First half-year 2009 Financial Report

2009 Semi-Annual Report of the Board of Directors

1. Semi-Annual Report on Activities

Main Events in the first half-year of 2009

For an overview of the main events that occurred during the first half of 2009 and their impact on the Unaudited Condensed Consolidated Financial Information of EADS for the six-month period ended 30 June 2009 (the "**Semi-Annual Financial Statements**"), please refer to the press release issued on 28 July 2009, available on EADS' website www.eads.com.

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

Related Party Transactions

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

2. Risk Factors

For a description of the main risks and uncertainties facing EADS for the remainder of 2009 and thereafter, please refer to Section 5.4 of the Report of the Board of Directors on activities during the 2008 financial year (the "**2008 Annual Board Report")**, available on EADS' website www.eads.com.

Programme-Specific Risks

In addition to the risk factors related to the A380, A350XWB and NH90 programmes set forth in the 2008 Annual Board Report, EADS also faces the following programme-specific risks related to the A400M programme in the future (while this list does not purport to be comprehensive, it highlights the current risks believed to be material by management as of the date of this mid-year report):

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 major 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 during the ramp-up, including managing and concluding on all existing and potential suppliers' and subcontractors' claims.

From a contractual as well as technical perspective, the A400M programme has made some progress during the last months.

Several discussions with OCCAR and the launch nations have contributed to reinforce the nations' confidence in the A400M programme and to prepare a common basis for all parties involved for entering into a new negotiation phase in order to realign the A400M programme on an achievable basis. This included an extension of the moratorium period until the end of July 2009.

However, OCCAR retained its contractual right with unanimous mandate of all launch nations to claim termination of the whole A400M launch contract during this moratorium period. While the discussions with the representatives of OCCAR and the launch nations did not lead to an updated A400M contract scheme until the end of July 2009, the Defence Ministers of the launch nations confirmed on 24 July 2009 to adhere to the A400M contract to enable further detailed negotiations up to the end of the year. In case of a valid termination according to the initial terms of the A400M contract, Airbus Military SL ("AMSL") would be obliged to repay to OCCAR all initial payments, pre-delivery payments and any other payments received from OCCAR. These reimbursements would amount to approximately €6.0 billion as of the date of this report. 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 individual potential cancellations, there could be a material negative effect on EADS' future results of operation, financial condition and reputation.

The technical progress of the A400M programme includes amongst others the following key elements:
(i) Continuing finalisation of the first A400M development prototype aircraft
(ii) Significant progress in the final assembly line of the second and third development prototype aircraft
(iii) Significant amount of TP-400 engine test hours achieved
(iv) Start of testing on the iron bird for the redesigned FADEC software
(v) Completion of the static test specimen limit load campaign with positive results
(vi) The flying test bed has achieved 12 test flights accumulating 35 flight hours. In doing so, it has explored the full C130 flight envelope without finding significant snags.

For further information relating to the A400M programme, see the A400M-related section of the notes to the Semi-Annual Financial Statements as well as the related notes sections of the EADS Consolidated Financial Statements for the financial year 2008.

3. Semi-Annual Financial Statements

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

4. Statement of the Board of Directors

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

(i) the Semi-Annual Financial Statements for the period ended 30 June 2009 give a true and fair view of the assets, liabilities, financial position and profits or losses of EADS and undertakings included in the consolidation taken as a whole; and

(ii) this Semi-Annual Board Report (which includes the press release issued on 28 July 2009) gives a true and fair view of the position as per the balance sheet date, and of the development and performance during the first half of the 2009 financial year and expected course of events of EADS and undertakings included in the consolidation taken as a whole. This Semi-Annual Board Report has paid special attention to investments and circumstances upon which the development of revenues and profitability is dependent, as these have been described herein.

Leiden, 27 July 2009

The Board of Directors

Bodo Uebber, Chairman

Louis Gallois, Chief Executive Officer

Rolf Bartke, Director

Dominique D'Hinnin, Director

Juan Manuel Eguiagaray Ucelay, Director

Arnaud Lagardère, Director

Herman-Josef Lamberti, Director

Lakshmi N. Mittal, Director

Sir John Parker, Director

Michel Pébereau, Director

Wilfried Porth, Director

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the six-month period ended June 30, 2009

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - June 30, 2009		January 1 - June 30, 2008		Deviation
	M €	%	M €	%	M €
Revenues	20,195	100	19,739	100	456
Cost of sales	-17,194	-85	-16,593	-84	-601
Gross margin	**3,001**	**15**	**3,146**	**16**	**-145**
Selling, administrative & other expenses	-1,124	-5	-1,053	-5	-71
Research and development expenses	-1,172	-6	-1,130	-6	-42
Other income	89	0	62	0	27
Share of profit from associates under the equity method and other income from investments	67	0	110	1	-43
Profit before finance result and income taxes	**861**	**4**	**1,135**	**6**	**-274**
Interest income	203	1	290	1	-87
Interest expense	-243	-1	-300	-2	57
Other financial result	-267	-1	-482	-2	215
Finance result	**-307**	**-1**	**-492**	**-3**	**185**
Income taxes	-174	-1	-232	-1	58
Profit for the period	**380**	**2**	**411**	**2**	**-31**
Attributable to:					
Equity holders of the parent **(Net income)**	**378**	**2**	**403**	**2**	**-25**
Non-controlling interests	2	0	8	0	-6
Earnings per share	€		€		€
Basic and diluted	0.47		0.50		-0.03

Unaudited Condensed IFRS Consolidated Income Statements for the second quarter of 2009 and 2008

	April 1 - June 30, 2009		April 1 - June 30, 2008		Deviation
	M €	%	M €	%	M €
Revenues	11.728	100	9.886	100	1.842
Cost of sales	-9.934	-85	-8.448	-85	-1.486
Gross margin	**1.794**	**15**	**1.438**	**15**	**356**
Selling, administrative & other expenses	-576	-5	-568	-6	-8
Research and development expenses	-610	-5	-596	-6	-14
Other income	19	0	37	0	-18
Share of profit from associates under the equity method and other income from investments	18	0	66	1	-48
Profit before finance result and income taxes	**645**	**5**	**377**	**4**	**268**
Interest income	81	1	143	1	-62
Interest expense	-112	-1	-146	-1	34
Other financial result	-307	-3	-149	-2	-158
Finance result	**-338**	**-3**	**-152**	**-2**	**-186**
Income taxes	-97	-1	-107	-1	10
Profit for the period	**210**	**2**	**118**	**1**	**92**
Attributable to:					
Equity holders of the parent **(Net income)**	**208**	**2**	**118**	**1**	**90**
Non-controlling interests	2	0	0	0	2
Earnings per share	€		€		€
Basic and diluted	0,26		0,15		0,11

Unaudited Condensed IFRS Consolidated Balance Sheets

	June 30, 2009		December 31, 2008		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	11,162	14	11,171	15	-9	0
Property, plant and equipment	12,526	16	12,243	16	283	2
Investments in associates under the equity method	2,425	3	2,356	3	69	3
Other investments and long-term financial assets	1,798	2	1,712	2	86	5
Other non-current assets	2,741	4	2,646	3	95	4
Deferred tax assets	2,812	4	2,756	4	56	2
Non-current securities	3,004	4	3,040	4	-36	-1
	36,468	47	35,924	47	544	2
Current assets						
Inventories	22,273	29	19,452	26	2,821	15
Trade receivables	5,398	7	5,267	7	131	2
Other current assets	4,099	5	4,590	6	-491	-11
Current securities	2,365	3	3,912	5	-1,547	-40
Cash and cash equivalents	7,004	9	6,745	9	259	4
Non-current assets / disposal groups classified as held for sale	0	0	263	0	-263	
	41,139	53	40,229	53	910	2
Total assets	**77,607**	**100**	**76,153**	**100**	**1,454**	**2**
Total equity						
Equity attributable to equity holders of the parent						
Capital stock	815	1	815	1	0	0
Reserves	8,601	11	8,558	11	43	1
Accumulated other comprehensive income	2,467	3	1,758	3	709	40
Treasury shares	-107	0	-109	0	2	-2
	11,776	15	11,022	15	754	7
Non-controlling interests	107	0	104	0	3	3
	11,883	15	11,126	15	757	7
Non-current liabilities						
Non-current provisions	7,732	10	7,479	10	253	3
Long-term financing liabilities	1,948	3	3,046	4	-1,098	-36
Deferred tax liabilities	1,457	2	953	1	504	53
Other non-current liabilities	15,913	20	16,824	22	-911	-5
	27,050	35	28,302	37	-1,252	-4
Current liabilities						
Current provisions	4,550	6	4,583	6	-33	-1
Short-term financing liabilities	2,319	3	1,458	2	861	59
Trade liabilities	7,485	10	7,824	10	-339	-4
Current tax liabilities	157	0	201	0	-44	-22
Other current liabilities	24,163	31	22,504	30	1,659	7
Liabilities directly associated with non-current assets classified as held for sale	0	0	155	0	-155	
	38,674	50	36,725	48	1,949	5
Total liabilities	65,724	85	65,027	85	697	1
Total equity and liabilities	**77,607**	**100**	**76,153**	**100**	**1,454**	**2**

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - June 30, 2009	January 1 - June 30, 2008
	M €	M €
Profit for the period attributable to equity holders of the parent (Net income)	**378**	**403**
Profit for the period attributable to non-controlling interests	2	8
Adjustments to reconcile profit for the period to cash (used for) provided by operating activities		
Depreciation and amortization	802	809
Valuation adjustments	192	1.284
Deferred tax expense	109	106
Change in income tax assets, income tax liabilities and provisions for actual income tax	71	-104
Results on disposal of non-current assets	-33	-20
Results of companies accounted for by the equity method	-45	-89
Change in current and non-current provisions	-125	40
Change in other operating assets and liabilities	-1.898	-609
Cash (used for) provided by operating activities	**-547**	**1.828**
- Purchase of intangible assets, PPE	-752	-669
- Proceeds from disposals of intangible assets, PPE	10	24
- Acquisitions of subsidiaries and joint ventures (net of cash)	0	-235
- Proceeds from disposals of subsidiaries (net of cash)	13	2
- Payments for investments in associates and other investments and long-term financial assets	-56	-55
- Proceeds from disposals of associates and other investments and long-term financial assets	34	30
- Dividends paid by companies valued at equity	27	50
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified	102	0
Change in securities	1.647	-2.863
Cash provided by (used for) investing activities	**1.025**	**-3.716**
Change in long-term and short-term financing liabilities	-74	-637
Cash distribution to EADS N.V. shareholders	-162	-97
Dividends paid to non-controlling interests	0	-4
Capital increase and changes in non-controlling interests	1	27
Change in treasury shares	2	39
Cash (used for) financing activities	**-233**	**-672**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	14	-58
Net increase (decrease) in cash and cash equivalents	**259**	**-2.618**
Cash and cash equivalents at beginning of period	**6.745**	**7.549**
Cash and cash equivalents at end of period	**7.004**	**4.931**

Note: For retrospective adjustments concerning the first half-year 2009 please refer to Note 9 "Significant cash flow items"

As of June 30, 2009, EADS' cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 704 M € (666 M € as of December 31, 2008), which represent EADS' share in MBDA's cash and cash equivalents deposited at other shareholders. These funds are available for EADS upon demand.

Unaudited Condensed IFRS Consolidated Statements of Comprehensive Income

in M €	January 1 - June 30, 2009	January 1 - June 30, 2008
Profit for the period	**380**	**411**
Foreign currency translation differences for foreign operations	-296	-79
Changes in fair value of cash flow hedges	1,374	-113
Net change in fair value of available-for-sale financial assets	79	-89
Others	-199	-12
Tax on income and expense recognized directly in equity	-429	52
Other comprehensive income (loss), net of tax	**529**	**-241**
Total comprehensive income of the period	**909**	**170**
Attributable to:		
Equity holders of the parent	907	163
Non-controlling interests	2	7
Total comprehensive income of the period	**909**	**170**

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

in M €	Equity attributable to equity holders of the parent	Non-controlling interests	total
Balance at January 1, 2008	**13,090**	**85**	**13,175**
Total comprehensive income	163	7	170
Cash distribution to shareholders	-97	-4	-101
Capital Increase	0	1	1
Change in treasury shares	39	0	39
Change in non-controlling interests	0	27	27
Others	18	1	19
Balance at June 30, 2008	**13,213**	**117**	**13,330**
Balance at January 1, 2009	**11,022**	**104**	**11,126**
Total comprehensive income	907	2	909
Cash distribution to shareholders	-162	0	-162
Capital Increase	0	1	1
Change in treasury shares	2	0	2
Others	7	0	7
Balance at June 30, 2009	**11,776**	**107**	**11,883**

Explanatory notes to the Unaudited Condensed IFRS Consolidated Financial Statements as at June 30, 2009

1. The Company

The accompanying Condensed Interim Consolidated Financial Statements (unaudited) present the operations of **European Aeronautic Defence and Space Company EADS N.V.** and its subsidiaries ("EADS" or the "Group"), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (registered office at Mendelweg 30, 2333 CS Leiden, The Netherlands), and are prepared and reported in Euros ("€"). EADS' core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities. The Unaudited Condensed IFRS Consolidated Financial Statements for the six-month period ended June 30, 2009 were authorized for issue by EADS' Board of Directors on July 27, 2009.

2. Accounting policies

These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU). EADS' Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board ("IASB") as endorsed by the EU. They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

Financial reporting rules applied for the first time in the first half-year 2009

The following Standards and revised Standards were applied for the first time in the first half-year 2009 and are effective for EADS as of January 1, 2009. If not otherwise stated, the following standards and revised standards did not have a material impact on EADS' Consolidated Financial Statements.

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

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

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

The Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments".

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

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

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

The following endorsed Interpretations were also required to be applied for the first time beginning of January 1, 2009:

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

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

These Interpretations did not have a significant impact on EADS' Consolidated Financial Statements.

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

New financial reporting rules issued during the first half-year 2009

The following amendments were published during the first half-year 2009:

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

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

In April 2009, the IASB issued its second omnibus of amendments to its standards containing 15 amendments to 12 standards. The amendments refer to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9 and IFRIC 16. Most of the amendments are mandatory for annual periods beginning on or after 1 January 2010 with separate transition rules for each amendment.

Finally, the IASB issued in June 2009 an amendment to IFRS 2 "Share-based Payments - Group Cash-settled Share-based Payment Transactions" which amends the definitions in IFRS 2 for transactions and arrangements, and the scope of the standard. In addition, guidance is given for accounting for share-based payment transactions amongst group entities. The amendment is mandatory for annual periods beginning on or after 1 January 2010.

The following Interpretation was also issued:

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

The potential impacts from the application of those new issued amendments and interpretations are currently under investigation.

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

3. Accounting for the A400M programme

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

Under the Launch Contract between Airbus Military SL ("AMSL") and OCCAR, OCCAR had the contractual right with unanimous mandate of all Launch Nations to claim termination of the whole A400M Launch Contract as of April 1, 2009, as the first flight of the A400M did not occur before March 31, 2009. OCCAR did not exercise this cancellation right and subsequently agreed to a three month moratorium period until the end of June 2009. This moratorium period was extended again until the end of July 2009. On July 24, 2009, the Defence Ministers of the launch nations confirmed to adhere to the A400M contract to enable detailed negotiations up to the end of the year.

In general, these discussions and future negotiations provide an opportunity for all partners of the programme to agree on the way ahead for various unresolved issues related to the whole programme. Furthermore, they give room to realign and rebase the contract on realistic general and specific conditions acceptable to all parties.

Therefore, EADS and AMSL continue to address all contractual issues with OCCAR and the launch nations as well as the technical challenges associated with the assembly of the first A400M aircraft and will continue to work with their suppliers and partners to confirm a robust timetable including a date for the first flight.

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

The following tables summarize the major accounting balances specifically related to the A400M programme as at June 30, 2009:

in M €	**As at June 30, 2009**
Accumulated revenues	4,837
Accumulated cost of sales	(7,225)
Accumulated EBIT-impact	(2,388)

in M €	**As at June 30, 2009**
Accumulated revenues	4,837
Accumulated advance payments received	5,998
Net advance payments received (shown in liabilities)	1,161

	First half-year 2009
in M €	**Early stage accounting of the A400M programme**
Revenues	295
Expensed work in progress	(562)
Subtotal	**(267)**
Consumption of provision	267
Additional costs (including increase in provision)	(191)
Total EBIT impact	**(191)**

In M €	**As at June 30, 2009**
Property, plant and equipment (mainly buildings and jigs and tools)	798
Current assets (mainly advanced payments made)	1,061
Net advance payments received (shown in liabilities)	1,161
A400M provision	1,289

In case of a potential, but still considered to date unlikely by EADS, cancellation of the A400M contract by OCCAR during or at the end of the moratorium period, AMSL would have to reimburse all initial payments, pre-delivery payments and any other payments received from OCCAR which would represent a total amount of cash of approximately 6.0 bn €. In addition, EADS would have to determine the further utilisation of specific tangible assets currently used for the A400M programme.

Under the scenario of a continuation of the A400M programme under the Launch Contract, significant penalties based on contractual clauses could be notified to EADS for a cumulative amount of €1.3 bn, due in case each aircraft delivery would be delayed by more than 10 months from the original contractual timetable. Based upon the currently probable minimum delivery delays, this penalty clause would apply at least to a significant number of aircraft, but would be subject to future discussion with customers. The A400M provision as of June 30, 2009 includes EADS' current assessment of the pro-rated amount of penalties to be finally paid.

Considering the current status of discussions between EADS and OCCAR as well as the launch nations, the initial A400M contract is not expected to frame the conditions to proceed with the A400M programme on an achievable reasonable basis over the next years. However, as long as this existing contract scheme is not replaced by an updated contract, it still remains terminable at the end of the moratorium period.

Taken into consideration the ongoing technical and industrial uncertainties attached to the A400M programme and the uncertainties from the ongoing discussions with OCCAR and the launch nations to adjust contractual arrangements, no update of the cost to complete was possible. Due to these ongoing uncertainties the early stage method of accounting was retained for the closing of the second quarter 2009 and the provision was adjusted accordingly. Therefore, significant negative income statement's impacts may still have to be accounted for in future periods when such costs become estimable or triggering events lead to a return to the estimate-at-completion method of accounting. Potential benefits from current discussions with customers might reduce such impacts, but would only be taken into account once agreed upon by OCCAR and the launch nations. Currently, under certain continuation scenarios which are still lacking enough estimatable evidence and which are not taking into account the expected outcome by EADS of the current discussions with OCCAR, the magnitude of the negative impact of additional costs could substantially alter the financial statements of EADS as a whole in the future. An appropriate assessment of this negative impact requires sufficient progress of current discussions with

OCCAR and the clients as well as an in-depth related update of the consolidated financial contract review of the A400M programme.

In conclusion, EADS believes the early stage method of accounting currently incorporated in the Unaudited Condensed IFRS Consolidated Financial Statements reflects its most appropriate judgments under the current circumstances, the technical complexity of the A400M programme and the uncertainty about the outcome of on-going developments.

4. Changes in the consolidation perimeter of EADS

On April 22, 2008, EADS acquired PlantCML California / USA, a leading provider of emergency response solutions, which is fully consolidated from that date. The difference between the purchase price and the acquired net assets led to the recognition of a goodwill of 275 M USD.

In the previous year, EADS had concluded negotiations with GKN to divest its Airbus site in Filton (UK). The closing of the sale occurred on January 5, 2009.

On January 7, 2009, DAHER acquired a 70% majority share of EADS SOCATA. The remaining 30% of EADS SOCATA are accounted for using the equity method and presented in “Other Businesses”.

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

5. Segment information

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

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

In the context of the full integration of the former Military Transport Aircraft Division (MTA) into Airbus being Airbus Military and the consolidation of EADS EFW (previously included in Other Businesses) within Airbus from 2009 onwards, the Airbus segment’s 2008 figures and Other Businesses’ figures have been restated accordingly. Until the completion of the consequential changes to the internal reporting systems, the Airbus Segment is presented as one reportable segment, disclosing Airbus Military thereof in the former MTA perimeter. Additionally, completing the reorganisation of aerostructures activities within EADS, the site in Augsburg (previously included in Defence & Security) has been transferred to Airbus segment in 2009. The respective previous year's figures are not restated, but explained where considered to be material.

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

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

in M €	Airbus	Eurocopter	Defence & Security	Astrium	Other Busines-ses	Total segments	HQ/ Conso.	**Consoli-dated**
Six-month period ended June 30, 2009								
Revenues	13.951	1.908	2.161	2.194	480	20.694	-499	**20.195**
thereof Airbus Military	855							
Research and development expenses	-937	-78	-90	-32	-2	-1.139	-33	**-1.172**
thereof Airbus Military	-7							
Profit before finance result and income taxes	507	98	134	97	2	838	23	**861**
thereof Airbus Military	-37							
EBIT pre-goodwill imp. and exceptionals (see definition below)	519	99	143	99	2	862	26	**888**
thereof Airbus Military	-36							
Six-month period ended June 30, 2008								
Revenues	14.140	1.795	2.167 *)	1.701	597	20.400	-661	**19.739**
thereof Airbus Military	898							
Research and development expenses	-934	-56	-76	-31	-5	-1.102	-28	**-1.130**
thereof Airbus Military	-3							
Profit before finance result and income taxes	698	104	129	86	17	1.034	101	**1.135**
thereof Airbus Military	-21							
EBIT pre-goodwill imp. and exceptionals (see definition below)	710	104	134	88	17	1.053	105	**1.158**
thereof Airbus Military	-20							

*) thereof revenues of 199 M € related to the site in Augsburg

6. EBIT pre-goodwill impairment and exceptionals

EADS uses EBIT pre-goodwill impairment and exceptionals as a key indicator of its economic performance. The term “exceptionals” refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus combination and the formation of MBDA, as well as impairment charges thereon. It also comprises disposal impacts related to goodwill and fair value adjustments from these transactions. EBIT pre-goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments’ economic performances.

A reconciliation from profit before finance result and income taxes to EBIT pre-goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1- June 30, 2009	January 1- June 30, 2008
Profit before finance result and income taxes	**861**	**1,135**
Goodwill and exceptionals:		
Exceptional depreciation (fixed assets in cost of sales)	27	23
EBIT pre-goodwill impairment and exceptionals	**888**	**1,158**

7. Significant income statement items

Revenues of 20,195 M € (first half-year 2008: 19,739 M €) increase by +456 M € mainly at Eurocopter and Astrium (partly driven by a catch-up for in-orbit incentive schemes on commercial telecommunication satellites). This is to some extent compensated by Airbus and Socata, of which 70 % was sold in 2009 and the remaining 30% are now accounted for at equity.

The **Gross Margin** decreases by -145 M € to 3,001 M € compared to 3,146 M € in the first half-year of 2008. This deterioration is mainly related to Airbus which is in particular burdened in 2009 by foreign exchange rate effects and lower realized prices for sold aircraft, partly benefiting by lower A380 onerous contract business charges. Except for Airbus, the other divisions increase their gross margins.

Research and development expenses of -1,172 M € (first half-year 2008: -1,130 M €) principally reflect an increase for the Airbus A350XWB and some Eurocopter programmes partly compensated by a decrease in the Airbus A380-800 programme.

Other income increases by 27 M € to 89 M € (first half-year 2008: 62 M €) mainly due to the gain of +33 M € resulting from the sale of Airbus UK’s former site in Filton to GKN.

Share of profit from associates under the equity method and other income from investments of 67 M € (first half-year 2008: 110 M €) is mainly influenced by the result of Dassault Aviation of 59 M € (first half-year 2008: 85 M €). The Dassault Aviation equity accounted-for income in the first half-year 2009 includes a positive catch-up on 2008 results amounting to 4 M €.

Finance result amounts to -307 M € (first half-year 2008: -492 M €) including negative impacts from the revaluation of capitalized option premiums and the unwinding of the discounting mainly on A380, A350XWB and Power8 provisions partly offset by the positive effects from the foreign exchange rate revaluation of monetary items.

The **income tax** expense of -174 M € (first half-year 2008: -232 M €) corresponds to an effective income tax rate of 31% (first half-year 2008: 36%).

8. Significant balance sheet items

Non-current assets

Intangible assets of 11,162 M € (prior year-end: 11,171 M €) include 9,755 M € (prior year-end: 9,760 M €) of goodwill. This mainly relates to Airbus (6,437 M €), Defence & Security (2,496 M €), Astrium (625 M €) and Eurocopter (111 M €). The last annual impairment tests, which were performed at the end of the year 2008, did not lead to any impairment charges.

Eliminating foreign exchange-rate effects of +276 M €, **property, plant and equipment** increase by +7 M € to 12,526 M € (prior year-end: 12,243 M €), including leased assets of 803 M € (prior year-end: 878 M €). Property, plant and equipment also comprise “Investment property” amounting to 83 M € (prior year-end: 87 M €).

Investments in associates under the equity method of 2,425 M € (prior year-end: 2,356 M €) mainly reflect the increase in the equity investment in Dassault Aviation, amounting to 2,286 M € (prior year-end: 2,243 M €). At June 30, 2009, EADS assessed that the value in use of its equity-accounted for investment in Dassault Aviation was higher than its book value.

Other investments and other long-term financial assets of 1,798 M € (prior year-end: 1,712 M €) are related to Airbus for an amount of 1,305 M € (prior year-end: 1,290 M €), mainly concerning the non-current portion of aircraft financing activities including a foreign exchange rate effect of -8 M €.

Other non-current assets mainly comprise Non-current derivative financial instruments and Non-current prepaid expenses. The increase by +95 M € to 2,741 M € (prior year-end: 2,646 M €) is mainly caused by the positive variation of the non-current portion of fair values of derivative financial instruments (+216 M €) and higher non-current prepaid expenses (+43 M €), partly offset by the negative revaluation of option premiums at Airbus contracted in the course of the EADS US dollar hedging strategy.

Deferred tax assets of 2,812 M € (prior year-end: 2,756 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in other non-current assets (1,317 M €, prior year-end: 1,101 M €), in other current assets (1,023 M €, prior year-end: 1,482 M €), in other non-current liabilities (988 M €, prior year-end: 2,208 M €) and in other current liabilities (537 M €, prior year-end: 657 M €) which corresponds to a total net fair value of 815 M € (prior year-end: -282 M €). The volume of hedged US dollar-contracts decreases from 68.1 billion US dollar as at December 31, 2008 to a net of 64.5 billion US dollar as at June 30, 2009, including 5 billion of US dollar vanilla options. The US dollar exchange rate became less favorable (USD / € spot rate of 1.41 at June 30, 2009 vs. 1.39 at December 31, 2008). The average US dollar hedge rate for the hedge portfolio of the Group deteriorates from 1.36 USD / € as at December 31, 2008 to 1.37 USD / € as at June 30, 2009 (excluding US dollar plain vanilla options which are out of the money).

Current assets

Inventories of 22,273 M € (prior year-end: 19,452 M €) increase by +2,821 M €. This is mainly driven by an increase of unfinished goods and services at Airbus segment (+1,325 M €), at

Eurocopter (+402 M €) due to a ramp-up of commercial programmes (mainly SuperPuma, Dauphin and EC 135) and governmental programmes and at Defence (+186 M €) fueled by communication systems and launchers. Boosted by its launcher business, Astrium records a higher level of work in progress as well as of advance payments made.

Other current assets include “Current portion of other long-term financial assets”, “Current other financial assets”, “Current other assets” and “Current tax assets”. The decrease of -491 M € to 4,099 M € (prior year-end: 4,590 M €) comprises among others a decrease of -459 M € in positive fair values of derivative financial instruments.

Cash and cash equivalents increase from 6,745 M € to 7,004 M € (see also note 9 “Significant cash flow items”).

Total equity

Equity attributable to equity holders of the parent (including purchased treasury shares) amounts to 11,776 M € (prior year-end: 11,022 M €). The increase is mainly due to a comprehensive income for the period of +907 M €, primarily resulting from positive effects from changes in fair values of derivative financial instruments and the profit for the period, partly compensated by the cash distribution to the shareholders. The re-assessment of BAE Systems’ pension schemes leads for the EADS share to a decrease of accumulated actuarial gains and losses of -171 M € and to a foreign exchange rate effect of -77 M € (see “non-current provisions”).

Non-controlling interests slightly increase to 107 M € (prior year-end: 104 M €).

Non-current liabilities

Non-current provisions of 7,732 M € (prior year-end: 7,479 M €) comprise the non-current portion of pension provisions with an increase of +447 M € to 4,782 M € (prior year-end: 4,335 M €). For half-year 2009, BAE Systems re-assessed its pension schemes including an update of the assumptions for their calculation of the defined benefit obligations, thereby leading to an increase of the net pension obligation. Since EADS applies the equity approach under IAS 19, non-current pension provisions increase by +264 M €, reflecting EADS share in the BAE Systems’ pension schemes. For its other pension schemes, EADS re-assessed the cumulated actuarial gains and losses, resulting in no material change in the net pension obligation.

Moreover, other provisions are included in non-current provisions, which decrease by -194 M € to 2,950 M €. A significant part of the decrease (-129 M €) relates to the shift of parts of the non-current portion of the restructuring provisions for the “Power 8” program to current provisions. A change in estimate considering foreign exchange rate effects in the onerous contracts’ provisions for aircraft sales in Airbus led to an additional charge of 71 M €. Other provisions include among others the provision for aircraft financing activities with a decrease of -17 M € to 786 M € (thereof foreign exchange effects of -13 M €).

Long-term financing liabilities of 1,948 M € (prior year-end: 3,046 M €) decrease by -1,098 M €. Due to the maturity date of the first tranche of the EMTN bond, an amount of 1 bn € is classified among short-term financing liabilities.

Other non-current liabilities comprise “Non-current other financial liabilities”, “Non-current other liabilities” and “Non-current deferred income” and decrease in total by -911 M € to 15,913 M € (prior year-end: 16,824 M €). They mainly include non-current customer advance payments received of 9,085 M € (prior year-end: 8,843 M €) and the non-current portion of European Government refundable advances amounting to 4,677 M € (prior year-end: 4,563 M €). The main part of non-current deferred income of 272 M € (prior year-end: 418 M €) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. These are reversed over the guaranteed period.

Current liabilities

Current provisions decrease by -33 M € to 4,550 M € (prior year-end: 4,583 M €) and comprise the current portions of pensions (198 M €) and other provisions (4,352 M €). The decrease mainly reflects provisions for personnel expenses (-75 M €) and for outstanding costs (-61 M €), partly compensated by the above mentioned shift of the non-current portion of the restructuring provisions for the “Power 8” program to current provisions.

Short-term financing liabilities of 2,319 M € (prior year-end: 1,458 M €) increase by +861 M €, mainly due to the first tranche of the EMTN bond with an amount of 1 bn €, which matures within one year from June 30, 2009 onwards.

Trade liabilities decrease by -339 M € (thereof +127 M € foreign exchange rate effect) to 7,485 M € (prior year-end: 7,824 M €), mainly coming from Airbus (-286 M €).

Other current liabilities include “Current other financial liabilities”, “Current other liabilities” and “Current deferred income”. They increase by +1,659 M € to 24,163 M € (prior year-end: 22,504 M €). Other current liabilities mainly comprise current customer advance payments of 19,411 M € (prior year-end: 17,802 M €).

9. Significant cash flow items

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

Cash (used for) provided by operating activities decreases by -2,375 M € to -547 M € (first half-year 2008: 1,828 M €). Gross cash flow from operations (excluding working capital changes) of 1,351 M € falls below prior period’s level (first half-year 2008: 2,437 M €). The decrease is mainly caused by Airbus. Changes in other operating assets and liabilities (working capital changes) amount to -1,898 M € (first half-year 2008: -609 M €). This degradation mainly results from an increase of inventories.

Cash provided by (used for) investing activities amounts to 1,025 M € (first half-year 2008: -3,716 M €). This mainly comprises a net sale of securities of 1,647 M €, partly offset by purchases of intangible assets and property, plant and equipment of -752 M €, namely in Airbus.

Cash (used for) financing activities improves by +439 M € to -233 M € (first half-year 2008: -672 M €). The outflow comprises the cash payment to shareholders as well as the net repayment of financing liabilities.

10. Number of shares

The total number of shares outstanding is 809,964,924 and 806,984,099 as of June 30, 2009 and 2008, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During the first half-year 2009, the number of treasury shares held by EADS decreased from 5,259,965 as of December 31, 2008 to 4,781,201 as of June 30, 2009.

EADS neither issued any new shares nor implemented an Employee Stock Ownership Plan. In the first half-year 2008, EADS issued 14,200 shares as a result of the exercise of stock options in relation with the implemented stock option plans. Under ESOP 2008, 2,031,820 shares were granted in June 2008 and issued in July 2008.

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent (Net income) by the weighted average number of issued ordinary shares during the period, excluding ordinary shares purchased by the Group and held as treasury shares:

	January 1 to June 30, 2009	January 1 to June 30, 2008
Net income attributable to equity holders of the parent	378 M €	403 M €
Weighted average number of ordinary shares outstanding	810,058,069	805,297,126
Basic earnings per share	0.47 €	0.50 €

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's categories of dilutive potential ordinary shares are stock options as well as performance and restricted shares. Since the average price of EADS shares during the first half-year 2009 did not exceed the exercise price of any stock option plan (in the first half-year 2008: the 5th stock option plan) initiated by the Group, no shares related to stock options were considered in the calculation of diluted earnings per share (in the first half-year 2008: 69,066 shares). Since the average price of EADS shares during the first half-year 2009 exceeded the price of performance and restricted shares, 909,871 shares related to performance and restricted shares (in the first half-year 2008: 321,046 shares) were considered in the calculation.

	January 1 to June 30, 2009	January 1 to June 30, 2008
Net income attributable to equity holders of the parent	378 M €	403 M €
Weighted average number of ordinary shares outstanding (diluted)	810,967,940	805,687,238
Diluted earnings per share	0.47 €	0.50 €

12. Related party transactions

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

13. Number of employees

The number of employees at June 30, 2009 is 117,661 as compared to 118,349 at December 31, 2008.

14. Litigation and claims

EADS is involved from time to time in various legal and arbitration proceedings in the ordinary course of its business, the most significant of which are described below. Other than as described below, EADS is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which EADS is aware), during a period covering at least the previous twelve months which may have, or have had in the recent past significant effects on EADS and/or the Group's financial position or profitability.

In 2005, a liquidator representing the special purpose vehicle GFAC (a joint venture between Swissair and GATX) sued Airbus before a New York court to recover USD 227 million in pre-delivery payments, together with interest and costs. The lawsuit followed Airbus' termination of a purchase agreement with GFAC in October 2001 for 38 single-aisle and long-range aircraft, in the context of Swissair's bankruptcy. On 6 February 2009, a judge decided in favour of GFAC. In March 2009, GFAC submitted arguments on the amount of its alleged damages and requested entry of judgment. In parallel, Airbus has filed an appeal of the February 2009 decision. Both requests are currently under consideration by the courts, and it cannot be excluded that Airbus could be ordered to pay an amount equal to the pre-delivery payments plus legal interest.

Although EADS is not a party, EADS is supporting the European Commission in litigation before the WTO. Following its unilateral withdrawal from the 1992 EU-US Agreement on Trade in Large Civil Aircraft, the US lodged a request on 6 October 2004 to initiate proceedings before the WTO. On the same day, the EU launched a parallel WTO case against the US in relation to its subsidisation of Boeing. On 31 May 2005, the US and the EU each requested the establishment of a panel. At its meeting on 20 July 2005, the Dispute Settlement Body established the panels. Between November 2005 and the present, the parties filed numerous written submissions and attended several oral hearings in both cases. The parties continue to provide input in response to the WTO's written questions in advance of issuance of the WTO panels' reports. Exact timing of further steps in the WTO litigation process is subject to ruling of the panels and to negotiations between the US and the EU. Unless a settlement, which is currently not under discussion, is reached between the parties, the WTO panels have indicated that they will issue draft reports in 2009.

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

In Germany, criminal proceedings regarding suspected insider trading offences are still pending against a small number of individuals at lower management level, while proceedings against other individuals have either been discontinued without charges being brought or dismissed by the court.

Furthermore, in Germany, several shareholders have filed civil actions against EADS since 2006 to recover their alleged losses in connection with the disclosure of A380 programme delays. The actions are in their preliminary stage and the amounts claimed are relatively small. On 17 July 2009, the regional court of Frankfurt partially granted one plaintiff's motion for "model proceedings", which would allow common issues of fact or law in multiple individual securities actions to be bundled together. EADS anticipates a vigorous defence.

On 12 June 2008, two actions were initiated in the United States District Court for the Southern District of New York, one of which has since been voluntarily withdrawn. The remaining action purports to be a class action brought on behalf of all persons and entities residing in the United States who purchased or otherwise acquired EADS' common stock during the period from 27 July 2005 through 9 March 2007. Named as defendants are EADS and four current or former executives of EADS and Airbus. The action seeks damages in an unspecified amount, with interest and attorneys' fees, for alleged violations of the US securities laws in connection with financial disclosures issued by EADS in 2005, 2006 and 2007 and public statements made during that same time frame relating to A380 programme delays. On 2 January 2009, defendants filed motions to dismiss the complaint in the action. On 17 March 2009, plaintiff filed its opposition to the motions to dismiss; on 23 April 2009, defendants filed replies; and on 30 April 2009, plaintiff requested leave to file a sur-reply. That request and defendants' motions to dismiss are pending. EADS anticipates a vigorous defence to the lawsuit.

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

15. Subsequent events

On 24 July 2009, the nations' Defence Ministers confirmed on their meeting in Le Castellet (France), that the A400M is still their preferred choice for future air transport and their agreement to enter into detailed negotiations with AMSL up to the end of the year. These negotiations will enable the launch nations to finalise, together with EADS, realistic general and specific conditions for the development and production of the A400M. On their side, EADS, Airbus and AMSL are fully committed to finding an agreement that is technically and contractually acceptable to both sides.

Further, the final award of the Eryx-arbitration tribunal regarding the dispute between MBDA and the Turkish MoD has also been rendered on 24 July 2009, which requires final legal analysis as to its consequences.The financial impacts of the arbitral award, which are considered to be non-significant from an EADS perspective, will be taken into account during the second half year 2009.

To: EADS N.V.:

Review report

Introduction

We have reviewed the condensed consolidated interim financial information of EADS N.V., Leiden ("EADS" or "the Company") as at June 30, 2009, which comprises the condensed interim consolidated balance sheet as at June 30, 2009, and the related condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the 6 month period then ended and explanatory notes. Company's management is responsible for the preparation and presentation of this condensed interim consolidated financial information in accordance with International Financial Reporting Standards as adopted by the European Union ('IAS 34'). Our responsibility is to express a conclusion on this condensed interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at June 30, 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Emphasis of matter

Without qualifying our conclusion above, we draw attention to all of the specific disclosures made by the Company in its notes to the condensed consolidated interim financial statements under Note 3 “Accounting for the A400M Program” in relation with the risks and uncertainties attached to the A400M program.

Rotterdam, July 27, 2009	Amsterdam, July 27, 2009
KPMG Accountants N.V. (signed by L.A. Blok)	Ernst & Young Accountants LLP (signed by F.A.L van der Bruggen)