Accordingly:

- (a) four Members of the Board out of 11 are independent (whereas provision III.2.1 of the Dutch Code recommends

that there be not more than one non-independent Board member);

- (b) Members of the Board retire simultaneously on a five-yearly basis (whereas provision III.3.6 of the Dutch Code recommends that there be a retirement schedule to avoid, as far as possible, a situation in which many Non-Executive Members of the Board retire at the same time);
- (c) the Board is headed by the Chairman of the Board. In case of dismissal or resignation of the Chairman, the Board shall immediately designate a new Chairman. There is therefore no need for a vice-Chairman to deal with the situation when vacancies occur (whereas provision III.4.1(f) of the Dutch Code recommends that there is a vice-Chairman);
- (d) EADS’ Audit Committee includes two Members of the Board designated by the controlling shareholders (whereas provision III.5.1 of the Dutch code recommends that there be not more than one non-independent Audit Committee Member);
- (e) EADS’ Remuneration and Nomination Committee includes two Members of the Board designated by the controlling shareholders (whereas provision III.5.1 of the Dutch code recommends that there be not more than one non-independent Committee Member);
- (f) EADS’ Remuneration and Nomination Committee is not the relevant body responsible for the selection procedure and nomination proposals for Members of the Board (whereas provision III.5.13 (a) of the Dutch Code recommends that such Committee shall focus on drawing up selection criteria and the appointment procedures for Members of the Board; and provision III.5.13 (d) recommends that such Committee shall focus on making proposals for appointments and reappointments).

2. As for remuneration of Members of the Board of Directors.

EADS applies different rules for the remuneration of Executive (the CEO) and Non-Executive Members of the Board, as explained in “4.3 Compensation Policy and Remuneration of the Members of the Board of Directors”.

In case of dismissal from the Company of the Chief Executive Officer, a termination indemnity equal to one and a half time the annual total target salary would be paid subject to the following conditions (whereas provision II.2.7 of the Dutch Corporate Governance Code recommends that the maximum remuneration in the event of dismissal be one year’s salary (the “fixed” remuneration component), and that if the maximum of

one year's salary would be manifestly unreasonable for an Executive Board Member who is dismissed during his first term of office, such board member be eligible for severance pay not exceeding twice the annual salary): the Board has concluded that the Chief Executive Officer can no longer fulfil his position as a result of change of EADS's strategy or policies or as a result of a change in control of EADS. Termination indemnity will be paid only provided that the performance conditions assessed by the Board have been fulfilled by the Chief Executive Officer.

However this termination package would be reduced prorata or would even not be applicable depending on the age and date of retirement. No termination indemnity would be paid when the CEO is terminated and has reached the age of 65 prior or on the date of termination.

This change in the policy for the termination package of the Chief Executive Officer will be proposed by the Board of Directors to be adopted at this AGM.

3. EADS is listed on the Frankfurt, Paris and Spanish stock exchanges and endeavours to strictly comply with the relevant regulations and follow the general practices on these markets protecting all its stakeholders

- (a) Moreover EADS has adopted Insider Trading Rules providing for specific internal rules, inter alia, governing Members' of the Board holding and trading of shares in EADS and other companies. Therefore, EADS is in line with these rules and these regulations and common practices in the jurisdictions in which the Company is listed.
- (b) EADS does not require Members of the Board to give periodic notice of any changes in their holding of securities in Dutch listed companies to the EADS ITR compliance officer (whereas provisions II.2.6 and III.7.3 of the Dutch Code recommend such a notice unless a Board Member only invests in listed investments funds).
- (c) EADS does not require Members of the Board to treat their securities in the Company as a long-term investment (whereas provision III.7.2 of the Dutch Code recommends such a treatment).
- (d) The term of the office of Members of the Board is five years without limitation on renewal (whereas provisions II.1.1 and III.3.5 of the Dutch Code recommend that there be no more than three four-year-terms for Non-Executive Members of the Board and that there be four year terms (without limitation on renewal) for Executive Members of the Board).
- (e) EADS does not follow various recommendations for dealings with analysts including allowing shareholders

to follow meetings with analysts in real time and publishing presentations to analysts on the website as set out in provision IV.3.1 of the Dutch Code.

- (f) In accordance with EADS' Articles of Association, if the Board does not set a "registration date", the shareholders must be shareholders at the date of the meeting to exercise their voting rights and other rights at the meeting (whereas provision IV.1.7 of the Dutch Code recommends that the Company set a "registration date" prior to the shareholder's meeting and that the shareholders must be shareholders on the date of such "registration date" to exercise their voting rights at the shareholders' meetings even if those persons are no longer shareholders on the date of such meeting).

4. EADS maintains an integrated Group-wide Internal Control and Risk Management System with the purpose of providing reasonable assurance that risks are effectively managed

One of Management's fundamental goals is to foster an effective Internal Control ("IC") and Risk Management ("RM") environment at EADS. In 2008, EADS began implementation of a new group-wide Enterprise Risk Management ("ERM") system that further develops and builds upon the achievements of the previous IC and RM system. The new ERM system seeks to provide Management with an enhanced tool for effectively dealing with the uncertainty and associated risks inherent in EADS' business and to track opportunities. At the same time, the ERM system seeks to ensure compliance with corporate governance requirements and best practices in the Netherlands, France, Germany and Spain with respect to IC and RM. EADS' ERM system is based on the Internal Control and Enterprise Risk Management Frameworks of the Committee of Sponsoring Organisations of the Tread way Commission (COSO II).

The ERM system serves as the basis for all sub-ERM, sub-IC and sub-RM procedures present throughout EADS at the various organisational levels such as the divisions, business units and headquarters departments. It encompasses a hierarchical bottom-up and top-down reporting procedure to help ensure greater transparency of the risks and opportunities faced by the Group. The internal controls process consists of a regularly up-dated documentation and assessment of the effectiveness of the individual controls for all applicable processes.

See "Risk Factors" (5.4.) for information on certain principal risks to which the Group is exposed.

Limitations

No matter how well designed, all ERM systems have inherent limitations, such as vulnerability to circumvention or



management overrides of the controls in place. Consequently, no assurance can be given that EADS' ERM system and procedures are or will be, despite all care and effort, entirely effective.

Developments in 2008 and Outlook

During 2008, EADS sought primarily to apply the newly developed ERM approach to IC and RM, seeking to combine the two subjects into a more effective management tool. Building on the comprehensive ERM review and evaluation procedures carried out in 2008, EADS will assess the results over the course of 2009. Moreover, independent reviews of the ERM systems were performed by internal audit to substantiate the self-assessment during 2008. As a result of the ongoing monitoring activities of the ERM system's effectiveness, further modifications to the ERM system and integration efforts are expected throughout 2009.

As the new ERM system (and relevant aspects referred to in the Dutch Code) is currently being implemented throughout the Group, the Board has not yet made a declaration on the adequacy and effectiveness of the Group's IC and RM systems (whereas provision II.1.4 of the Dutch Code recommends that such a declaration be made).

Further, under the Revised Code which will become applicable in respect of financial years starting on or after 1 January 2009, the recommendation that a declaration be made on the adequacy and effectiveness of the IC and RM system will be replaced by a statement that the IC and RM system provides reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in the year under review. Based on the progress of the implementation of EADS' ERM system during the financial year 2009, the Board will assess whether such a statement can be made or explain why such statement cannot be made in the Board Report for the 2009 financial year.

EADS ERM Policy

The core policy, objectives and procedures that define EADS' ERM system are communicated throughout the Group in a manual referred to as the "EADS ERM Policy", which sets forth:

- the ERM policy and objectives;
- the ERM procedures adopted by EADS including a standardised ERM monitoring system:

- to ensure a uniform understanding of a comprehensive enterprise-wide risk and opportunity management and IC system,
- to comprehensively cover risk and opportunity management in programmes/projects, functions and processes, with both internal and external sources,
- to satisfy compliance requirements for an effective IC and RM system.

The EADS ERM Policy constitutes the framework for all existing IC and RM guidance and practice throughout EADS. The EADS ERM Policy is applicable throughout EADS to all divisions, business units and headquarters' departments. Joint ventures may also operate separate ERM systems, though the fundamental principles of the EADS ERM Policy generally apply.

The "EADS ERM Policy" is supplemented by:

- Codes of conduct (e.g. EADS Code of Ethics, Corporate Social Responsibility);
- Handbooks (e.g. "EADS Corporate Management Principles and Responsibilities", the "Financial Control Handbook");
- Manuals (e.g. Treasury Procedures, "Accounting Manual", "Reporting Manual"); and
- Guidelines (e.g. "Funding Policy").

External standards influencing the EADS ERM System include the IC and ERM frameworks of COSO, as well as industry-specific standards as defined by the International Standards Organisation (ISO).

For further information relating to financial market risks and the ways in which EADS attempts to manage these risks, see "Notes to Consolidated Financial Statements (IFRS) - Note 35a: Information about Financial Instruments - Financial risk management".

Responsibility for the ERM System

Responsibility for the ERM system is as follows:

- the Board assumes overall responsibility for the ERM system and defines the level of risk that EADS wishes to accept on a corporate level;
- the divisions, business units and headquarters' departments assume responsibility for the operation and monitoring of the ERM system. They seek to ensure transparency and effectiveness of the ERM system and adherence to the objectives. They take responsibility for the implementation of appropriate response activities to reduce probability and impact of risk exposures, and conversely for the implementation of appropriate response activities to increase

probability and impact of opportunity exposures. They are responsible for the communication of risks and opportunities which affect others within EADS;

- corporate objectives are defined with an accountable owner for each. These objectives are cascaded throughout the whole organisation. Each level within the business adopts business objectives that link into and support EADS' corporate objectives;
- EADS uses its employees' knowledge of the business to identify and assess key risks that might prevent EADS from achieving its objectives and to identify and assess new opportunities. EADS strives to do this on a regular basis through normal business processes to ensure it focuses on identifying and managing risks that might undermine its performance.

Objectives of ERM

The ERM system is designed to provide reasonable assurance to the Board of Directors, the Chief Executive Officer and the Chief Financial Officer regarding the achievement of the following objectives:

- the delivery of products in time, cost, quality;
- the reliability of financial reporting and the achievement of financial targets;
- the adequate identification, assessment, response, control action and monitoring of risks and opportunities on a timely basis throughout the Group, consistent with EADS objectives;
- the compliance with applicable external laws and regulations and with internal policies and guidelines;
- the effectiveness and efficiency of operations;
- the transparency and quality of risk, opportunity and monitoring and reporting (*e.g.* internal management reporting, financial statements, etc.).

ERM Procedures

To enhance its effectiveness and operational reliability as well as to satisfy compliance requirements, certain mandatory procedures exist:

- **Risk and Opportunity Management procedures** to enhance operational risk and opportunity management throughout EADS by using ERM methodology;
- **Financial risk measurement procedures** for consistent risk and opportunity quantification;
- **ERM reporting procedures** for the status reporting of the ERM system and the risk and opportunity situation;
- **ERM compliance and monitoring procedures** to substantiate to the Chief Executive Officer and Chief

Financial Officer assessment of the effectiveness of the EADS ERM system;

- **ERM support procedures** covering important topics like ERM trainings, knowledge transfer, change management and the role of corporate audit.

ERM at EADS seeks to cover all types of risk such as operational, functional (*e.g.* strategic, compliance, reputational risks) and process risks, both quantifiable and unquantifiable, potentially affecting EADS short-, middle- and long-term as well as opportunities.

Risk and Opportunity Management procedures

The recurring Risk and Opportunity Management procedures comprise several components:

- setting of objectives and definition of risk tolerances;
- identification and assessment of risks and opportunities;
- determination of risk and opportunity responses and control activities (*i.e.* policies, procedures and other activities);
- monitoring and reporting of risks and opportunities.

The detailed processes and associated procedures will vary according to the size and nature of the programme/project or function, but the principles apply in any case. Local tailoring may be performed according to the internal business constraints and/or customer specific requirements.

ERM compliance and monitoring procedures

EADS has established formal ERM self-assessment mechanisms, to be applied by each identified process/control owner on a regular basis, who must assess his operational and functional risks as well as the operating and design effectiveness of the internal controls in place for his process. The progress is monitored by the respective division, business unit and headquarters department and reported to EADS headquarters. To verify the successful implementation of the remediation actions, the remedied controls are periodically re-assessed. The relevant risks are subject to a management discussion process at the Group level. Each year, corporate audit provides an independent review of the status of the ERM systems in selected divisions, business units and headquarters departments.

Based on the ERM self-assessments, management of each division, business unit and headquarters department prepares formal representation letter as to the adequacy and effectiveness of the ERM systems within their scope of responsibility. Joint ventures, such as MBDA, operate separate IC and RM systems. Alignment with the EADS ERM system is facilitated, *inter alia*, through EADS' presence on such affiliates' supervisory and management bodies (*e.g.* board of directors, audit committees).



In addition to regular monitoring activities at the divisional, business unit and headquarters levels, assessments about the adequacy and effectiveness of the ERM system are discussed between the Chief Executive Officer and Chief Financial Officer and the respective division, business unit or headquarters department heads. These discussions serve to prioritise potential issues at the EADS level, define and implement appropriate actions, if needed, and derive conclusions for the overall EADS ERM report.

ERM reporting procedures

Every year, identified significant deficiencies and material weaknesses are reported in sub-representation letters. The sign-off process requires the Chief Executive Officer and Chief Financial Officer to confirm to the Board, to the best of their knowledge, whether:

- the IC system is adequate to provide reasonable assurance regarding the reliability of financial reporting as well as compliance with applicable laws and regulations;
- the control objectives are being achieved by controls that are documented, adequately designed for their business and are operating effectively, in all material respects;
- the owner of each control activity is clearly identified; and
- the RM system is designed and operated to identify, assess, respond to, design controls and monitor/report on risks on a timely basis.

4.3 COMPLIANCE PROGRAMME

Having reviewed the Company's compliance practices and policies, the Board decided in 2008 to update the Group's compliance approach through the establishment of a further integrated Compliance Organisation.

Since its early days, the Group has adopted demanding standards on its international trade activities, with the detailed policies and rules having been continuously improved and reinforced in keeping with the highest ethical and compliant industry standards. The Group has also put a special focus on compliance with export control regulations and laws. Accordingly, the Company has established a cascading system of export control procedures and policies which are implemented by export control professionals amongst the Group.

The Chief Executive Officer and Chief Financial Officer's ERM statement is mainly based on the self-assessments, reviews (including internal audit) and management discussions described above, and is substantiated by sub-representation letters provided to the Chief Executive Officer and Chief Financial Officer by all divisional and business unit management.

5. Ethics Alert System

EADS is in the process of putting in place an alert system procedure for receiving, in full confidentiality, concerns regarding *e.g.* financial reporting, internal risk management and control systems, as well as regarding general operational matters.

The Board and the Audit Committee have decided to implement this alert system procedure as part of the Ethics and Compliance Programme, under the authority of the Group Chief Compliance Officer ("CCO"). After a decision has been made on the detailed procedure and various proceedings including those with the respective works councils have been completed, the Group alert system will be implemented. The Company will thereafter comply with provision II.1.6 of the Dutch Code, which recommends that a company ensure that its employees have the possibility of reporting alleged irregularities of a general, operational and financial nature in the company or concerning the functioning of the Executive Member of the Board to the Chairman of the Board or to an official designated by them and that such arrangements for whistleblowers be posted on the Company's website.

Building on this experience, the group-wide integrated Compliance Organisation is meant to emphasise the Group's commitment to the highest ethical and compliance standards; it reinforces the independence of the compliance resources while securing proximity with the business for efficiency.

The Board has appointed an EADS CCO in order to set up the Compliance Organisation, and to design and implement the EADS Ethics and Compliance Programme, which will seek to ensure that the Group conducts its business in compliance with relevant laws and best practices endorsed by the Group. The programme will include the maintenance of up to date guidelines and policies, starting with the EADS Code of Ethics as well as a communication and training plan aimed at raising awareness in order to promote compliance as a corporate culture.

Within its overall mission to control that the Company's activities conform to applicable regulations and ethical rules adopted by the Group, the specific objectives of the CCO have been set by the CEO and discussed with the Audit Committee. Within these objectives, a high priority has been placed on a specific assessment of the compliance risks, identifying the existing and potential risks, such as the risk of corruption, the risk of violation of export control regulations or insider trading, to which the Group may be exposed. This risk review will be performed in keeping with the company Enterprise Risk Management process. Part of this risk assessment will

include proposals for adequate risk mitigation measures together with adequate compliance policies and processes.

As part of his assignment, confirmed by the Audit Committee, the CCO will also be managing the development of a Group alert system, which will allow the Company to identify non-compliance within the Group so that adequate remediation measures can be taken.

The status of the Compliance programme implementation will be regularly reported to the Board and Audit Committee.

4.4 COMPENSATION POLICY AND REMUNERATION OF THE MEMBERS OF THE BOARD

Shareholders expect a strong commitment from Members of the Board; the compensation policy is therefore designed to focus efforts on what the Group wants to value and reward. Following an extensive benchmark against the practice of other global companies based in Europe and the United States, the Non-Executive Members of the Board's compensation was reviewed with effect 1 January 2008. The new compensation policy reflects European best practice and compensate for time commitment and responsibilities in the new governance structure (as further explained in paragraph 4.3.1.1).

For a report on the remuneration of the Members of the Board during the year 2008 together with additional information such as volumes of Performance units, see "Notes to the Company Financial Statements - Note [11]: Remuneration".

4.4.1 Compensation of the Board

The respective elements of EADS compensation policy for Non-Executive Members of the Board on the one hand and the Chief Executive Officer on the other hand are summarised in the following paragraphs.

4.4.1.1 Compensation of Non-Executive Members of the Board

Each Non-Executive Member of the Board is entitled to an annual fixed fee of €80,000 and a fee for participation in Board meetings of €5,000 per meeting attended.

The Chairman of the Board is entitled to an annual fixed fee of €180,000 for carrying out this role and a fee for participation in Board meetings of €10,000 per meeting attended.

The Chairman of each of the Board Committees is entitled to an additional annual fixed fee of €30,000. The Members of each of the Board Committees are entitled to an additional annual fixed fee of €20,000 for each Committee membership.

Committee Chairmanship and Committee Membership annual fees are cumulative if the concerned Non-Executive Members of the Board belong to two different Committees.

4.4.1.2 Compensation of the Chief Executive Officer

The compensation policy for the Chief Executive Officer follows the same principles as the compensation policy for EADS Executive Committee Members. EADS' compensation policy aims at attracting and retaining talents that will contribute to the Group's business success.

The Members of the Executive Committee including the Chief Executive Officer receive the majority of their compensation from their relevant national Group entity (under the terms of their employment or mandate contract) and the remaining part from EADS N.V. ("N.V. compensation", under the terms of the N.V. letter of agreement).

The Chief Executive Officer is entitled to receive a total target compensation divided into a fixed part and a variable part: 45% fixed and 55% variable on target.

The variable part will be calculated on the basis of two equal components:

- collective part (50% of the variable part) to reward business performance at EADS level. Starting 2009, EBIT*, Cash, and Capital Employed are the financial indicators chosen to measure collective performance (EBIT* represents 50%, cash

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



represents 25% and Capital Employed represents 25% of the collective part in 2009);

- individual bonus (50% of the variable part) to reward individual performance measured against the achievement of individual objectives.

The Group is committed to setting individual and financial targets, the achievement of which would reflect the real performance of EADS. The new choice of EBIT*, Cash and Capital Employed as financial indicators ensures the alignment of the Chief Executive Officer with EADS priorities.

Based on the level of performance, the collective as well as the individual payout can vary from 0% to 175% of the target payment.

In summary, the Chief Executive Officer compensation is as follows:

	Compensation element	Main drivers	Performance measures	Variation of payment as % of total target income/% of vesting
Short-term	Base salary	Position/job value	Individual performance/Market practice	-
	Variable pay	Achievement of Group business and financial yearly objectives and reward of individual performance	Collective part (50% of target variable pay): EBIT* (50%), cash (25%) and capital employed (25%) achievement Individual bonus (50% of Target variable pay): achievement of annual individual objectives	55% of total target income (range from 0% to 175%)
Mid- and Long-term	Performance unit plan	Achievement of long-term operational profit, measured through cumulative EBIT* achievement	The number of performance units which will vest is based cumulative EBIT* achievement at EADS level, deriving from the Operative Planning (OP)	Vested performance units will range from 50% to 150% of initial grant

The change in the variable pay components of the Chief Executive Officer will be proposed by the Board of Directors to be adopted at this Annual General Meeting (AGM).

4.4.2 Long-term Incentive Plan

The Chief Executive Officer is eligible for the EADS LTIP, which is a general tool for talent retention and promotion of Company value growth.

On 13 November 2008, the Board granted 40,000 performance units to the Chief Executive Officer.

As for all other 2008 unit plan participants, performance units would vest after a period of 3 years (at 4 vesting dates).

On target payment at 100% for both individual and financial targets would indicate strong personal and Company performance.

The Remuneration and Nomination Committee reviews and makes recommendations to the Board on bonus payments; the Board makes the final decision.

The Chief Executive Officer is also eligible to long-term incentive reward through the EADS long-term incentive plans (see below). He receives neither Board attendance fees nor any dedicated compensation as Member of the Board.

Benchmark studies basically confirm that EADS' compensation structure is generally in line with European market practices.

In addition, the following additional rules would apply to the Chief Executive Officer:

- the Chief Executive Officer, as well as all Executive Committee Members, will have to own EADS shares equal to a minimum of 20% of the number of vested units;
- the Chief Executive Officer, as well as all EADS Executive Committee Members will have to hold the above number of EADS shares until the end of their mandate as an EADS Executive Committee Member.

The Remuneration and Nomination Committee makes recommendations to the Board, which then makes the final decision on the individual grant allocation.

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.

If, as planned, a LTIP as described under 3.5.2 “Future LTIP” is implemented in 2009, the maximum volume of Performance Units to be granted to the Chief Executive Officer should not be more than 50,000.

Non-executive Members and Chairman of the Board are not eligible for LTIP.

4.4.3 Employee Share Ownership Plan

The Chief Executive Officer is eligible to the ESOP under the same conditions as any of EADS’ employees, being individuals under contract with EADS or with its subsidiaries (more than 50% directly or indirectly held by EADS and companies in which EADS holds more than a 10% stake and where it exercises a material influence on the management).

If, as planned, an ESOP as described under 3.5.1 “Future ESOP” is implemented in 2009, the Chief Executive Officer would be entitled to subscribe, during the subscription period, up to a maximum of 500 shares with a discount to the market price. Those shares cannot be sold during a period of one year in case of a direct ownership or a period of five years in case of ownership through a mutual fund.

Non-executive Members and Chairman of the Board are not eligible to participate in ESOP.

4.4.4 Pension benefits

The Members of the Executive Committee have pension promises as part of their employment agreements. The general policy is to give them annual pensions of 50% of their annual base salary upon reaching 5 years of service in the Executive Committee of EADS at the age of 60 to 65. In case of the Chief Executive Officer has reached the age of 65, then the policy allows payment of the pension with effect from his retirement date.

These rights will gradually increase to 60% after a second term, usually after ten years of service in the EADS Executive Committee.

These pension schemes have been implemented through collective executive pension plans in France and Germany and through individual arrangements in other countries. These pension promises also have separate rules *e.g.* for minimum length of service and other conditions to comply with national regulations.

Non-executive Members and Chairman of the Board have no pension benefits.

4.4.5 Policy for termination package

In order to comply with recent corporate governance recommendations in France adopted at the end of 2008, the Chief Executive Officer has terminated his formal employment contract with the Company; nevertheless, his current mandate remains in force.

The Chief Executive Officer is entitled to a termination package when the parting results from a decision by the Company in case of change in control or the Company’s strategy. Payment of the termination package is also subject to performance conditions as fixed and assessed by the Board. The termination indemnity if applicable will be of a maximum of 18 months of annual total target salary.

The indemnity could be reduced prorata or would even not be applicable depending on age and date of retirement.

The change in policy for termination package of the Chief Executive Officer will be proposed by the Board to be adopted at this AGM.

Non-executive Members and Chairman of the Board have no termination package.

4.4.6 Policy for loans and guarantees granted to Members of the Board

General EADS policy is not to grant any loans to its Members of the Board.

4.4.7 Other

The Chief Executive Officer is entitled to a non-competition clause applicable for a one-year period, starting at the end of the mandate, and is renewable for one year at the Company’s initiative.

The Chief Executive Officer will receive a compensation based on 50% of his monthly salary (including variable pay) in return of the application of the non-competition clause.



5. Financial and other Highlights

EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Accounting for the A400M programme

On 25 September 2008, EADS announced an undefined delay of the first flight of the A400M, mainly due to the unavailability of the propulsion system, which is to be developed by subcontractors – an engine manufacturers' consortium – of Airbus Military SL. This undefined delay was primarily due to an official notice by these subcontractors, as to their inability to specify a new delivery date for the A400M engines 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 that date onwards and up to the date of these financial statements, a revised technical timetable of the A400M programme and the related financial implications of this delay could no longer be reliably assessed.

As a result of the undefined delays and the uncertain technical environment which eventually led to the proposed new programme approach as described above, EADS applied the early stage method of accounting from 25 September 2008 onwards. Under this method, all A400M related work-in-progress, which would have been expensed upon the completion of technical milestones according to the estimate at completion method of accounting have since then been expensed as incurred, with related revenues recognised up to the recoverable part of these costs as per the A400M contract. At the same time, the A400M contract loss provision was updated in light of the excess-contract-costs-over-remaining-contract-revenues, based on the probable remaining contract costs that could be estimated. On the contrary, additional potential contract costs not estimable as of the date of these financial statements have been considered as contingent liabilities. The early stage method of accounting has to be applied until future triggering events allow the resumption of the estimate at completion method. For further information relating to the A400M programme, see "Notes to the Consolidated Financial Statements (IFRS) – Note 3: Accounting for the A400M programme".

5.1 CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

5.1.1 Consolidated Income Statement (IFRS)

TABLE 1 – CONSOLIDATED INCOME STATEMENT (IFRS)

(in €m)	2008	2007
Revenues	43,265	39,123
Cost of sales	(35,907)	(34,802)
Gross margin	7,358	4,321
Selling expenses	(933)	(864)
Administrative expenses	(1,253)	(1,314)
Research and development expenses	(2,669)	(2,608)
Other income	189	233
Other expenses	(131)	(97)
Share of profit from associates under the equity method	188	210
Other income from investments	23	86
Profit (loss) before finance costs and income taxes	2,772	(33)
Total finance costs	(472)	(737)
Income taxes	(703)	333
Profit (loss) for the period	1,597	(437)
Attributable to:		
Equity holders of the parent (Net income (loss))	1,572	(446)
Minority interests	25	9

5.1.2 Revenues

Revenues rose strongly by 11% to €43.3 billion (FY 2007: €39.1 billion) reflecting top line growth from operations across all Divisions. The increase includes €1.1 billion resulting from the move to the early stage accounting methodology in the A400M programme applied starting in the third quarter of 2008. The Group's revenue growth more than offset a weaker average US dollar rate. Based upon a strong delivery performance, EADS achieved 56% of its revenues outside Europe thanks to strong contributions from Asia-Pacific (25%), North America (18%) and other regions (13%).

5.1.3 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. In the following, EBIT pre-goodwill impairment and exceptionals is earmarked as EBIT*.

TABLE 2 – RECONCILIATION PROFIT (LOSS) BEFORE FINANCE COSTS AND INCOME TAXES TO EBIT* (IFRS)

(in €m)	2008	2007
Profit (loss) before finance costs and income taxes	2,772	(33)
Disposal of goodwill	0	12
Exceptional depreciation and disposal	58	73
EBIT*	2,830	52

EADS' EBIT* for the full year of 2008 improved to €2,830 million compared to €52 million in the previous year, when Airbus' EBIT* in particular was burdened by higher exceptional charges (Power8, A400M, A350 XWB). This EBIT* growth contains around around €900 million resulting from the revaluation of loss-making contracts at the €/US\$ and £/US\$ closing spot rates. The stronger EBIT* resulted from improvements across all Divisions. At Airbus, strong operational performance in series programmes, achievement of Power8 cost savings and lower exceptional charges than in the previous year contributed positively to EBIT* growth. The Military Transport Aircraft Division's EBIT* improvement

was due to a ramp-up in tanker activity and lower exceptional charges than in the previous year. Eurocopter's EBIT* increase reflects the positive volume effect and better pricing. Both Astrium and the Defence & Security Division increased EBIT* and reached record profitability.

In line with the Group's EBIT* development, EADS improved its **Net Income** to €1,572 million (FY 2007: €-446 million), or earnings per share to €1.95 (earnings per share FY 2007: €-0.56). **Self-financed R&D expenses** remained stable at €2,669 million (FY 2007: €2,608 million). This reflects Airbus' and Eurocopter's continuing aircraft development programmes.

TABLE 3 – EBIT* AND REVENUES BY DIVISION

by Division (Amounts in €m)	EBIT*			Revenues		
	FY 2008	FY 2007	Change	FY 2008	FY 2007	Change
Airbus	1,790	(881)	-	27,453	25,216	+9%
Military Transport Aircraft ⁽¹⁾	(16)	(155)	-	2,759	1,140	+142%
Eurocopter	293	211	+39%	4,486	4,172	+8%
Astrium	234	174	+34%	4,289	3,550	+21%
Defence & Security ⁽²⁾	408	345	+18%	5,668	5,392	+5%
Headquarters/Consolidation	41 ⁽⁴⁾	274 ⁽⁴⁾	-	(2,918)	(1,754)	-
Other Businesses ⁽²⁾⁽³⁾	80	84	-5%	1,528	1,407	+9%
Total	2,830	52	+5,342%	43,265	39,123	+11%

(1) EADS has adjusted its divisional structure: The former Military Transport Aircraft Division will be integrated into Airbus and will become – under the name of Airbus Military – the fully-fledged military arm of Airbus. As this leaner organisation became effective as of 1 January 2009, EADS is disclosing its 2008 results in the former divisional structure, thus still reporting the Military Transport Aircraft Division separately.

(2) As of 1 January 2008, the consolidation of EADS North America was changed by transferring parts from Defence & Security Division to Other Businesses. Nevertheless, the lead of material business elements remains within the respective Divisions. The figures for FY 2007 are adjusted accordingly. In the full year of 2008, EADS North America's revenues mainly include revenues linked to the prime contractorship of the LUH programme.

(3) ATR, EADS EFW, EADS Socata, EADS Sogerma and EADS North America are allocated to Other Businesses which is not a stand-alone EADS Division. EADS EFW will be integrated into Airbus. This new organisation became effective as of 1 January 2009.

(4) Headquarters/Consolidation EBIT* contains the contribution from Dassault; in full year 2007 the Headquarters/Consolidation EBIT* additionally included the gain from the sale of EADS' stake in Embraer and a corporate real estate sale.

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



5.1.4 Consolidated Balance Sheet (IFRS)

TABLE 4 – CONSOLIDATED BALANCE SHEET (IFRS)

(in €m)	31 December 2008	31 December 2007	Change
Intangible Assets	11,171	10,832	339
Property, Plant and Equipment	12,243	13,489	(1,246)
Investments in associates under the equity method	2,356	2,238	118
Other investments and other long-term financial assets	1,712	1,553	159
Other non-current assets	2,646	3,543	(897)
Deferred tax assets	2,756	2,705	51
Non-current securities	3,040	2,691	349
Non-current assets	35,924	37,051	(1,127)
Inventories	19,452	18,906	546
Trade receivables	5,267	4,639	628
Other current assets	4,590	5,713	(1,123)
Current securities	3,912	1,598	2,314
Cash and cash equivalents	6,745	7,549	(804)
Non-current assets/disposal groups classified as held for sale	263	0	263
Current assets	40,229	38,405	1,824
Total assets	76,153	75,456	697
Equity attributable to equity holders of the parent	11,022	13,090	(2,068)
Minority interests	104	85	19
Total equity	11,126	13,175	(2,049)
Non-current provisions	7,479	8,055	(576)
Long-term financing liabilities	3,046	3,090	(44)
Deferred tax liabilities	953	2,188	(1,235)
Other non-current liabilities	16,824	14,880	1,944
Non-current liabilities	28,302	28,213	89
Current provisions	4,583	4,378	205
Short-term financing liabilities	1,458	1,724	(266)
Trade liabilities	7,824	7,398	426
Current tax liabilities	201	179	22
Other current liabilities	22,504	20,389	2,115
Liabilities directly associated with non-current assets classified as held for sale	155	0	155
Current liabilities	36,725	34,068	2,657
Total equity and liabilities	76,153	75,456	697

Non-current assets

Intangible assets of €11,171 million (prior year-end: €10,832 million) include €9,760 million (prior year-end: €9,519 million) of goodwill. This mainly relates to Airbus (€6,374 million), Defence & Security (€2,559 million), Astrium (€619 million) and Eurocopter (€111 million). 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 €-704 million, **property, plant and equipment** decrease by €-542 million to €12,243 million (prior year-end: €13,489 million), including

leased assets of €878 million (prior year-end: €1,319 million). Property, plant and equipment used for the A400M programme amounting to €722 million were not subject to an impairment charge, as they are expected to be recoverable through the further progress of the A400M program. Property, plant and equipment also comprise “Investment property” amounting to €87 million (prior year-end: €96 million).

Investments in associates under the equity method of €2,356 million (prior year-end: €2,238 million) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to €2,243 million (prior year-end: €2,121 million).

The 2008 Dassault Aviation results have been estimated to be in line with those of 2007, since for the second half-year 2008 no financial information is yet available from Dassault Aviation.

Other investments and other long-term financial assets of €1,712 million (prior year-end: €1,553 million) are related to Airbus for an amount of €1,280 million (prior year-end: €1,013 million), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of €+43 million.

Other non-current assets mainly comprise “Non-current derivative financial instruments” and “Non-current prepaid expenses”. The decrease by €-897 million to €2,646 million (prior year-end: €3,543 million) is mainly caused by the variation of the non-current portion of fair values of derivative financial instruments (€-1,339 million) partly compensated by the purchase of options at Airbus in the course of US dollar hedgings.

Deferred tax assets of €2,756 million (prior year-end: €2,705 million) 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 (€1,101 million, prior year-end: €2,440 million), in other current assets (€1,482 million, prior year-end: €2,955 million), in other non-current liabilities (€2,208 million, prior year-end: €258 million) and in other current liabilities (€657 million, prior year-end: €36 million) which corresponds to a total net fair value of €-282 million (prior year-end: €5,101 million). The volume of hedged US dollar-contracts increases from US\$51.3 billion as at 31 December 2007 to net of US\$68.1 billion as at 31 December 2008, including 9 billion of US dollar vanilla options. The US dollar exchange rate became stronger (US dollar/Euro spot rate of 1.39 at 31 December 2008 vs. 1.47 at 31 December 2007) towards year-end. However, the average US dollar hedge rate for the hedge portfolio of the Group deteriorated from 1.26 as at 31 December 2007 to 1.36 (excluding US dollar plain vanilla options which were out of the money) as at 31 December 2008 (US dollar/Euro rate respectively).

Current assets

Inventories of €19,452 million (prior year-end: €18,906 million) increase by €+546 million. This is driven by all divisions except for Military Transport Aircraft and Defence & Security: Eurocopter (€+473 million) with an increase in unfinished goods and services due to the ramp-up of commercialised programmes (mainly SuperPuma, Dauphin, EC135 and Ecureuil), a high number of helicopters in governmental programmes (mainly NH90 and Tiger) and Airbus (€+98 million) partly compensated by a lower level of unfinished goods and services and Astrium (€+65 million)

with a higher level of work in progress, boosted by the satellite and launcher business. The decrease at Military Transport Aircraft by €-113 million mainly reflects a lower level of unfinished goods and services. Work in progress for the A400M programme of €1,449 million, which would have been capitalised under the estimate at completion method of Percentage of Completion (PoC) accounting, was expensed as cost of sales according to the early stage method of accounting.

Trade receivables increase by €+628 million to €5,267 million (prior year-end: €4,639 million), mainly caused by Astrium (€+469 million) for M51, various satellites and Ariane launchers. A further increase is related to Eurocopter (€+181 million).

Other current assets include “Current portion of other long-term financial assets”, “Current other financial assets”, “Current other assets”, “Current tax assets” and “Current prepaid expenses”. The decrease of €-1,123 million to €4,590 million (prior year-end: €5,713 million) comprises among others a decrease of €-1,473 million regarding positive fair values of derivative financial instruments. This is partly compensated by higher receivables from related companies (€+170 million, mainly Eurofighter GmbH).

Current securities increase from €1,598 million to €3,912 million.

Cash and cash equivalents decrease from €7,549 million to €6,745 million. The decrease mainly results from a change in the amount of securities.

On 7 January 2009, DAHER acquired a 70% majority share in Socata and Socata Aircraft (USA) from EADS. Additionally, Airbus sold its site in Filton (UK) to GKN on 5 January 2009. Due to the high probability of a positive outcome of the aforementioned transactions at the end of 2008, the non-current and current assets of these operations amounting to €263 million are reclassified to **non-current assets/disposal groups classified as held for sale** (prior year-end: €0 million). **Liabilities directly associated with non-current assets classified as held for sale** amount to €155 million (prior year-end: €0 million).

Total equity

Equity attributable to equity holders of the parent (including purchased treasury shares) amounts to €11,022 million (prior year-end: €13,090 million). The decrease is mainly due to income and expense recognised in equity of €-2,056 million, which includes the profit for the period attributable to the equity holders of the parent of €+1,572 million as well as changes in the fair value of cash flow hedges of €-3,734 million net of taxes. The amount of equity has also been reduced by the cash distribution to shareholders of €-97 million.



Minority interests increase to €104 million (prior year-end: €85 million) mainly in relation to initial consolidations as well as to recognised income and expense.

Non-current liabilities

Non-current provisions of €7,479 million (prior year-end: €8,055 million) comprise the non-current portion of pension provisions with a decrease of €-47 million to €4,335 million (prior year-end: €4,382 million). In 2008, some EADS companies contributed in total €300 million in cash to the Contractual Trust Arrangement (CTA) implemented in 2007. Moreover, other provisions are included in non-current provisions, which decrease by €-529 million to €3,144 million. A significant part of the decrease is related to the provision for the A350 XWB and the A380 due to the strengthening of US\$/€ rate regarding the income streams and to the lowering of £/€ rate concerning the cost streams and due to utilisations and reclassification for settlement and buy-out charges for the A350 XWB programme. Other provisions include among others the provision for aircraft financing activities with an increase of €+99 million to €803 million (thereof foreign exchange effects of €+42 million).

Long-term financing liabilities of €3,046 million (prior year-end: €3,090 million), excluding foreign exchange-rate effects of €+49 million, decrease by €-93 million in particular due to Astrium and Airbus.

Other non-current liabilities comprise “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income” and increase in total by €+1,944 million to €16,824 million (prior year-end: €14,880 million). They mainly include non-current customer advance payments received of €8,843 million (prior year-end: €8,420 million), the non-current portion of European Government refundable advances amounting to €4,563 million (prior year-end: €4,854 million) and non-current negative fair values of derivative financial instruments of €2,208 million (prior year-end: €258 million). The main part of non-current deferred income of €418 million (prior year-end: €753 million) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. These are reversed over the guaranteed period.

Current liabilities

Current provisions increase by €+205 million to €4,583 million (prior year-end: €4,378 million) and comprise the current portion of pension provisions (€211 million) and other provisions (€4,372 million). The increase mainly reflects higher provisions for outstanding costs at Eurocopter and Defence & Security and additional provisions for the A400M programme with a net change of €154 million to €1,349 million, partly offset by a decrease regarding the current portion of restructuring provisions for the Power8 programme.

Short-term financing liabilities of €1,458 million (prior year-end: €1,724 million) decrease by €-266 million mainly due to a repayment of commercial paper of EADS B.V. (€-501 million).

Trade liabilities increase by €+426 million to €7,824 million (prior year-end: €7,398 million), mainly relating to Airbus (€+264 million) and Astrium (€+108 million).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by €+2,115 million to €22,504 million (prior year-end: €20,389 million). Other current liabilities mainly comprise current customer advance payments of €17,802 million (prior year-end: €16,214 million).

5.1.5 Net Cash

Free Cash Flow before customer financing was stronger than expected and reached €2,886 million (FY 2007: €3,293 million). The change resulted mainly from the higher level of advance payments received in 2007 (incl. Paradigm refinancing step-up of €1.1 billion), partly compensated by positive contributions from tanker programmes. Due to some customer financing needs, Free Cash Flow including customer financing stood at €2,559 million (FY 2007: €3,354 million). Despite a cash-out for contribution to plan assets of pension schemes and premium for options, the **Net Cash position** reached a record €9.2 billion (year-end 2007: €7.0 billion). This gives EADS a robust liquidity base in economically turbulent and unpredictable times.

Gross Cash comprises “Non-current securities”, “Current securities” and “Cash and cash equivalents”. For the Net Cash calculation “Long-term financing liabilities” and “Short-term financing liabilities” are deducted from the gross cash.

5.1.6 Order Intake and Order Book

A remarkable **order intake** of €98.6 billion (FY 2007: €136.8 billion), supported by strong order flow in all Divisions – including the important UK tanker order – underlines the attractiveness of EADS’ product offering across its entire portfolio. At the end of December 2008, EADS’ **order book** reached a record level of €400.2 billion (year-end 2007: €339.5 billion). The growth in order book benefited €10 billion from a favourable US dollar spot rate at the end of December 2008 compared to year-end 2007. Orders within the commercial aircraft business are based on list prices. Strong order intake in the defence businesses led to a stable defence order book of €54.9 billion (year-end 2007: €54.5 billion).

TABLE 5 – ORDER INTAKE AND ORDER BOOK BY DIVISION

By Division (Amounts in €m)	Order Intake ⁽⁴⁾			Order Book ⁽⁴⁾		
	FY 2008	FY 2007	Change	31 December 2008	31 December 2007	Change
Airbus	82,041	117,323	-30%	344,818	283,829	+21%
Military Transport Aircraft ⁽¹⁾	5,083	784	+548%	22,269	19,932	+12%
Eurocopter	4,855	6,584	-26%	13,824	13,455	+3%
Astrium	3,294	4,492	-27%	11,035	12,895	-14%
Defence & Security ⁽²⁾	5,287	7,460	-29%	17,032	17,836	-5%
Headquarters/Consolidation	(3,807)	(1,807)	-	(12,094)	(11,155)	-
Other Businesses ⁽²⁾⁽³⁾	1,895	1,963	-3%	3,364	2,740	+23%
Total	98,648	136,799	-28%	400,248	339,532	+18%

- (1) EADS has adjusted its divisional structure: the former Military Transport Aircraft Division will be integrated into Airbus and will become – under the name of Airbus Military – the fully-fledged military arm of Airbus. As this leaner organisation became effective as of 1 January 2009, EADS is disclosing its 2008 results in the former divisional structure, thus still reporting the Military Transport Aircraft Division separately.
- (2) As of 1 January 2008, the consolidation of EADS North America was changed by transferring parts from Defence & Security Division to Other Businesses. Nevertheless, the lead of material business elements remains within the respective Divisions. The figures for FY 2007 are adjusted accordingly. In the full year of 2008, EADS North America's revenues mainly include revenues linked to the prime contractorship of the LUH programme.
- (3) ATR, EADS EFW, EADS Socata, EADS Sogerma and EADS North America are allocated to Other Businesses which is not a stand-alone EADS Division. EADS EFW will be integrated into Airbus. This new organisation became effective as of 1 January 2009.
- (4) Contributions from commercial aircraft activities to EADS order intake and order book based on list prices.

5.1.7 EADS Division Details

2008 was a successful year for **Airbus**. Revenues increased by 9% to €27,453 million (FY 2007: €25,216 million) driven mainly by higher volumes and a more favourable product mix in delivered aircraft. Deliveries remained at record levels: 483 aircraft including 12 A380 (FY 2007: 453 aircraft). Revenue growth includes an effect from the move to the early stage accounting methodology in the A400M programme reflecting Airbus' internal work share. The overall growth was limited by a negative US dollar average rate impact and price deterioration. EBIT* strongly improved to €1,790 million (FY 2007: €-881 million) reflecting a seamless ramp-up on the A320 and A330 programmes, underlying profitability in series programmes and progress achieved in the Power8 programme. EBIT* performance was further supported by lower exceptional charges than in the previous year and significant foreign currency gains from both the US dollar and the British pound on the revaluation of loss-making contracts. The underlying business strength is partially offset by A380 charges, reflecting an unexpected increase of cost and A400M charges under early stage accounting method.

For the A380 programme, Airbus achieved its goal of delivering 12 aircraft in 2008 and envisages a continued ramp-up in 2009. Until now, more than one million passengers have flown with the industry's all new flagship for the 21st century. Over the full year of 2008, strong demand for Airbus products continued. A total of 777 net orders with improved pricing were booked in 2008. Gross orders amounted to 900 aircraft. The net order intake represents a market share of 54% of all aircraft units over

100 seats. Market share was even higher for the A350 XWB which became the fastest selling airliner ever. The A350 XWB order book further grew over 2008 to a total of 478 orders from 29 customers. The A350 XWB development is advancing rapidly and Airbus is pressing ahead with associated investments. In January 2009, Airbus celebrated the ground breaking for the A350 XWB final assembly line in Toulouse.

Buoyed by the huge success of the A320 family with contracts in 2008 for 472 aircraft, 138 aircraft for the A330/A340 family and orders for nine new A380s, the order book reached a new record of 3,715 aircraft (year-end 2007: 3,421 aircraft). In terms of value, the Airbus order book at year-end 2008 amounted to €344.8 billion (year-end 2007: €283.8 billion) based on list prices.

Airbus made great steps forward towards internationalisation, inaugurating its first final assembly line outside Europe in Tianjin, China. Expanding its industrial footprint will help Airbus to gain access to strategic markets.

In the context of adjusting the divisional structure of EADS, the former **Military Transport Aircraft** Division is being integrated into Airbus and will become – under the name of Airbus Military – the military pole of Airbus. As this leaner organisation is effective as of 2009, EADS is disclosing its 2008 results according to the former divisional structure, thus still reporting the Military Transport Aircraft Division separately. The Division's revenues in 2008 increased to €2,759 million (FY 2007: €1,140 million), benefiting from a strong tanker business. The revenues also include the

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



A400M Power-On milestone revenue recognition – shifted from 2007 and worth around €400 million. Additionally, the application of the early stage method of accounting resulted in a further increase of MTAD revenues from the third quarter onwards. The Division's EBIT* amounted to €-16 million (FY 2007: €-155 million) even though all A400M related work-in-progress was expensed as incurred due to the early stage method of accounting. The EBIT* improvement was driven by a ramp-up in tanker activity, improvement in underlying business and lower exceptional charges. In the tanker business, the Division achieved significant market success with new orders for 20 A330 MRTT tanker aircraft over the year, lifting the order book to €22.3 billion (year-end 2007: €19.9 billion).

Eurocopter, the world's leading helicopter manufacturer increased its revenues by 8% to €4,486 million (FY 2007: €4,172 million). This follows the continued ramp-up in deliveries of serial helicopters as well as a stronger service business and increased development activities for customers. The substantial reorganisation of production lines, combined with the opening of new facilities enabled Eurocopter to increase deliveries by 20% in 2008 reaching its highest level ever at 588 helicopters. EBIT* rose by 39% to €293 million compared to €211 million in 2007. Eurocopter's EBIT* increase reflects the positive volume effect and a better mix, partially offset by foreign exchange impact and higher Research and Development (R&D) expenses. R&D expenses are mainly related to the new EC175 medium-weight civil helicopter, which is being jointly developed with Chinese partners.

In 2008, Eurocopter made technical progress by qualifying the final and fully operational HAP and UHT versions of the Tiger helicopter and by ramping up NH90 production with first deliveries from the Finnish and Australian assembly lines. In the United States, Eurocopter delivered the 50th UH-72A light utility helicopter to the US Army in December and won the US Navy as an additional customer for this helicopter. Eurocopter further strengthened its service business, which already today accounts for more than one third of the Division's revenues. In line with its strategy of expansion of its service business, Eurocopter acquired the German MRO specialist Motorflug.

Eurocopter achieved 2008 its second highest level of orders ever. Including 715 new helicopters and after-sales service, Eurocopter booked orders worth €4.9 billion. At year-end 2008, the order book amounted to €13.8 billion (year-end 2007: €13.5 billion), the equivalent of 1,515 helicopters.

Recently Eurocopter signed with the Brazilian government a contract for 50 new EC725 medium-weight helicopters and the French armed forces placed an order for 22 NH90 transport helicopters. Both contracts will be accounted for in the 2009 order intake. In particular, its well-balanced order book and strong service activities give Eurocopter a solid position in the face of the difficult economic environment.

Proven reliability, a sharp focus on efficiency and high levels of innovation drove **Astrium** to success in 2008. Revenues increased by 21% to €4,289 million (FY 2007: €3,550 million) with contributions from all three business units – Satellites, Services and Space Transportation. The main drivers were a sales increase in commercial telecom satellites, a ramp-up in Ariane 5 production and Paradigm services. Additionally, revenues benefited from the first full consolidation of Spot Image. Astrium delivered a fifth consecutive year of profitable growth. EBIT* improved to €234 million (FY 2007: €174 million). This rise is in line with the development of revenues. EBIT* rose despite the unfavourable impact of the declining British pound against the Euro in the Paradigm programme. This demonstrates the significant progress of the Division.

Astrium performed extremely well in 2008 with six successful Ariane 5 launches – marking 28 successful launches in a row. Astrium has delivered five satellites. Technology firsts were achieved with the ATV mission and the integration of the Columbus space laboratory into the International Space Station ISS. The French strategic missile was also test-launched for the first time at Astrium's underwater base in Biscarosse. Several acquisitions boosted the Division's growth prospects. Astrium acquired i-Mass Ltd., lifted its stake in Spot Image and took over Surrey Satellite Technology Ltd. At the end of December, the order book amounted to €11.0 billion (year-end 2007: €12.9 billion).

The **Defence & Security** Division achieved profitable growth thanks to increasingly mature programmes, combined with efficiencies from site consolidation. Revenues increased to €5,668 million (FY 2007: €5,392 million). Eurofighter, radar and missiles businesses represent the majority of the revenues. Additionally, revenues growth was supported by activities in integrated systems, security networks and Unmanned Aerial Vehicles, as well as the consolidation of PlantCML. Furthermore, the increase includes an effect from the move to the early stage accounting methodology in the A400M programme reflecting the Division's internal work share. The Division's EBIT* rose further by 18% to €408 million (FY 2007: €345 million). This EBIT* growth was supported by operational improvements across all

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.

activities and maturing programmes in radars, missiles and secure networks. Successful cost reduction initiatives also made a significant contribution for the improvement of the underlying business performance.

In line with Group strategy, security capabilities continued to expand significantly. The Defence & Security Division broadened its presence in the US through the acquisition of PlantCML. Furthermore, the digital radio network the Division provided to Beijing played a vital role in securing the Olympic Games. Installation of integrated security systems for Qatar and other Middle East countries as well as for Morocco's new Tanger Med port began.

In 2008, the Division delivered the last Tranche 1 Eurofighter and started the delivery of Tranche 2. Production and delivery for the export customer Austria is progressing well. Within the business area of Unmanned Aerial Vehicles (UAVs), EADS is the only European company able to provide both large and small systems. Work on the risk reduction study for the tri-national Advanced UAV programme continued. Moreover, Spain has awarded the tactical UAV programme ATLANTE to the Division. In 2008, the UAV system SIDM was delivered to the French customer and has already been deployed in Afghanistan in 2009.

In November 2008, the Military Air Systems Centre was inaugurated in Manching near Munich (Germany), where its major capabilities, competencies and resources are now concentrated at one site. Furthermore, the Division sold air traffic control radars for Germany's military airfields and delivered radar systems to customers such as the US Coastguard and German armed forces. The Division's order book stood at €17.0 billion (year-end 2007: €17.8 billion),

with the balance continuing to shift towards new high-growth products and services.

Headquarters and Other Businesses (not belonging to any Division):

Other Businesses' (ATR, EADS EFW, EADS Socata, EADS Sogerma and EADS North America) revenues grew by 9% to €1,528 million (FY 2007: €1,407 million) driven by higher deliveries at ATR, the ramp-up in the LUH programme at EADS North America and a high level of passenger seats activity at EADS Sogerma. Other Businesses' EBIT* is stable at €80 million compared to €84 million in the previous year, impacted by a US dollar headwind.

The regional aircraft manufacturer ATR delivered 55 new aircraft to its customers compared to 44 units in 2007 and paused its ramp-up due to the weakening of the regional aircraft market. Including new orders for 20 new aircraft ATR finished 2008 with an order book of 160 aircraft. EADS EFW delivered 11 converted freighters to its customers. Future business will benefit from link-ups with partners for the A320 freighter conversion and the modification of Airbus aircraft. From 1 January 2009 onwards, EADS EFW will be consolidated within Airbus. EADS Socata is classified as held for sale in the 2008 accounts due to the final agreement announced between EADS and DAHER Group for DAHER to acquire a 70% majority stake. The agreement became effective as of 7 January 2009. EADS Sogerma finalised the sale of Revima in October, receiving support from Revima's workforce, local authorities and customers. Operationally, EADS Sogerma continued its profitable growth. On 31 December 2008, the order book of Other Businesses increased to €3.4 billion (year-end 2007: €2.7 billion).

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



5.2 EADS N.V. COMPANY FINANCIAL STATEMENTS

TABLE 6 – BALANCE SHEET EADS N.V.

(in €m)	31 December 2008	31 December 2007
Goodwill	4,354	4,354
Financial fixed assets	9,575	11,303
Non-current securities	3,035	2,685 ⁽²⁾
Fixed assets	16,964	18,342
Receivables and other assets	5,398	5,526
Securities	3,909	1,595 ⁽²⁾
Cash and cash equivalents	5,321	6,444
Non-fixed assets	14,628	13,565
Total assets	31,592	31,907
Stockholders' equity⁽¹⁾	11,022	13,090
Financing liabilities	332	316
Other non-current liabilities	1,501	1,532
Non-current liabilities	1,833	1,848
Other current liabilities	18,737	16,969
Current liabilities	18,737	16,969
Total liabilities and stockholders' equity	31,592	31,907

(1) The balance sheet is prepared before appropriation of the net result.

(2) The securities with a residual maturity of more than one year which are managed by EADS Group Treasury department are classified as non-current securities. The figures for 31 December 2007 are adjusted accordingly.

TABLE 7 – INCOME STATEMENT EADS N.V.

(in €m)	2008	2007
Income from investments	1,763	(380)
Other results	(191)	(66)
Net result	1,572	(446)

5.3 INFORMATION ON THE STATUTORY ACCOUNTANTS

	Date of First Appointment	Expiration of Current Term of Office*
KPMG Accountants N.V. Fascinatioboulevard 200 – 3065 WB Rotterdam – The Netherlands Represented by L.A. Blok	10 May 2000	27 May 2009
Ernst & Young Accountants LLP Antonio Vivaldistraat 150, 1083 HP Amsterdam – The Netherlands Represented by F.A.L. van der Bruggen	24 July 2002	27 May 2009

* A resolution will be submitted to the General Meeting of Shareholders called for 27 May 2009, in order to appoint Ernst & Young Accountants LLP and KPMG Accountants N.V. as the Company's auditors for the 2009 financial year.

KPMG Accountants N.V., Ernst & Young Accountants L.L.P. and their respective representatives are registered with the Royal NIVRA (*Nederlands Instituut van Register Accountants*).

5.4 RISK FACTORS

EADS is subject to many risks and uncertainties that may affect its financial performance. The business, financial condition or results of operations of EADS could be materially adversely affected by the risks described below. These are not the only risks EADS faces. Additional risks not presently known to EADS or that it currently deems immaterial may also impair its business operations. For further information on these risks, you should refer to EADS' "Registration Document" available on EADS website www.eads.net.

5.4.1. Financial Market Risks

Impact of Ongoing Financial Crisis

The current financial turmoil affecting the banking system and financial markets and ongoing concerns about the sustainability of the business model of investment banks and of other financial institutions have resulted in higher cost and lower availability of credit, a reduced level of liquidity in many financial markets and extreme volatility across all asset classes. This has in turn negatively affected the global real economy. There could be a number of follow-on effects from the financial crisis on EADS' business, including but not limited to:

- economic distress of customers, resulting in requests to postpone or cancel orders for aircraft due to the inability to obtain credit to finance aircraft purchases, or due to the broad economic downturn and weakening of passenger and cargo demand for air travel more generally;
- a significant increase in the amount of sales financing that EADS provides to its customers to support aircraft purchases, thereby increasing its exposure to the risk of defaults by customers;
- economic distress or insolvency of key suppliers, resulting in product delays;
- the default of investment or derivative counterparties and other financial institutions, which could negatively impact EADS' treasury operations;
- continued de-leveraging as well as mergers and bankruptcies of banks, resulting in a smaller universe of counterparties and lower availability of credit, which may in turn reduce the availability of bank guarantees needed by EADS for its businesses;
- lower availability of credit by hedging counterparties, which could constrain EADS' ability to implement desired foreign currency hedges;
- changes in long-term interest rates, credit spreads or inflation, which may affect the discount rate applicable to the Group's pension liabilities;

- changes in short-term interest rates as well as potential illiquidity of certain asset classes, which may affect the financial performance of the Group;
- continued divestments across all risky asset classes, which may cause a further depreciation of asset values and lower diversification benefits for the pension plan assets held to match the pension liabilities, thereby resulting in an increase in the Group's provisions for retirement plans;
- reduced access to capital markets and other sources of financing, which, despite EADS' net cash position of €9.2 billion as of the end of 2008 and no immediate short-term refinancing needs other than €1.0 billion in notes maturing in March 2010, may limit EADS' future ability to make capital expenditures, fully carry out its research and development efforts and fund operations.

Uncertainty about current global economic conditions could also increase the volatility of EADS' stock price.

Exposure to Foreign Currencies

A significant portion of EADS' revenues is denominated in US dollars, while a substantial portion of its costs is incurred in Euro, and to a lesser extent, in British pound. Consequently, to the extent that EADS does not use financial instruments to cover its exposure resulting from this foreign currency mismatch, its profits will be affected by market changes in the exchange rate of the US dollar against these currencies, and to a lesser extent, by market changes in the exchange rate of British pound against the euro. No assurances may be given that EADS' exchange rate hedging strategy will protect it from significant changes in the exchange rate of the US dollar to the euro and the pound sterling and that such changes will not affect its results of operation and financial condition.

Exposure to Sales Financing Risk

In support of sales, EADS may agree to participate in the financing of customers, guarantee the residual value of aircraft or undertake to repurchase aircraft conditionally. As a result, EADS has a significant portfolio of leases and other financing arrangements with airlines and other customers. No assurances may be given that measures taken by EADS to protect itself from defaults by its customers or significant decreases in the value of the financed aircraft in the resale market will be effective.

Counterparty Credit Risk

EADS is exposed to credit risk to the extent of non-performance by its counterparties for financial instruments, such as hedging instruments and cash investments.



Exposure on Equity Investment Portfolio

EADS holds several equity investments for industrial or strategic reasons, the business rationale for which may vary over the life of the investment. EADS is exposed to the risk of unexpected material adverse changes in the fair value of Dassault Aviation and that of other associated companies.

Pension Commitments

EADS participates in several pension plans for both executive as well as non-executive employees, some of which are under funded. Although EADS has recorded a provision in its balance sheet for its share of the under funding based on current estimates, there can be no assurance that these estimates will not be revised upward in the future, leading EADS to record additional provisions in respect of such plans.

5.4.2 Business-Related Risks

Commercial Aircraft Market Cyclicity

Historically, the market for commercial aircraft has shown cyclical trends, due in part to changes in passenger and cargo demand for air travel, which is itself primarily driven by economic or Gross Domestic Product (“GDP”) growth. EADS expects that the market for commercial aircraft, including to a certain extent the market for civil helicopters, will continue to be cyclical, and that downturns in broad economic trends, such as those currently being experienced, may have a negative effect on its future results of operation and financial condition.

Impact of Terrorism, Epidemics and Catastrophic Events On Aircraft Market

As the terrorist attacks in New York and Madrid and the spread of the Severe Acute Respiratory Syndrome (“SARS”) virus and avian flu have demonstrated, terrorism and epidemics may negatively affect public perception of air travel safety and comfort, which may in turn reduce demand for air travel and commercial aircraft. In response to such events, and the resulting negative impact on the airline industry or particular airlines, EADS may suffer from a decline in demand for all or certain types of its aircraft, and EADS’ customers may postpone delivery of new aircraft or cancel orders.

Dependence on Public Spending and on Certain Markets

In any single market, public spending (including defence spending) depends on a complex mix of geopolitical considerations and budgetary constraints. Public spending may be subject to significant fluctuations from year to year and country to country. Adverse economic and political conditions as well as downturns in broad economic trends in EADS’ markets may reduce the amount of public spending and have a negative effect on EADS’ future results of operations and

financial condition. Further, a significant portion of EADS (including Airbus) backlog is concentrated in certain regions or countries, including the United States of America, China, India and the United Arab Emirates. Adverse economic and political conditions as well as downturns in broad economic trends in these countries or regions may have a negative effect on EADS’ and Airbus future results of operations and financial condition.

Emergence of Public-Private Partnerships and Private Finance Initiatives

Defence customers, particularly in the U.K., increasingly request proposals and grant contracts under schemes known as Public-Private Partnerships (“PPPs”) or private finance initiatives (“PFIs”). There can be no assurances of the extent to which EADS will efficiently and effectively (i) compete for future PFI or PPP programmes, (ii) administer the services contemplated under the contracts, (iii) finance the acquisition of the equipment and the ongoing provision of services related thereto, or (iv) access the markets for the commercialisation of excess capacity.

Competition and Market Access

Most of EADS’ businesses are subject to significant competition, and Airbus in particular has been affected by downward price pressure resulting from such competition. No assurance can be given that competition may not intensify, particularly in the context of a prolonged economic downturn.

Availability of Government and Other Sources of Financing

Since 1992, the E.U. and the US have operated under an agreement that sets the terms and conditions of financial support that governments may provide to civil aircraft manufacturers. In late 2004, however, the US sought to unilaterally withdraw from this agreement, which eventually led to the US and the EU making formal claims against each other before the World Trade Organisation (“WTO”). While both sides have expressed a preference for a negotiated settlement that provides for a level playing field when funding future aircraft developments, they have thus far failed to reach agreement on key issues. The terms and conditions of any new agreement, or the outcome of the formal WTO proceedings, may limit access by EADS to risk-sharing-funds for large projects, may establish an unfavourable balance of access to government funds by EADS as compared to its US competitors or may theoretically cause the European Commission and the involved governments to analyse possibilities for a change in the commercial terms of funds already advanced to EADS.

In prior years, EADS and its principal competitors have each received different types of government financing of product research and development. However, no assurances can be given that government financing will continue to be made available in the future for these and other projects, in part as a result of the proceedings mentioned above.

Technologically Advanced Products and Services

EADS offers its customers products and services that are often technologically advanced, the design and manufacturing of which can be complex and require substantial integration and coordination along the supply chain. In addition, most of EADS' products must function under demanding operating conditions. Even though EADS believes it employs sophisticated design, manufacturing and testing practices, there can be no assurance that EADS' products or services will be successfully developed, manufactured or operated or that they will be developed or will perform as intended.

Certain of EADS' contracts require it to forfeit part of its expected profit, to receive reduced payments, to provide a replacement launch or other products or services, or to reduce the price of subsequent sales to the same customer if its products fail to be delivered on time or to perform adequately. No assurances can be given that performance penalties or contract cancellations will not be imposed should EADS fail to meet delivery schedules or other measures of contract performance.

For example, following the production difficulties that EADS encountered in 2006 in connection with its A380 programme, certain customers decided to cancel their A380 freighter orders. In 2007 and 2008, EADS announced significant delivery delays on its A400M programme. In each of these years, EBIT* at EADS was negatively affected as a result. See "Notes to the Consolidated Financial Statements (IFRS) – Note 3: Accounting for the A400M programme".

There can be no assurances that similar problems will not occur in the future. In addition to any costs resulting from product warranties, contract performance or required remedial action, such problems may result in increased costs or loss of revenues – in particular as a result of contract cancellations – which could have a negative effect on EADS' future results of operation and financial condition. Any future problems may also have a significant adverse effect on the competitive reputation of EADS' products.

Major Research and Development Programmes

The business environment in many of EADS' principal operating business segments is characterised by extensive research and development costs requiring significant up-front investments with a high level of complexity. There can be no assurances that the commercial, technical and market assumptions underlying such business plans will be met, and consequently, the payback period or returns contemplated therein achieved.

Power8, Power8 Plus and "Future EADS" Restructuring and Cost Saving Programmes

EADS has announced in 2007 the implementation of a significant cost reduction and restructuring programme at Airbus, referred to as Power8. In addition, EADS has launched a Group-wide cost savings programme referred to as Power8 Plus, and a further integration and cost savings programme referred to as "Future EADS". Anticipated cost savings are based on preliminary estimates, however, and actual savings may vary significantly. EADS' failure to successfully implement these planned cost reduction measures, or the possibility that these efforts may not generate the level of cost savings it expects going forward, could negatively affect its future results of operation and financial condition. In addition to the risk of not achieving the anticipated level of cost savings from the programmes above, EADS may also incur higher than expected implementation costs, depending on the outcome of its current negotiations with labour and other representatives. In many instances, there may be internal resistance to the various organisational restructuring and cost reduction measures contemplated, including site divestitures by Airbus and the integration of the Military Transport Aircraft Division into Airbus.

Suppliers and Subcontractors

EADS relies on numerous suppliers and subcontractors to provide it with the raw materials, parts and assemblies that it needs to manufacture its products. Certain of these suppliers have experienced severe financial difficulties recently in light of the ongoing financial crisis. If these difficulties were to intensify, some suppliers could be forced to reduce their output, shut down their operations or file for bankruptcy protection, which could disrupt the delivery of supplies to EADS. It may be difficult for EADS to find a replacement for certain suppliers without significant delay, which could negatively affect EADS' future results of operation and financial condition. EADS may also decide in the future to provide financial or other assistance to certain suppliers to ensure an uninterrupted supply of materials and parts, which could expose it to credit risk on the part of such suppliers.

Programme-Specific Risks

In addition to the risk factors mentioned above, EADS also faces the following programme-specific risks in the future (while this list does not purport to be comprehensive, it highlights the current risks believed to be material by management):

- *A380 programme.* In connection with the A380 programme and following the delivery delays announced in 2006, EADS faces the following main challenges: (i) management of stress in the supply chain as a result of the steep ramp-up

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



in production in coming years, (ii) avoidance of production disruptions and related costs, in particular in connection with the implementation of Power8 and its effect on labour relations, (iii) successful implementation of a digital mock-up for future A380 production, and (iv) managing maturity in service. EADS' ability to successfully meet these challenges will be critical in ensuring the smooth production of "wave 2" aircraft, *i.e.* those beyond the initial 25 aircraft produced;

- **A350 XWB programme.** In connection with the A350 XWB programme, EADS faces the following main challenges: (i) meeting the technical performance targets for the aircraft, (ii) ensuring the ramp-up of key skilled personnel, *e.g.* for composite stress and design, (iii) securing the achievement of recurring cost targets, (iv) ensuring that the new industrial organisation resulting from Power8 supports effective development, (v) ensuring the performance of the risk sharing partners, including those selected for sites divested by Airbus, and (vi) achieving a second engine choice;
- **A400M programme.** In connection with the A400M programme which represents a significant exposure for EADS, the Company faces the following main challenges: (i) negotiating changes to the programme schedule along with changes to other areas of the contract with launch customers, (ii) working with the engine consortium and with major suppliers of mission critical systems and system integration to firm up a reliable programme schedule, including a reliable date for the first flight, (iii) managing a flight test programme that differs significantly from that of commercial Airbus aircraft, (iv) integrating the civil systems (flight management, navigation, etc.) with the complex military systems, (v) ensuring that the aircraft is both commercially certified and meets the range of military qualifications required by programme customers in each jurisdiction, and (vi) managing the anticipated difficulties on the ramp-up.

Further, in light of the ongoing delays on the A400M programme, OCCAR has the contractual right with unanimous mandate of all launch customer nations to claim termination of the whole A400M launch contract as of 1 April 2009. In case of valid termination, Airbus Military SL ("AMSL") would be obliged to repay to OCCAR all initial payments, pre-delivery payments and any other payments received from OCCAR. The total amount is approximately €5.7 billion. Separately, each of the launch customer nations may claim cancellation of those individual aircraft ordered which would be substantially delayed. This would trigger reimbursement of the initial payments and pre-delivery payments received from OCCAR in respect of such aircraft. Depending on the magnitude of these potential cancellations, there could be a material negative effect on EADS' future results of operation, financial condition and reputation.

From an accounting standpoint, EADS has shifted temporarily to an early stage contract accounting methodology on the A400M programme in 2008, and will resume milestone accounting and further update the A400M loss-making contract provision as soon as a schedule update and reliable cost estimate can be achieved. For further information relating to the A400M programme, see "Notes to the Consolidated Financial Statements (IFRS) – Note 3: Accounting for the A400M program";

- **NH90 programme.** In connection with the NH90 programme, EADS faces the following main challenges: (i) meeting the development schedule, the cost objectives and the technical content (full operational configuration of the TTH (Tactical Transport Helicopter) version and final configuration of the NFH (Nato Frigate Helicopter) version) of ongoing development programmes on the numerous versions, (ii) managing the industrial ramp-up on the programme, and (iii) assuring support readiness in connection with multiple fleets entering into service.

5.4.3 Legal Risks

Dependence on Joint Ventures and Minority Holdings

EADS generates a substantial proportion of its revenues through various consortia, joint ventures and equity holdings. While EADS seeks to participate only in ventures in which its interests are aligned with those of its partners, the risk of disagreement or deadlock is inherent in a jointly controlled entity, particularly in those entities that require the unanimous consent of all members with regard to major decisions and specify limited exit rights. The other parties in these entities may also be competitors of EADS, and thus may have interests that differ from those of EADS.

Product Liability and Warranty Claims

EADS designs, develops and produces a number of high profile products of large individual value, particularly civil and military aircraft and space equipment. EADS is subject to the risk of product liability and warranty claims in the event that any of its products fails to perform as designed.

Intellectual Property

EADS relies upon patent, copyright, trademark and trade secret laws, and agreements with its employees, customers, suppliers and other parties, to establish and maintain its intellectual property rights in technology and products used in its operations. Despite these efforts to protect its intellectual property rights, any of EADS' direct or indirect intellectual property rights could be challenged, invalidated or circumvented.

In addition, although EADS believes that it lawfully complies with the intellectual property rights granted to others, it could have claims asserted against it for infringement of the

intellectual property rights of third parties. Any claims or litigation in this area, whether EADS ultimately wins or loses, could be time-consuming and costly, injure EADS' reputation or require it to enter into licensing arrangements.

Export Controls and Other Regulations

The export market is a significant market for EADS. There can be no assurance (i) that the export controls to which EADS is subject will not become more restrictive, (ii) that new generations of EADS products will not also be subject to similar or more stringent controls or (iii) that geopolitical factors will not make it impossible to obtain export licenses for one or more clients or constrain EADS' ability to perform under previously signed contracts. EADS is also subject to a variety of other governmental regulations that may adversely affect its business and financial condition, including among others, regulations relating to commercial relationships (including the recent modifications to French law in this regard), the use of its products, labour practices and dealings with foreign officials.

Securities Litigation

Since 2006, several investigations and proceedings have been initiated against EADS and certain of its executives for alleged breaches of market regulations and insider trading rules, respectively, with respect to, among other things, the A380 programme delays announced in 2006. See to "Notes to Consolidated Financial Statements (IFRS) – Note 33: Litigation

and claims" of the consolidated financial statements of EADS. Although EADS is unable at this point to predict the outcome of these investigations and proceedings, it is possible that they could result in the imposition of fines, damages or other remedies and sanctions. The conduct of these proceedings could negatively impact EADS' stock price. In addition, EADS expects to continue to incur time and expenses associated with its defense, regardless of the outcome and this may divert the efforts and attention of management from normal business operations.

5.4.4 Industrial and Environmental Risks

Given the scope of its activities and the industries in which it operates, EADS is subject to stringent environmental, health and safety laws and regulations in numerous jurisdictions around the world. EADS therefore incurs, and expects to continue to incur, significant capital expenditure and other operating costs to comply with increasingly complex laws and regulations. In addition, the various products manufactured and sold by EADS must comply with relevant environmental, health and safety and substances/preparations related laws and regulations in the jurisdictions in which they operate. In the event of an accident or other serious incident involving a product, EADS may be required to conduct investigations and undertake remedial activities. Employees, customers and other third parties may also file claims for personal injury, property damage or damage to the environment (including natural resources).

5.5 HUMAN RESOURCES

5.5.1 Workforce Information

As of 31 December 2008, the EADS workforce was composed of 118,349 employees. It has globally increased by 1,856 employees compared to 2007. The number of employees compared to 2007 decreased at Airbus, Corporate Headquarters and units belonging to Other Businesses.

In 2008, the workforce consisted of 96.69% full time employees. Depending on country and hierarchy level, the average working time is between 35 and 40 hours a week.

In 2008, 7,081 employees worldwide entered employment with EADS (6,860 in 2007). At the same time, 5,078 employees left EADS (4,648 in 2007).

In total, 95.4% of EADS' active workforce is located in Europe on more than 80 sites.

5.5.2 Organisation of Human Resources management

The key mission of the Group Human Resources (HR) function is to ensure that EADS, as an integrated Group, attracts, develops, motivates and retains a world-class workforce. It acts as a business partner through supporting the business challenges by facilitating continuous integration and internationalisation of the Group as well as the building of a common spirit across the Group's organisational and operational structures.

Since 2006, the HR organisation has been further integrated, in line with the Group business requirements. The role of HR Board and functional reporting lines from the Divisions to the Group HR head were re-enforced to foster a coordinated Group HR policy. HR function has implemented global shared services for HR administration and payroll using common global HR information system. HR processes have been harmonised through common e-HR project. Implementation of global shared services for learning administration have started.



Corporate HR team operates as strategic leader in HR matters and works in close cooperation with the Divisions and BUs HR functions which have the operational responsibility for managing the employees. Regular meetings of the HR managers and specialists from different businesses are organised on both group and national levels.

At corporate level, 6 support departments make up the global HR team: HR Operations embedding all HR Shared Services, Social Policy and Industrial Relations, Compensation and Benefits, Competency Development – including the training and recruitment strategy, Talent and Executive Management, last HR Processes and Integration. Among other, they are responsible for *e.g.*:

- anticipating on key EADS competencies, more specifically in the engineering field;
- managing common HR policies for the 1,200 Executives of EADS;

- HR management and Career Development for the top 200 key job holders;
- organising and delivering executive education for all executives and potential future executives through the CBA and coordinating the training and learning activities within the Group for all employees; and
- designing policies, guidelines and tools for all group wide HR processes, such as appointments, job rotation, international mobility, compensation and benefits, etc.; together with divisions and fostering best practise sharing within the EADS HR community.

In the context of the Airbus restructuring and the evolution of EADS organisation, the social dialogue has been intensified and additional information and consultation procedure has been defined with the staff representatives. A set of policies and social agreements have been defined addressing key challenges such as, Diversity, Health and Safety, equal opportunity, training and development.

5.6 ENVIRONMENTAL MATTERS

EADS considers that the Environment is a global priority that requires engagement and responsibility by citizens, politicians and industry alike often in partnership. EADS makes it a key focus of concern in the fulfilment of its mission to provide individual mobility, communication and security that are the essence of our modern society.

Committed to reconciling protection of the Environment with Economy, EADS aspires to move towards an Eco-Efficient enterprise as a major goal of the company's vision 2020 strategic roadmap. According to its recently published corporate Environmental Policy, Eco-Efficiency aims at maximising the benefits of our products and services to our customers and other stakeholders while minimising the environmental impact of operating and manufacturing these products throughout their life cycle. Thus innovative and eco-efficient technologies and processes are key factors of the company's sustainability, increasing the attractiveness of its products and its overall competitiveness, benefiting growth, safeguarding employment and creating added values for all stakeholders.

Each division, business unit and entity, in charge of allocating appropriate resources and means, ensures cascading and operational implementation of the Environmental policy. The EADS Environmental Network as part of the Corporate Secretary, composed of both business units' representative and corporate functions oversees its consistent and group wide implementation through a corporate reporting system, ensures that best practices are identified and shared throughout the

Company, that corporate objectives are met while guaranteeing appropriate anticipation of emerging issues.

As integral part of its commitments, EADS must manage its manufacturing and services activities in compliance with applicable environmental laws and regulations of the countries in which it operates, and endeavours to remedy any potential divergence there-from. The Group encourages its entities, subsidiaries and sites to go beyond the sole fulfilment of these legal obligations, and strive to develop and implement state of the art standards.

Currently, more than 80% of the EADS employees operate under a certified Environmental Management System (EMS) pursuant to either ISO 14001 or registered EMAS, EADS strives towards the establishment of advanced life cycle oriented EMS, with the aim to cover 100% of the company's activities and products related aspects. This is the guarantee that each concerned entity has identified its relevant significant environmental impacts and defined associated improvement objectives, in line with the Company policy to efficiently reduce all their significant impacts such as energy consumption, greenhouse gas emissions, waste, air pollutants and other environmental aspects and risks.

Airbus has implemented such a life cycle approach allowing to systematically integrate environment in all activities and processes of the company, acting when it seems to be the most efficient way to control the environmental impact within the life cycle. Airbus is the first aerospace company to have

certified its environmental management system against ISO 14001 with such a wide coverage including both European sites and product-related aspects all along their life cycle. Expansion to worldwide activities is continuously ensured with a major step achieved in 2008 with the incorporation of Beijing Campus and all the US sites.

EADS is committed to Environmental excellence in technology and mobilisation of expertise towards the research, the design and the development of optimal green and clean technologies and products, without compromising quality, technical requirements and safety. EADS is currently substantiating its roadmap towards eco-efficiency making in particular reduction of Energy/Greenhouse gas emissions and control of hazardous substances some of the major long-term objectives for both products and operational performance related activities.

Recognising the growing challenge of climate change, important efforts have been already dedicated by EADS entities and coordinated through the Environmental Network, to systematically evaluate their Carbon Footprint and further reduce their overall energy consumption through the optimisation of the efficiency of infrastructures/buildings and promotion of the use of renewable sources of energy such as solar panels wherever possible. Researches in alternatives to fossil fuel, in particular in bio-fuels obtained from biomass that does not compete with feedstock are also being accelerated; the A380 was the first aircraft to successfully test in a flight from Filton to Toulouse the GTL alternative fuel.

Important efforts are also devoted to comply with the European regulation on the Registration, Evaluation and Authorisation of CHemicals (REACH) which requires improvement of tracking of substances, administrative registrations and authorisations for continuing using some substances of very high concern, as well as appropriately informing the supply chain, customers and employees.

Coordination work in this respect has been undertaken in order to develop consistent Group-wide approach to ensure compliance in the most efficient and economic way. EADS efforts were key to ensure the publication of standards, training kits and guidelines produced in joint coordination with the Aerospace Industries Association of America, AIA, and the AeroSpace and Defence Industries Association of Europe, ASD. In the mean time EADS strives to research alternative environmentally friendly options for materials and other technologies in order to face possible obsolescence and anticipate supply chain disruption, such as chromates.

Furthermore, EADS is also eager to offer its best available technologies and products, such as satellites, aircraft, drones and other measurements systems, to serve the protection of the Environment, either to diagnose, to mitigate the possible sources of environmental degradation and anticipate unavoidable change of our environment.

5.7 RESEARCH AND TECHNOLOGY MANAGEMENT

Today's uncertain business environment requires innovative new products that can meet the evolving needs of customers, around the world. EADS' research and technology management strive to achieve this goal by improving the Group's competitive advantage. Research & Technology (R&T) plays a central role to help EADS remain competitive by striving to deliver high value innovation. EADS and its Divisions develop leading-edge technologies and scientific excellence that bring solutions to many of society's pressing issues such as environmental protection, mobility, defence, security, and safety.

The Corporate Technical Office (CTO) organisation ensures that business and technology strategy are closely aligned. The CTO delivers shareholder value through the development of a leading-edge R&T portfolio that enables the introduction of new technologies. CTO also responds to customer requirements by providing solutions which meet technological, performance, safety, and cost-competitive challenges. The EADS R&T strategy is also driven by the

need for successful on-time, on-quality, on-cost introduction of new products and processes. R&T operations in EADS cover a wide spectrum of technological domains. R&T activities are organised at several levels in the value chain and the strategy is structured according to the needs of short-term programmes, medium-term optional programmes and long-term advanced concepts.

First, the R&T activities for advanced concepts include integrated demonstrators and Technological/Operational Studies. Today, all EADS Divisions work to generate new product concepts that are coherent with the company's long-term business goals. These innovative concepts explore and generate completely new ideas, while pushing the limits of what is technically possible. The portfolio is currently structured around four growth axes: mobility (*e.g.* air traffic management), environmental protection (*e.g.* new energy solutions, new optimised platforms), defence, safety and security (asymmetric warfare, communications and localisation in buildings under ground, illicit materials



detection and aircraft communications protection) and services (e.g. in-service health monitoring, mid-life upgrades, MRO). EADS also dedicates resources to assess upstream emerging concepts.

Second, R&T aims to develop key product technologies, which means for example, constantly looking for new materials and equipment which can be evaluated to determine if there is a valid business case for their future use. EADS has identified the emerging technologies which will drive future performance for five key product technology categories: optimised platform structures; sensors, electronics, signal processing & systems integration; power technologies; flight physics and information technologies.

Third, R&T operations encompass the development and implementation of state-of-the-art tools, which enable EADS to be an effective industrial architect. EADS is also

developing a plan to leverage and further develop its participation in venture capital funds in order to reinforce its capacity, both throughout the technical disciplines and geographically, to identify and source emerging technologies. It is of key importance for EADS to detect disruptive technologies that increase the company's innovative position. Through EADS' research group - *Innovation Works* and partnerships with external laboratories, EADS monitors and evaluates different technologies such as fuel cells, secure communications, photonics, nanotechnologies and hybrid materials.

Finally, in keeping with its ambition to grow its business in the products-related services, EADS develops technologies for services such as training, advanced product support, full communication services as well as special mission capability: e.g. provision, maintenance and operations.

6. Financial Targets for 2009

EADS has begun 2009 with a mixed level of visibility. At Airbus, visibility is satisfactory for the first half of the year, but the level of uncertainty increases beyond the first half. The Group's bottom-up analysis is supported by the order book and the recent decision to adjust production rates of single-aisle aircraft to 34 aircraft per month from October 2009 onwards; the ramp-up for the long range family was frozen at 8.5 aircraft per month. This analysis shows overbooking for the next years. Nevertheless, the order book is challenged by the deterioration of the macroeconomic and traffic indicators. Therefore, EADS is carefully monitoring the market, its customer base and its suppliers. As a result, the management is applying a rolling plan concept. Besides the commercial order book, the Group's defence and institutional order book provides a certain level of protection and stability.

EADS expects Airbus to capture between 300 and 400 new gross orders in 2009, which is challenging taking into account the current market conditions. Based on a stable delivery assumption and a US\$ rate of €1 = US\$1.39, EADS revenues should roughly be in line with the 2008 level.

Under these assumptions, EBIT* before one-offs should be down in 2009 but significantly positive and supported by robust underlying performance. Revised industrial plans

to complete the A400M programme could lead to a significant charge, weighing on EBIT*, depending on the outcome of negotiations with the customers and the suppliers. EBIT* will be negatively impacted by increased Research & Development (R&D) expenses, by a significant hedging deterioration, price deterioration, increasing customer financing and in-service support costs compared to 2008, partly offset by further Power8 cost savings.

Free Cash Flow for 2009 will reflect some negative impacts from lower customer advance payments at Airbus and some build-up of inventory in the fourth quarter of 2009, reflecting the reduction of the single-aisle production rate. EADS expects to support customers in financing their deliveries on a discretionary basis in 2009. The cash consumption of provisions taken over recent years will also weigh on the cash flow. At this stage, with the current level of visibility, EADS is not expecting to consume more than €1.5 billion of Free Cash Flow after customer financing in 2009.

As soon as the Group has better visibility on the outcome of the A400M discussions and the development of its commercial markets EADS will update its guidance more precisely.

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.

7. EADS Strategic challenges

The following strategic challenges of EADS have been published in the Group's Vision 2020 which outlines EADS' long-term objectives and has been discussed throughout various management levels, as well as the Board. All such

objectives must be understood to be long-term management ambitions, the achievement of which is subject to risks as outlined in section 5.2 "Risks and uncertainties".

7.1 GROUP STRATEGIC CHALLENGES

EADS has one of the broadest aerospace platform portfolios and has the world's largest order backlog in 2008, making the group a global leader in its sector. With its Vision 2020, EADS strives to become the **worldwide leader in air and space platforms and systems** (mainly platform-related systems architecture and integration) with a complete portfolio of products, both commercial and governmental. Globally, this implies **that EADS aims to reach a revenue balance between Airbus commercial aircraft manufacturing and other businesses by 2020**. Despite the global financial turbulences in 2008 and the following economic downturn, EADS' vision objectives remain valid long term. What is necessary is to adapt the way to achieve them. The weakening of the financial markets represents a challenge for customer financing, and requires flexible management of the order backlog. Defence and Space budgets are set in a more long term perspective, however government customers may also consider reallocation of resources in particular for future programmes. Consequently, EADS has to ensure close cooperation with all its customers and careful cash-management in order to protect the group and weather the crisis.

To support the business and long-term positioning of EADS, organic growth need to be supported by investments areas securing future core competencies and improving access to markets and customers. In this respect, external growth through acquisitions or partnerships may be pursued, especially in Asia and the USA.

EADS has defined its option for a strategic vision, where **priority is given to platforms and systems** (mainly platform-related systems architecture and integration) **and services**. This option provides a new growth engine fuelled by the expansion of the in-service fleet and an increasing transfer of responsibilities and outsourcing from defence/governmental bodies and armed forces to the private sector. Therefore, EADS targets a **25% services share of business by 2020**, focusing on high-value services initially

related to platforms, requiring and developing both customer intimacy and product intimacy. EADS will **increasingly focus on core**, which means going towards this new business model approach and reallocate resources which are currently locked in non-core legacy activities.

Demand for outsourced services is rising in the market, either driven by cost/revenue constraints or driven by operational efficiency requirements. Training, Advanced In-Service Support and air traffic management systems are segments with a positive outlook in the coming years. Also in Defence procurement, demand patterns evolve and there is an increasing trend towards outsourcing and services. The operating environment changes in the defence sector with an increase in coalition-led engagements, mutualisation of funds to compensate for declining/flat budgets.

Also, EADS will continue to **develop/secure core competencies/technologies for platforms and systems** (mainly platform-related systems architecture and integration). The intelligence of complex platform-related systems (such as surveillance or air defence systems) will be increasingly distributed on board (cockpit) and on the ground (control stations). Therefore the core competencies required to secure prime contractorship in the future will certainly include the ground segment, the data link, C4I and network centric operations (as currently the case for UAVs, satellites and air defence missile systems). EADS also has to take benefit from the convergence between defence and security, especially on secure networks.

EADS will also continue to drive necessary improvements to achieve a best-in-class operational and financial efficiency to **reach 10% EBIT*** in the first half of the decade 2010-2020 depending on the average value of the Euro-Dollar exchange rate and the development of the commercial cycle. The improvements have to come through internal costs control, optimal resource allocation, enhanced programme execution

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



and risk management, ability to cope with the US\$ volatility as well as stronger development of more profitable segments.

EADS will continue to pursue its **industrial globalisation**, EADS must continue to reduce vulnerability to Euro/US dollar exchange rate with a new business model based on core/non-core analysis and the development of a network of partnerships as well as true globalisation in emerging countries such as China and India, as well as in the dollar zone.

A significant part of EADS sourcing volumes and employees are in Europe (although a majority of the revenues come from outside Europe). Access to markets and technology resources, cost optimisation and protection against dollar volatility mean that EADS needs to **reinforce the industrial footprint and partnership-building outside Europe whilst protecting core technologies and optimising our industrial base in Europe**. In this context, EADS will aim for an ambitious target of **40% of EADS sourcing** and **20% of EADS employees outside of Europe**. To enhance EADS US industrial base, the long term goal will also be **to achieve US\$10 billion revenues in North America** in non-Airbus businesses and gain a prime position with US Government.

European defence budgets are stable but unlikely to grow significantly in the next 10 years; this may drive a further consolidation/restructuring of the defence industry. Consequently, EADS must remain vigilant to continued **European defence consolidation**. For several years, scale has been becoming more important in the A&D industry and companies have sought opportunities to build and infill their portfolios. Yet, the end-game has not been achieved and the major players are preparing for the next steps. In this context, EADS must constantly monitor the development of potential opportunities, including strategic acquisitions since the company cannot afford to ignore possible consolidation moves in areas of key strategic interest of aerospace platforms and related activities in service support and defence systems and electronics.

EADS is consistently moving towards **becoming an eco-efficient company** and is acting to sustain future development. With a clear objective to reconcile environmental protection and economic sustainability,

EADS intends to meet increasing demand for aeronautic/space/defence products while minimising environmental impacts in the most economical and efficient way. As an example, at Airbus, concrete commitments up to 2020 have been agreed and communicated. Clear policy, measurable objectives including the complete EADS portfolio need to be considered in the frame of consistent Environmental Management Systems (ISO 14001) to be set up.

The world in which EADS operates will evolve dramatically in the coming years. This will require new products based on emerging technologies and efficient processes. Technology and innovation are key drivers to achieve Vision 2020. Products and processes will be tightly linked to improve competitiveness and differentiation. At the same time, EADS will keep the innovation pipeline constantly full in order to replace ageing technologies and processes.

In 1999, EADS was not created as a financial holding but with the ambition to become an integrated industrial group with worldwide leadership in A&D. EADS's organisation and human resources should be the key means of achieving this goal. At all levels, a leaner, more integrated, fully transparent and more efficient structure is needed to strengthen the coherence of actions and exploitation of synergies, taking advantage of integration. Consequently, structural decisions were taken in 2008 to integrate EADS Military Transport Aircraft Division into Airbus and also to ensure better coordination of DS and Astrium. In addition, at Corporate level, the improvement programme "Future EADS" was launched. These initiatives should, however, not distort the operational capabilities of the Divisions, as financial objectives have to be met and industrial programmes executed at this level.

Finally, EADS needs motivated and competent employees. To this end, it is the duty of EADS and its management to provide them with the opportunities to meet their professional expectations develop their professional skills and realise their personal potential. This requires an active management development based on a new leadership model. EADS will also encourage stronger mobility and greater internal diversity in the teams. These two criteria will be taken into account for career management and performance assessment. Recruitment of managers from nations outside our home countries will also be encouraged.

7.2 DIVISIONS OUTLOOK

7.2.1 Airbus

As with most industries, aviation is exposed to the economic recession and Airbus expects the level of new aircraft orders to fall in 2009.

Airbus' priorities for the year are fourfold: (i) to maintain a close dialogue with customers; (ii) to anticipate their needs early; (iii) to manage the order book carefully and to protect the cash position.

Management will also seek to agree a new approach to the A400M with its launch customers, while confirming a new date for the first flight with the engine consortium and therefore a firm programme schedule

Due to the large order book and the creation of a leaner organisation through Power8, Airbus enters the downturn in a strong position to face what will be a difficult period for airlines and manufacturers alike. Longer term, demand for more efficient and environmentally friendly aircraft will continue to rise. Securing long-term competitiveness and employment remain key objectives for 2009.

7.2.2 Eurocopter

At a time of market uncertainty, there is an increasing risk of falling order volumes as well as order cancellations and delays. However, Eurocopter's large order book, diversified across corporate, oil and gas, parapublic and military customers, as well as services, provides some protection from the downturn. Furthermore, the military market is growing as developed nations replace aged helicopters and emerging nations build defence forces.

Management is closely monitoring the financial crisis, maintaining production flexibility as well as supporting key customers with finance.

Research and development will increase as Eurocopter maintains product leadership and prepares the next generation of helicopters.

Strategically, the global industrial footprint will continue to be developed, as will service capabilities.

While EBIT* growth is difficult to predict, Eurocopter has confidence in its customer base and continues to strengthen its competitive advantages.

7.2.3 Astrium

At the end of 2008, all three Astrium Business Units have a strong outlook, benefiting from an order book across the Division equivalent to around three years' activity. The majority of its products and services are based on technically mature lines of business, such as Ariane 5 and Eurostar 3000.

Astrium anticipates delivering the Satcom BW secure communications system to Germany's defence ministry in 2009. Additionally, it looks forward to the European Space Agency awarding procurement contracts for the reorganised Galileo satellite navigation system, following the award of the production contract for the next 35 Ariane 5 launchers to Arianespace in January 2009.

Improvement projects will increase economic, technical and product efficiencies across the Division.

Management expects further profitable growth, with progressive expansion of the EBIT* margin in the middle run.

7.2.4 Defence & Security ("DS")

In 2009 the Division will seek to expand its local operations in export countries – both organically and by bolt-on acquisition – in order to facilitate growth in exports.

Management is targeting an increase in security activities, particularly as defence and security products converge. Within Europe, DS intends to become the main driver of local programmes. More broadly, the Division aims to achieve ambitious growth targets from a balance of integrated systems, mission-critical products and value-added services.

In order to accelerate organic growth, research & technology investment is increasing significantly. This is mainly focused on UAVs, future generation radars and the capabilities of the System Design Centre.

Finally, improvement programmes will continue to be implemented across the Division.

* EBIT: earnings before interest and taxes, pre-goodwill impairment and exceptionals.



The information contained in this Board Report will enable you to form an opinion on the situation of the Company and the operations, which are submitted to you for approval.

The resolutions submitted to your vote strictly conform to the terms of this Board Report and are in our opinion in the interests of the Company and the development of its activities.

Consequently, we invite you to adopt the resolutions and thank you for the trust you have repeatedly shown us at the key stages since the creation of EADS.

For further information and detail regarding EADS' activities, finances, financing, risk factors and corporate governance, the reader should refer to the EADS web-site at www.eads.com (Investor Relations) and to the documents posted thereon.

- The Board hereby declares that, to the best of its knowledge:
 - (i) the financial statements for the year ended 31 December 2008 give a true and fair view of the assets, liabilities, financial position and profits or losses of EADS and undertakings included in the consolidation taken as a whole; and
 - (ii) this Board Report gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the 2008 financial year of EADS and undertakings included in the consolidation taken as a whole, and the principal risks facing EADS have been described herein.

Leiden, 9 March 2009

The Board of Directors

Rüdiger Grube, Chairman

Louis Gallois, Chief Executive Officer

Rolf Bartke, Director

Dominique D'Hinnin, Director

Juan Manuel Eguiagaray Ucelay, Director

Arnaud Lagardère, Director

Hermann-Josef Lamberti, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Bodo Uebber, Director



Financial Statements 2008

(included in a separate booklet)

The financial information for 2008, as set forth below, forms part of the Documentation for the Annual General Meeting as well as the Registration Document 2008, and is incorporated by reference herein:

- EADS N.V. Consolidated Financial Statements (IFRS)
- Notes to the Consolidated Financial Statements (IFRS)
- Auditors' Report on the Consolidated Financial Statements (IFRS)
- Company Financial Statements
- Notes to the Company Financial Statements

Copies of the financial information for 2008 are available in English at the Company's headquarters in The Netherlands and at the head offices:

in France: 37, boulevard de Montmorency, 75016 Paris

in Germany: Willy-Messerschmitt-Str. – Tor 1, 85521 Ottobrunn

in Spain: Avenida de Aragón 404, 28022 Madrid

Copies are also available at EADS Securities Department, ARLIS, 6 rue Laurent-Pichat, 75216 Paris Cedex 16, France and on our website www.eads.com (Investor Relations).



Useful Information

How to attend the meeting

Hotel Okura Amsterdam,
Ferdinand Bolstraat 333,
1072 LH Amsterdam, The Netherlands
Tel.: +31 (0)20 678 71 11

By car

Hotel Okura is located at about 30 minutes from Amsterdam-Schiphol international airport, right next to the RAI Congress Center.

From all directions, follow Ring Amsterdam (A10). Exit RAI (S109) and turn right at the traffic lights, direction RAI/Centrum (S109). Follow direction Zuid (S109). After passing the roundabout, take the second street on your right (Scheldestraat). After 500 meters, Hotel Okura appears on your right hand side.

Parking at the Hotel Okura Amsterdam.

By public transport

From Schiphol Airport

- **First itinerary:** Take the train (direct rail link of 15 minutes) to Centraal Station – in the main arrival plaza – and then see the hereafter indications.
- **Second itinerary:** Take a stop train, direction Lelystad Centrum or Hilversum, to the first (Zuid Station) or second stop (RAI Station), and then, follow the hereafter indications.

From Centraal Station - CS

Take the tram number 25, direction President Kennedylaan, to the eleventh stop (Cornelis Troostplein, see the map ▲). Go down the street. After 200 meters, Hotel Okura appears on your left hand side. Walking time: 3 minutes.

From RAI Station

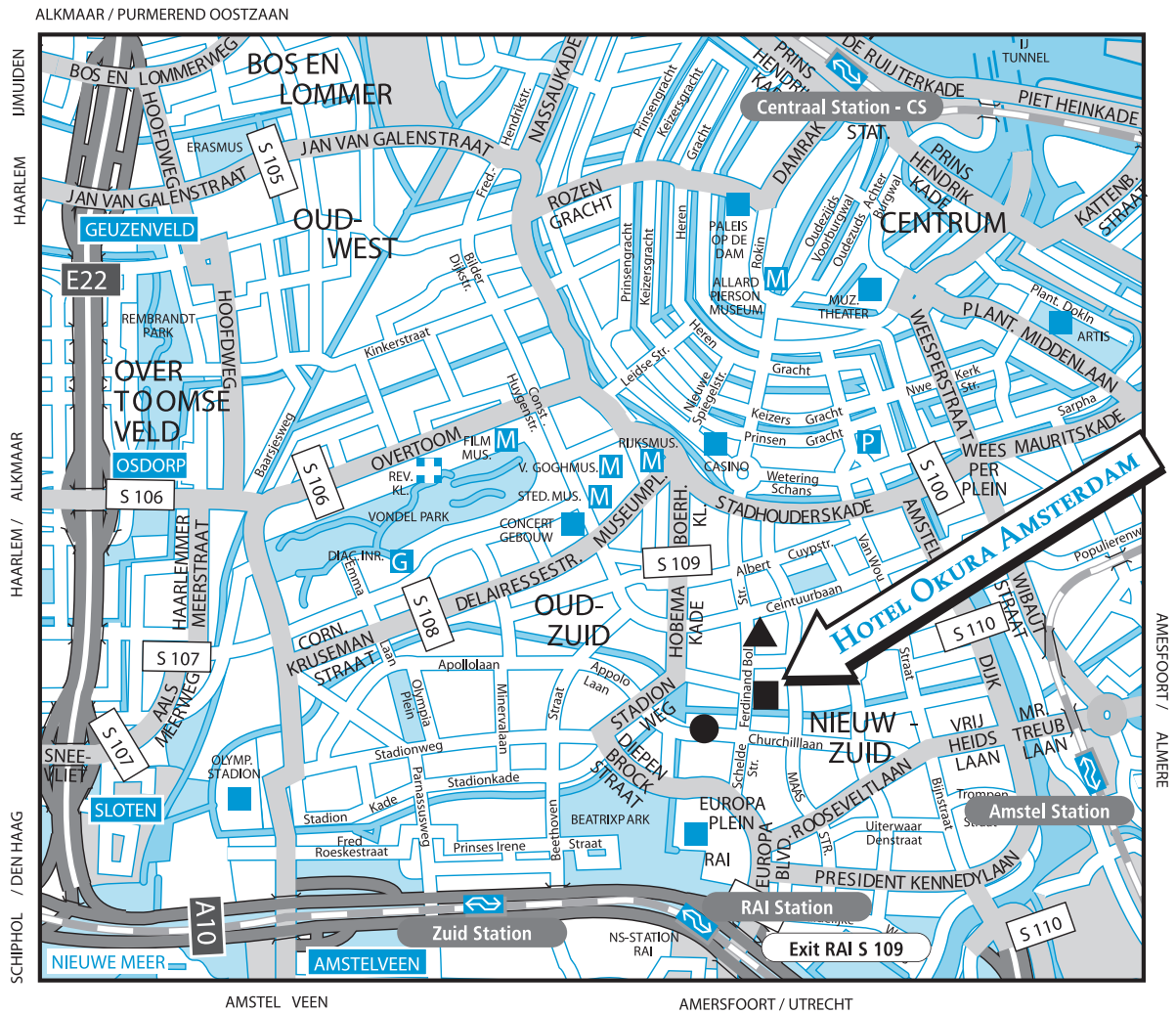
Walk in the direction of Europa Boulevard. Go straight away to Europaplein and then to Scheldestraat. After 500 meters, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 10 minutes.

From Amstel Station

Take the tram number 12, direction Station Sloterdijk, to the fifth stop (Scheldestraat, see the map ●), or bus number 15, direction Station Sloterdijk, to the seventh stop (Scheldestraat, see the map ●). Walk in Churchillaan for 100 meters, and then turn left in Ferdinand Bolstraat. After 100 meters, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 3 minutes.

From Zuid Station

Take the bus number 15, direction Muiderpoortstation, to the fourth stop (Scheldestraat, see the map ●). Walk in Churchillaan for 100 meters, and then turn left in Ferdinand Bolstraat. After 100 meters, Hotel Okura appears on your right hand side, just after the bridge. Walking time: 3 minutes.



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