



EADS ANNUAL REVIEW 2012

DEPLOYING OUR TALENT *FOR A NEW ERA*



EADS

EADS

*AT A
GLANCE*



DEPLOYING OUR TALENT *FOR A NEW ERA*



ANNUAL
REVIEW
2012

The Year in Review 2012

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EADS DEPLOYING OUR TALENT *FOR A NEW ERA*

Increased revenues and profitability, a rising order book, progress on key development programmes, a successful management transition and the continued focus on innovation and internationalisation – 2012 was a good year for EADS. It was also a year that saw significant progress made towards the reshaping of the company's Corporate Governance. EADS is therefore well positioned to meet the coming challenges with increased confidence. Driving EADS' success during its second decade and beyond will be its talented employees working around the globe in all areas of the business...

...deploying our talent for a new era.

THE YEAR IN REVIEW

2012



Eurofighter



'Flashdrums', Farnborough Airshow



EC145



Inauguration of A350 XWB FAL



Airbus unveils US assembly line plan

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30 March 2012
EUROFIGHTER SIGNS FIVE-YEAR SUPPORT CONTRACT

Eurofighter signs a five-year contract to support the fleet of Typhoon jets across the four Eurofighter core nations – Germany, Italy, Spain and the UK – helping to sustain thousands of jobs in engineering, project management and the supply chain.

22 May 2012
CASSIDIAN BECOMES KEY NATO AGS PARTNER

Cassidian becomes a major partner in NATO's Alliance Ground Surveillance (AGS) programme, as sub-contractor to Northrop Grumman, supplying the mobile ground segment entities.

12 July 2012
EADS BEATS RECRUITMENT DRUM AT FARNBOROUGH

400 EADS volunteers stage a surprise performance at Farnborough Airshow with bright shirts and noisy 'flashdrums', highlighting the Group's recruitment initiatives, including plans to hire 5,000 people in 2012.

27 April 2012
EUROCOPTER DELIVERS 500TH EC145

Eurocopter delivers the 500th EC145 medium-size workhorse to Transportes Aereos Pegas at its facility in Donauwörth, Germany, marking the helicopter's 10 years of high-rate production. Transportes Aereos Pegas is the largest Mexican operator in the Gulf of Mexico.

02 July 2012
AIRBUS ANNOUNCES A320 US FINAL ASSEMBLY LINE

In a major strategic development, Airbus announces plans to establish a US A320 Final Assembly Line (FAL), its first US manufacturing facility, in Mobile, Alabama. The FAL will create jobs and meet the needs of local customers in the biggest market for single-aisle aircraft.

23 October 2012
AIRBUS UNVEILS A350 XWB FINAL ASSEMBLY LINE

French Prime Minister, Jean-Marc Ayrault, and Airbus CEO, Fabrice Brégier, inaugurate the 74,000 square metre A350 XWB Final Assembly Line in Toulouse, France, that will employ 1,500 people and build up to 10 aircraft a month from 2018.



A400M



Ariane 5



Skynet 5D



EC175



A320 equipped with Sharklets

16 November 2012 FIRST THREE A400M TAKE SHAPE

The initial three A400M new-generation airlifters in series production are pictured together at the Final Assembly Line in Seville, Spain, ahead of delivery to France and Turkey in 2013. In all, four aircraft are due for delivery in 2013 – three to France and one to Turkey.

05 December 2012 OVERHAUL OF EADS GOVERNANCE AND SHAREHOLDING STRUCTURE

The EADS Board of Directors and the Company's core shareholders agree on a far-reaching change of the Company's shareholding structure and governance. This agreement, approved by shareholders in March 2013, will simplify the governance of EADS and increase the free float of EADS shares from 49% to over 70%.

19 December 2012 ARIANE 5 LAUNCHES UK'S SKYNET 5D MILITARY SATELLITE

Ariane 5 launches a Skynet 5D military satellite from Kourou, French Guiana. Astrium also made the satellite for the UK Ministry of Defence Skynet 5 programme, while Astrium Services operates the programme.

21 November 2012 EUROPEAN SPACE BUDGET SECURES LAUNCHER FUNDS

The European Space Agency votes for a €10 billion budget from 2013 to 2017, confirming future funding for further development of the Ariane 5 ME satellite launcher and the definition study of Ariane 6. The budget decision provides greater certainty for Europe's space industry.

12 December 2012 EC175 PRODUCTION HELICOPTER MAKES MAIDEN FLIGHT

Eurocopter conducts the first flight for an EC175 production helicopter, developed with Chinese partner AVIC, confirming the medium-sized civil helicopter's excellent performance in terms of safety, power efficiency and comfort.

21 December 2012 AIRASIA RECEIVES FIRST A320 WITH SHARKLETS

AirAsia becomes the first operator of an A320 equipped with Sharklets, the large wing-tip devices that improve aerodynamics and are designed to reduce fuel burn by up to 4%, with commensurate emissions reductions. AirAsia is the biggest A320 Family customer.



01

MOVING
into a new era

Management and Governance



MESSAGE FROM THE DEPARTING CHAIRMAN *ARNAUD LAGARDÈRE*

“From now on, control of this Company rests with all shareholders, the majority belonging to the free float.”



Arnaud Lagardère, Chairman until 2 April 2013

Dear Shareholders,

I was appointed Chairman of EADS at last year's Annual General Meeting, yet by the time you read these lines my successor will already be in place. This shows the pace of change at our Company in 2012.

Businesswise, EADS achieved double-digit revenues and profit growth, in a tough macro-economic environment. These accomplishments and confidence in the outlook led the Board to boost its dividend payout recommendation. EADS's rising share price also rewarded these positive developments.

Through 2012, the Board of Directors (and its Committees) dealt diligently with recurring topics; notably, it strengthened controls for risk and compliance issues, supported succession planning and backed the introduction of Return on Capital Employed as one of a number of key performance criteria.

The Board of Directors also attended to exceptional issues, starting with a management transition: the climax of that activity was the Extraordinary General Meeting, held in March 2013, which dissolved the Shareholder Pact that had given EADS the necessary stability to develop successfully since inception in 2000. This elaborate system of governing rules and agreements was originally meant to grant access to a diversified shareholder base while protecting key sovereign interests, to ease the transition to a robust corporate culture, to foster integration of personnel, to leverage the different nationalities, and to shield daily management from political interference. But after 12 years, it was time to turn EADS into a “regular” company.

Following the attempted merger with BAE Systems, which brought the system's limitations to light, all stakeholders agreed to change fundamentally the governance and open up the ownership foundations of the Company. In a remarkably short time, an agreement was reached, which was signed in December 2012.

From now on, control of this Company rests with all shareholders, the majority belonging to the free float.

The composition of a new Board of Directors, to replace outgoing Directors originally nominated by core shareholders, was delegated to an ad-hoc Nomination Committee, led by Sir John Parker and comprised solely of independent Directors, who identified the best candidates for an expanded and empowered Board.

I am grateful to all Directors for having supported this “coming of age” of EADS, and particularly to departing Directors for their first-rate contributions; during my mandates as Director and as Chairman, it has been my goal to foster the development of the Company.

My late father, Jean Luc Lagardère, together with Jürgen Schrempp and Pedro Ferreras, had envisioned a financially solid and powerful EADS, which would be a magnificent symbol of European integration. Their wish is fulfilled!

Future success will require the motivation and dedication of EADS' employees. I thank them for their outstanding performance in 2012, and I congratulate management for its stamina in driving change.

Last, but not least, I thank you, distinguished EADS shareholders, for your persistent loyalty. EADS relies on your commitment. The new Board of Directors as well as the Group Executive Committee under the leadership of Tom Enders will do their best to justify it.

Arnaud Lagardère

BOARD ACTIVITY IN 2012

The year 2012 was a year of transition and progress for the EADS Board of Directors, preparing the way for far-reaching changes in the Group's governance. On 5 December 2012, the EADS Board of Directors, together with core stakeholders signed an agreement aimed at normalising and simplifying the Company's governance and shareholder structure. Following this agreement, revised articles of association were approved and new Directors elected at the EADS Extraordinary General Meeting (EGM) on 27 March 2013.

BOARD MEETINGS

The Board of Directors met 11 times during 2012 and was regularly informed of developments through business reports from the Chief Executive Officer, including strategic and operational plans. The average attendance rate at such meetings remained stable at 86%.

Throughout 2012, the Board of Directors monitored the progress of significant programmes, such as A350 XWB, A400M, A380, NH90, and Saudi Border Security. It was kept regularly informed about the A350 XWB programme development progress as well as the A380 wing rib feet challenges.

The Board of Directors also addressed EADS' strategy (including the competitive environment) and undertook post-merger integration reviews on recent acquisitions. Furthermore, the Board approved the Single Aisle Final Assembly Line investment in Mobile, Alabama.

Following a review of the abandoned merger project between EADS and BAE Systems, the Board supported management to negotiate the renouncement by the principal shareholders of their control rights and the establishment of the new governance agreed in the Multiparty Agreement.

Moreover, the Board of Directors focused on the Group's financial results and forecasts, asset management, supply chain challenges, the services business, compliance in key business processes and in major programmes, as well as efficiency and innovation initiatives. It reviewed Enterprise Risk Management ("ERM") results, export control regulations, investor relations and financial communication policy, and legal risks. The Board also discussed further actions resulting from the third EADS engagement survey.

Finally, the Board of Directors focused on governance issues and succession planning, ensuring a smooth Board and management transition.

BOARD ASSESSMENT 2012

The Board of Directors carries out an assessment of its performance annually and a more thorough assessment is conducted every three years by independent consultants. Due to the transition of Board and management in mid-year, and in view of the significant changes in governance and Board composition, following the EGM in March 2013, the Board decided to forego a Board assessment in 2012. The next Board assessment will be conducted in 2013.

THE AUDIT COMMITTEE

The Audit Committee makes recommendations to the Board of Directors on the approval of the annual financial statements and the interim accounts, as well as the appointment of external auditors and the determination of their remuneration. In 2012, the Audit Committee fully performed all of its duties, and met five times, with an 85% average attendance rate.

THE REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee met six times during 2012, with a 96% average attendance rate.

In addition to making recommendations to the Board of Directors for major appointments within the Group, the Remuneration and Nomination Committee reviewed top talents and succession planning, discussed measures to improve engagement and to promote diversity, reviewed the remuneration of the Executive Committee members for 2012, the long-term incentive plan, and the variable pay for 2011. Based on the outcome of the Free Share plan, it also proposed the terms of the 2013 Employee Share Ownership Plan.

THE STRATEGIC COMMITTEE

During the merger initiative with BAE, the Board of Directors absorbed the functions of the Strategic Committee, thus the Committee only met once during the first half-year of 2012. The new EADS Governance, proposed to the EGM for approval, does not foresee the perpetuation of the Strategic Committee.

LETTER FROM THE CHAIRMAN OF THE BOARD

DENIS RANQUE

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Denis Ranque, Chairman from 2 April 2013

“The Board is committed more than ever to supervising all aspects of EADS’ performance, risks and opportunities for long-term achievement.”

Dear Shareholders, Dear Stakeholders,

It is a great honour to have been appointed Chairman of the Board at a time when EADS is moving ahead with a new corporate governance and an enlarged shareholder base. I was delighted to accept the challenge because of what the “new deal” means for the Company and its stakeholders:

First, it gives a greater voice to all shareholders, without discrimination.

Secondly, it means less exposure to national politics and a mature relationship with EADS home countries’ governments, which can rest assured that their vital security interests are protected.

Lastly, it means that over 70% of EADS shares are now in the free float, enhancing their liquidity and increasing their appeal to investors, for instance through a greater weighting in indices.

These positive effects stem from fundamental governance changes that you, as shareholders, endorsed at the Extraordinary General Meeting of 27 March 2013:

The main points to highlight are:

Board independence: at least nine non-executive directors must meet the independence test set by the Dutch Corporate Governance Code, and neither active civil servants nor state representatives are eligible for the Board: we now have 10 independent directors. For the Boards of the Defence Companies of France and Germany, only EADS can propose candidates, who are subject to a state consent mechanism.

Decision-making is simplified: within the Board, simple majority is the rule, and veto rights have disappeared. However, a system of qualified majorities and quorums has been introduced, specifically targeted to maintain the balance of the new governance, or to force a higher degree of scrutiny and conviction for important decisions.

The “new deal” means not more, but rather less state influence: As with any other normal company, the authority of the French, German and Spanish states will be confined to the roles of regulator or customer. Through their agreement, they will have very limited powers of influence, and as any other shareholder, none over operational issues, which is an important change from the past.

The 15% upper ownership limit, combined with the 80% breakthrough requirement for take-overs and the present 28% states ownership, provides ample assurance that strategic assets stay out of reach of hostile control attempts. The French

and German Defence Subsidiaries provide another ring-fencing mechanism for the most nationally sensitive activities inside a dedicated perimeter overseen by a cleared Board.

What should you expect from the Board of Directors?

The Board and I intend to leverage the tools you have handed to us in order to support and challenge the management and to set the Company's sights on continued ambitious, sustainable and responsible growth.

Building on the healthy base set by our predecessors, we will first focus on giving fresh impetus to the Company's strategic aspirations, while seeking profitable new business opportunities, in terms of business scope and international footprint. As in the recent past, the Board will monitor progress on key programmes, and emphasise risk control and operational excellence.

To live up to the "new deal" with our stakeholders, we must be attuned to their voice, and above all to that of our shareholders.

The Board recognises that, to be attractive to investors, EADS must be capital effective. Authorised by shareholders, it launched the share buy-back and subsequent share cancellations to support earnings per share accretion, and the broadening of our shareholder base to new investors. The calibration of this buy-back was made prudently, with an eye to value, affordability and future capacity to invest, as well as to the impact on credit ratings.

The Board also believes in the merits of a sustainable dividend policy, reflecting the Company's improving performance.

Furthermore, the Board wants EADS' new dynamism to benefit stakeholders at large: employees – whose competence and dedication underpin our success – as well as our suppliers and business partners, and more generally the communities in which EADS strives to be an exemplary citizen. To accomplish this, the Board is committed more than ever to supervising all aspects of EADS' performance, risks and opportunities for long-term achievement.

EADS now has a great opportunity to hoist its mainsail and catch favourable winds.

Yours sincerely,



Denis Ranque

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

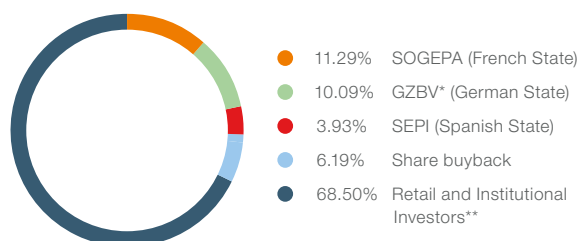
Hermann-Josef Lamberti (Chairman)
Anne Lauvergeon
Michel Pébereau
Josep Piqué i Camps

REMUNERATION AND NOMINATION COMMITTEE

Sir John Parker (Chairman)
Jean-Claude Trichet
Lakshmi N. Mittal
Hans-Peter Keitel

For more detailed information on the new governance, please refer to the Corporate Governance section in the Registration Document 2012.

SHAREHOLDER STRUCTURE as of 01 May 2013



* KfW and other German public entities

** Including warehoused shares of SOGEPA (0.07%) and SEPI (0.29%)

THE BOARD OF DIRECTORS

Appointed at the Extraordinary General Meeting, 27 March 2013; effective as of 2 April 2013



DENIS RANQUE (61)
Chairman of the Board of Directors of EADS

Mr Ranque joined the Thomson group in 1983 as planning Director and then became Director of the space business. From 1998 to 2009, he was Chairman and Chief Executive Officer of the Thomson-CSF group, now called Thales. Qualifications: *École Polytechnique* and *Corps des Mines*.

TOM ENDERS (54)
Chief Executive Officer of EADS

Mr Enders became EADS CEO in 2012, after previously being Airbus CEO, EADS co-CEO and Defence and Security Systems CEO. His career began on the German Minister of Defence's planning staff. Qualifications: Bonn University and University of California in Los Angeles (Economics, Political Science & History).

MICHEL PÉBEREAU (71)
Honorary President of BNP Paribas

Mr Pébereau was BNP Paribas' CEO/Chairman of the Board. Previously he was Chairman/CEO of Crédit Commercial de France. He has held high ranking positions in the French Treasury. Qualifications: *École Nationale d'Administration* and *École Polytechnique*.

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HERMANN-JOSEF LAMBERTI (57)
Former Member of the Management Board of Deutsche Bank

Mr Lamberti was COO and Member of Deutsche Bank's Management Board (1999-2012). He previously worked for IBM, becoming Chairman of IBM Germany. He started his career with Touche Ross, before joining Chemical Bank. Qualifications: Universities of Cologne and Dublin (Business Administration).

SIR JOHN PARKER (70)
Chairman of Anglo American

Sir John Parker is Chairman of Anglo American; Deputy Chairman of DP World (Dubai); Non-Executive Director Carnival. He was Chairman of National Grid, and CEO of Harland & Wolff and Babcock International Group. Qualifications: College of Technology and Queens University (Naval Architecture and Mechanical Engineering).

LAKSHMI N. MITTAL (62)
Chairman and Chief Executive Officer of Arcelor Mittal

Mr Mittal is Chairman and CEO of Arcelor Mittal, the world's largest steel maker. He is a Member of the Board of Directors of Goldman Sachs, of the World Economic Forum's International Business Council, and of the Advisory Board of the Kellogg School of Management. Qualifications: St Xavier's College, Kolkata (Commerce).



JOSEP PIQUÉ i CAMPS (58)
Chairman of Pangea XXI, Consultora Internacional

Mr Camps is Chairman of Vueling and Spain's former Minister for Industry & Energy, Minister of Foreign Affairs and Minister of Science & Technology. Qualifications: University of Barcelona (PhD in Economics & Business Studies; Law).

ANNE LAUVERGEON (53)
Partner of Efficiency Capital, Chairman and CEO of A.L.P S.A.

Ms Lauvergeon was CEO of Areva (2001-2011). She previously worked at Alcatel and Lazard Frères & Cie, and was Deputy Chief of Staff to the French President. Qualifications: *École Normale Supérieure* and *École Nationale Supérieure des Mines*.

HANS-PETER KEITEL (65)
Vice President of the Federation of German Industry (BDI)

Mr Keitel is Vice President of the Federation of German Industry. Previously, he was Hochtief CEO (1992-2007) and started his career at Lahmeyer International. Qualifications: Universities of Stuttgart and Munich (Construction Engineering & Economics); University of Munich (PhD Engineering).



JEAN-CLAUDE TRICHET (70)
Honorary Governor of Banque de France

Mr Trichet was President of the European Central Bank. Previously, he managed the French Treasury and was Governor of Banque de France. Qualifications: *École des Mines de Nancy*, *Institut d'Études Politiques de Paris*, University of Paris (Economics) and *École Nationale d'Administration*.

RALPH D. CROSBY, JR. (65)
Former Member of the Management Boards of EADS and Northrop Grumman

Mr Crosby was the US Vice President's military staff assistant and served on Northrop Grumman's Corporate Policy Council. He is a former Chairman/CEO of EADS North America (2002-2009). Qualifications: West Point Military Academy, Harvard University and Geneva University.

MANFRED BISCHOFF (70)
Chairman of the Supervisory Board of Daimler

Mr Bischoff joined Daimler-Benz in 1976, later becoming a Member of the Daimler-Benz Board of Management. He was EADS Chairman (2000-2007) and is Chairman of the Daimler Supervisory Board. Qualifications: Heidelberg University (Economics diploma and PhD).

CHIEF
EXECUTIVE
OFFICER'S
MESSAGE
TOM ENDERS

“We see 2013 as a year in which EADS will take substantial steps forward in generating higher returns for shareholders.”

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Tom Enders

Dear Shareholders, Employees, Customers and Suppliers,

Judging by the strong financial results and significant corporate developments, 2012 will be remembered as a pivotal year in the history of EADS. Aside from an improved operational performance, as shown in the higher aircraft deliveries and key financial indicators, we also reached a landmark agreement to simplify and normalise EADS' governance and ownership structure.

The new Board is in place, and I am looking forward to working hand in hand with the new Chairman, Denis Ranque, whom I have known for many years. The private core shareholders, Daimler and Lagardère, which initially helped to create the Company, have now divested their shareholdings, allowing free float share owners to step up to 72% of our capitalisation.

Thanks largely to strong operational improvements in the commercial business, EADS generated continued earnings growth in 2012. The Company achieved a double-digit increase in revenues and EBIT*, improved its underlying operating margin to 5.3% and increased the order backlog to € 567 billion. The EBIT* and net income, however, were weighed down by significant one-off charges related to Airbus, Eurocopter and Cassidian activities.

From an operational perspective, 2012 was a year of notable milestones across the EADS Divisions, which all contributed to the improved Group EBIT* performance:

Airbus Commercial registered its 11th year in a row of increased production, with a record 588 deliveries to 89 customers while Airbus Military delivered 29 aircraft; ATR also showed good progress, delivering a record 64 aircraft.

Due to a very strong and growing product support business, Eurocopter achieved all time record revenues of € 6.3 billion, despite lower deliveries. The number of Lakota Light Utility helicopter deliveries reached around 250.

Astrium reaffirmed its position as a leading player in the global space industry, with seven Ariane 5 launches and the delivery of nine Astrium-built satellites.

Cassidian's core operations performed well with a sustained level of Eurofighter deliveries and year-on-year growth in orders, despite a challenging business environment of restrained defence budgets.

The Group saw a strong contribution from its expanding services activities with the companies acquired in 2011 contributing about € 1.5 billion in revenues during 2012. The services activities of Eurocopter and Astrium were boosted significantly by the acquisitions of Vector Aerospace and Vizada respectively.

In its key, high-priority programmes, Airbus made good progress on the A350 XWB, with the final assembly line becoming fully operational ahead of the first flight expected in summer 2013. The programme remains challenging, however, with no margin left in the schedule. Function and reliability testing was completed for the A400M military transporter, allowing first deliveries to take place in the second quarter of 2013. Elsewhere, the wing issues on the A380 were resolved, with repairs ongoing for deployed aircraft and design modifications embodied into the new production standard.

Eurocopter progressed on its innovation roadmap, with the market endorsement of the EC130 T2 and EC145 T2. Furthermore, the first NH90 transport and naval versions were delivered in their final configuration. With regard to the EC 225 limitations, following some incidents on rotor shaft cracks and emergency warnings, Eurocopter has identified root causes and defined solutions. The fleet is expected to return to service after regulators' approval later in the year.

Aside from demonstrating strong programme execution, Astrium has now received its initial contracts to secure development steps of Ariane 6 and the Ariane 5 Midlife Evolution, after the European Space Agency broadly confirmed European space budgets in November 2012.

The new management at Cassidian pushed through a restructuring plan to adapt to the changing market environment. The Division now has a healthy platform to deliver improving margins going forward on its profitable core activities.

The many highlights would not have been possible without the immense day-to-day commitment of our 140,000 employees in helping the Group to achieve its operational targets and its financial performance. We also saw a smooth management transition during the year, and we should not forget the valuable long-term contribution that my predecessor Louis Gallois made to EADS in his five years as CEO until 31 May 2012.

Any review of 2012 would not be complete without mentioning our attempt to merge with BAE Systems. While this plan ultimately didn't materialise, it did pave the way for December's Multiparty Agreement that has helped to simplify and normalise the corporate governance of EADS. Crucially, the old shareholder pact has been dissolved and we now have a new Board of Directors with clear independence. We have also begun to establish our single operational headquarters in Toulouse, marking the further integration of EADS. Clearly, EADS 2.0 is becoming a reality.

During 2013, the executive management team will aim to build on the progress we made in 2012. A key priority is to ensure that EADS' future top-line performance is reinforced by an improvement in the bottom-line. To achieve this, we will focus on portfolio de-risking and the close management of development programmes, like the A350 XWB, to contain and reduce the embedded risks. We see 2013 as a year in which EADS will take substantial steps forward in generating higher returns for shareholders.



Tom Enders
Chief Executive Officer

GROUP EXECUTIVE COMMITTEE



HARALD WILHELM

EADS and Airbus Chief Financial Officer

Mr Wilhelm's mission is to ensure the financial performance of EADS and Airbus, to secure the funding of the Group, to manage risks and opportunities, provide financial transparency and create value for EADS shareholders.

FRANÇOIS AUQUE

Astrium Chief Executive Officer

Mr Auque is responsible for the success of Astrium, while preparing the Space Division's future.

JEAN BOTTI

EADS Chief Technical Officer

Mr Botti's mission is to steer EADS Group R&T strategy, activities and to secure innovative technologies as well as IT, quality and manufacturing tools for the Company's future.

GÜNTER BUTSCHEK

Airbus Chief Operating Officer

Mr Butschek is Airbus COO, holding the overall responsibility for operations, engineering, procurement and supply chain management, quality and information technology.

FABRICE BRÉGIER

Airbus Chief Executive Officer

As Airbus Chief Executive Officer, Mr Brégier is responsible for the overall success of all Airbus activities, commercial and military, driving ongoing and development programmes and strategic initiatives.

TOM ENDERS

EADS Chief Executive Officer

Mr Enders is responsible for the overall successful management of EADS Group business and operations. He chairs the Group Executive Committee.

**MARWAN LAHOUD****EADS Chief Strategy and Marketing Officer**

Mr Lahoud is responsible for the elaboration and execution of the Group's strategy including, merger and acquisition operations, as well as the Group's international development and marketing.

THIERRY BARIL**EADS and Airbus Chief Human Resources Officer**

Mr Baril's role is to ensure that the EADS and Airbus workforce is competent, engaged and efficiently managed to master present challenges and anticipate future talent needs.

LUTZ BERTLING**Eurocopter Chief Executive Officer**

→ **GUILLAUME FAURY** succeeded Lutz Bertling on 30 April 2013. The Eurocopter CEO mission is to strengthen Eurocopter's leading position and deliver commercial success and customer satisfaction on all helicopter programmes and related services.

BERNHARD GERWERT**Cassidian Chief Executive Officer**

Mr Gerwert is in charge of driving successful business performance at Cassidian, while preparing the Division's future.

JOHN LEAHY**Airbus Chief Operating Officer – Customers**

Mr Leahy's responsibilities cover all commercial activities of Airbus including sales, marketing, contracts, business transaction control, asset management, leasing and business development.

DOMINGO UREÑA-RASO**Head of Airbus Military**

Mr Ureña-Raso is in charge of Airbus Military, responsible notably for the A400M programme and Tankers. In this function, he reports to the CEO of Airbus.

SEAN O'KEEFE**EADS North America Chief Executive Officer**

Mr O'Keefe has strategic, management and operational responsibilities in the US to expand the EADS market presence in coordination with the EADS operating Divisions.

INTERVIEW

WITH THE CHIEF FINANCIAL OFFICER

HARALD WILHELM

“Going forward, improved profitability is priority number one for the management team.”

IN 2012, EADS DELIVERED WHAT APPEARS AN IMPROVED SET OF FIGURES. COULD YOU TALK US THROUGH THE MAIN HIGHLIGHTS?

Our 2012 results are a good reflection of the progress I believe we are making at EADS. Despite a difficult macro-economic environment, our revenues are up 15%. Commercial momentum remains healthy. Our order book now stands at the record level of €566 billion, which is an immense platform for future growth. It's also worth highlighting the broad geographical spread of the backlog, which reflects dynamic growth in Asia-Pacific and Middle East.

But most importantly of all: our results show that we are making progress in terms of profitability. Our EBIT* before one-off was up 68%, and our net income has risen 19% to €1.2 billion. Though we still have some way to go to reach longer-term profitability targets, it's a major step. Going forward, improved profitability is priority number one for the management team. And we'll be focusing especially on our operations. Within the major new programmes, we'll be devoting our utmost attention to the A350, which is progressing though it remains a key risk.

CAN YOU EXPLAIN WHAT'S BEHIND THE DIVIDEND PROPOSAL FOR THIS YEAR?

The proposed dividend of €0.60 per share is a clear sign that we are focused on delivering value to our shareholders. The increase on the previous year's dividend (€0.45) reflects our improved earnings per share. Beyond that, it also shows an increased payout ratio, which is now up to 40% from 35% last year.

WHY ARE YOU PROPOSING A SHARE BUYBACK?

As you know, EADS is moving towards a new shareholding structure. It's a transformational development which will normalise our governance and significantly increase the free-float. I believe that our shareholders should benefit from these developments. That is why the management proposed a share buyback programme for up to €3.75 billion over an 18-month period. This is a sign of our confidence in the new set-up and, above all, a recognition of our shareholders' loyalty. With a net cash position at €12.3 billion, we have the resources to reward shareholders while preserving the flexibility to

invest in our business. Going forward, maintaining a strong liquidity position will continue to be a clear priority. We won't compromise on that.

FREE CASH FLOW OUTLOOK FOR 2013 IS QUITE MODERATE, THOUGH, AT BREAK-EVEN. WHY IS THAT?

In 2013, clearly, we are expecting a further improvement in underlying profitability, with an EBIT* before one-off target of €3.5 billion. That will translate into a significant improvement in operating cash flow. However, in 2013 we will also see continued investment in the programme ramp-up, not only at Airbus but also Eurocopter. We have the start of the A350 industrialisation, ramp-up of the A400M programme and a temporary reduction in A380 deliveries as we transition to the new wing rib feet. This will all have some impact on capital expenditure and working capital. As in 2012, we expect a rather back loaded pattern, and will push hard to recover by the end of the year.

YOU MENTIONED LONGER-TERM PROFITABILITY TARGETS. WHAT LEVEL OF PROFITABILITY WOULD YOU BE AIMING AT OVER THE COMING YEARS?

Our operational performance is improving, driven above all by the civil aircraft business, but also with positive contributions from Eurocopter and Astrium, and in Cassidian core activities are also performing well. In the coming years, while the positive progression should be supported by falling costs on the A380 programme, we are entering a critical stage in the A350 development. As in any new aircraft programme we would expect first deliveries here to have a rather dilutive effect on profitability. Leaving aside the A350 risk and assuming the dollar-euro rate remains at a level of around 1.30\$/€, our ambition is clearly to reach a return on sales of 10% by the full year 2015.

As part of the effort to reach that level, we are focusing amongst others on reducing risk in our portfolio. The new management at Cassidian, for example, completed a comprehensive business review in 2012, which should pave the way for improving margins within the Division's core business. Of course, our primary focus is on programme execution across the Group, with a particular focus on the A350, which has made good progress in the past year though it remains a challenging programme.

*Harald Wilhelm*

HOW DO YOU VIEW THE CURRENT SHARE PRICE DEVELOPMENT?

After a 38% rise in 2011, and another 22% rise in 2012, the share price development in the first few months of 2013 has again been very positive. It's a sign that investors share our optimism and trust in our capacity to deliver. Together with the entire EADS management team, I'm aware of the responsibility that goes with that trust. We are fully motivated to meet the challenge.





02
ANTICIPATING
change
Strategy

INTERVIEW

*WITH THE CHIEF
STRATEGY AND
MARKETING OFFICER*

MARWAN LAHOUD

“Our sound market position and financial strength mean that we are in an excellent position to take up the challenge.”

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Marwan Lahoud

THE BUSINESS ENVIRONMENT HAS SEEN SIGNIFICANT CHANGE IN RECENT YEARS. HOW DOES EADS STAND WITH ITS CURRENT STRATEGY?

The global market environment is indeed evolving. The debt crisis has made the budgetary situation in our domestic countries tighter than ever. On the other hand, the civil aircraft business remains very robust, with strong demand coming from the world's growth regions particularly. It's one of the main reasons why our order backlog has reached the record level of €566.5 billion.

Over the past years, our strategy has been to focus on generating growth across our business portfolio, through extending the Company's international presence and developing our business offering, especially in the services field. I believe that we have made good progress in those areas and that the company is stronger as a result.

But it's five years now since the strategic roadmap was drawn up, and we have to recognize that many things are changing for the company. We're entering a new era for EADS in 2013, with a new shareholder structure and corporate governance and a new Board of Directors. Now is certainly a time to revisit our strategy and to test whether certain assumptions we made five years ago remain valid.

ISN'T DEFENCE ONE AREA WHERE YOU MIGHT ADJUST THE STRATEGY?

Certainly, it's an area we have to look at. Core EADS defence activities, such as Eurofighter and MBDA programmes, remain highly stable in terms of profitability. But we are realistic about growth prospects within our traditional home markets and export markets are becoming fiercely competitive. In addition, the attempted merger with BAE Systems in 2012 showed the high level of complexity in the current environment.

As part of our strategy review, we are looking at shifting the focus towards margin rather than growth in the defence sector. The new management team within Cassidian is already working on this.

Indeed improved profitability is a clear strategic priority for the Group as a whole. Within the institutional sector, Astrium is working to improve cost and profitability for the Ariane programme, for example. Airbus, too, needs to continue along its path towards improved profitability.

YOU MENTIONED PROGRESS IN TERMS OF INTERNATIONAL PRESENCE. CAN YOU GIVE ANY RECENT EXAMPLES?

I would say, the decision to set up an Airbus Final Assembly Line in Mobile, Alabama clearly stands out. As well as representing a major addition to EADS' existing production sites, it will firmly

establish Airbus as an industrial player in the US. The new Mobile plant is expected to produce between 40 and 50 A320 family aircraft per year by 2018 and should help Airbus increase its share of the huge North American market for single aisle aircraft. It will also help Airbus increase its natural hedge against the euro-dollar exchange rate risk.

Besides that, Eurocopter continues to make a lot of progress, particularly in South America and Asia. For example, a new assembly facility for EC725 helicopters was inaugurated in Itajuba, Brazil, representing a total investment of €160 million. Eurocopter also signed an agreement for a completion and customization center for Ecureuil helicopters in Tianjin, China.

Astrium, too, has been pursuing its international development through the creation of Astrium Americas, Astrium Brazil and Astrium Singapore. Astrium also signed a joint venture agreement with the Russian industrial corporation RSC Energia for the joint development of satellites and satellite equipment.

EADS HAS BEEN TARGETING GROWTH IN ITS SERVICES BUSINESSES. HOW MUCH PROGRESS HAVE YOU MADE OVER THE PAST YEAR?

Following the acquisition of Vector Aerospace and Vizada in 2011, those companies are contributing very effectively towards our growth in the services sector. Beyond acquisitions, our Divisions have continued to extend their services offerings. Eurocopter for example opened five new full flight simulators worldwide, a training centre in Mexico and a support centre in Australia. Services now represent 42% of Eurocopter and 25% of Astrium revenues. Airbus is also working on increasing its services business through the Satair logistics business and Airbus Flight Hour Services, which has made a promising start with some 100 aircraft already under contract.

WHAT WERE THE HIGHLIGHTS IN TERMS OF ORDER INTAKE?

At Airbus, clearly, demand has remained very robust. Singapore Airlines' order of 20 A350-900s and five A380s was just one highlight. In fact, the momentum has been promising for all Divisions: Eurocopter, Astrium and Cassidian all recorded year-on-year increases in order intake. For Cassidian, the agreement signed by Oman for the purchase of 12 Eurofighter was an especially important signal.

IN JUST A FEW WORDS, HOW WOULD YOU SUMMARISE EADS' CURRENT SITUATION?

I would say that our sound market position and financial strength mean that we are in an excellent position to take up the challenge over the coming years.

MARKETS & PERSPECTIVES

Emerging and developing economies were the main drivers of global economic growth in 2012. Increased activity in these countries is supporting demand for aerospace products, particularly in the civil aviation sector. Due to government debt burdens, institutional markets remain weaker in the US and Europe.



The A380 has become an increasingly familiar sight in Asia-Pacific

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HESITANT WORLDWIDE GROWTH

In 2012, fiscal consolidation and a still-weak financial system continued to stifle growth in the developed world. Meanwhile, emerging markets and developing economies proved more robust, accounting for much of the economic growth seen in 2012.

In its October 2012 World Economic Outlook, the International Monetary Fund (IMF) estimated global growth at 3.3% in 2012, following higher growth rates in the previous two years (2010: 5.1%; 2011: 3.8%).

Advanced economies, including G7 countries, barely expanded at all, with growth projected at 1.3% for 2012. The Euro debt crisis continued to undermine market confidence in 2012, as southern European countries struggled to rebalance their fiscal positions. According to IMF estimations, the Eurozone economy contracted by -0.4% in 2012. The US economy grew 2.2%.

EMERGING ECONOMIES CONTINUE TO GROW

According to IMF figures, emerging markets and developing economies, including Latin America, Central and Eastern Europe and the Commonwealth of Independent States, as well as Asian economies, saw significantly stronger growth, expanding by 5.3% overall. China and India grew 7.8% and 4.9% respectively. The Asean-5 countries, comprising Indonesia, Malaysia, Philippines, Thailand and Vietnam, also saw robust growth at 5.4%.

Looking to the year ahead, the IMF predicted a hesitant global recovery, with worldwide growth forecast at 3.6% in 2013. According to the IMF, the crisis in the euro area remains the clearest threat to the global outlook. The emerging markets and developing economies, with a projected growth rate of 5.6% for 2013, were again expected significantly to outpace advanced economies.

The OECD, in its November 2012 outlook, predicted that advanced economies will begin to gather momentum in 2014, with growth at 2.3%. The OECD outlook forecasts growth in China at 8.9% in 2014, with increasing momentum also expected in Brazil, India, Indonesia, Russia and South Africa.

SPENDING CONSTRAINTS

The need for fiscal adjustment continues to weigh on government budgets in the advanced economies. According to the Stockholm International Peace Research Institute (SIPRI), in 2011, the latest year for which data is available, world military expenditure amounted to \$1,738 billion, the equivalent of about 2.5% of global GDP. In real terms, 2011 spending was virtually unchanged since 2010, breaking 12 years of spending increases. The 61 countries that increased their military spending were almost equally balanced by the 62 that reduced it.

LONG-TERM “MEGA-TRENDS”

In its report “Looking to 2060” the OECD predicts that, on the basis of 2005 purchasing power parities, China will become the world’s largest economy in a few years’ time. India is expected to surpass the euro area in about 20 years. By 2060 the combined GDP of China and India will be larger than that of the entire OECD area, based on today’s membership. As of 2012, China and India represent only one third of the OECD combined GDP.

Economic shifts as well as population growth will drive significant long-term demographic trends with far-reaching impacts on technological development and the environment. Climate protection and energy security are top of the agenda for many governments. Climate change is now widely recognised as a global fact, representing a considerable risk for the years ahead.

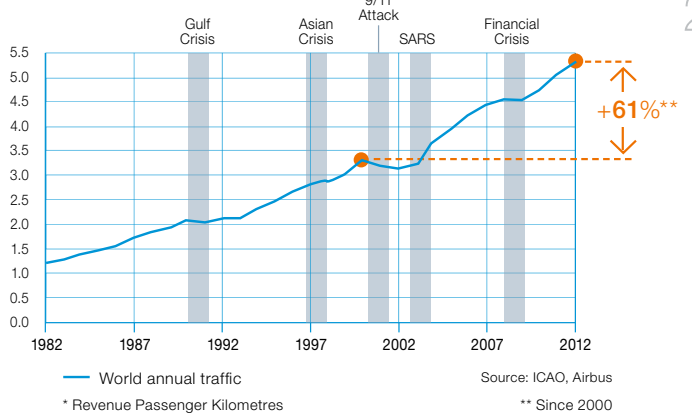
While the search for viable sustainable energy sources continues, the Arctic, with its huge potential reserves of oil and gas, could become a source of regional tensions.

The trend towards a connected world is expected to continue. More than 80 billion mobile devices will be connected to the internet by 2020, according to Frost & Sullivan’s 2020 MegaTrends study. Demand for communication capacity both for civil and military use will lead to increasing congestion of space. Moreover, trends in urbanisation towards more “mega cities” will drive new models of public transportation.



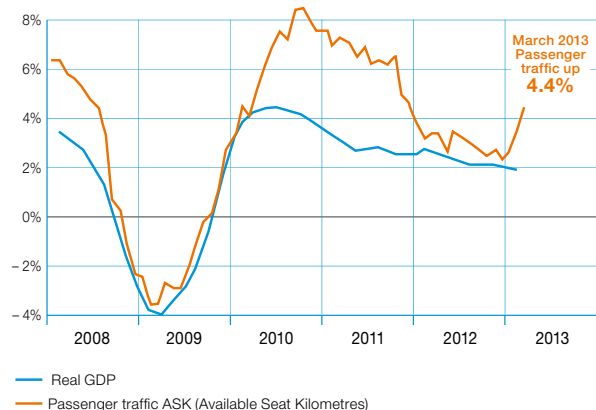
Airbus aircraft production increased in 2012 to meet rising demand

Air travel has proved to be resilient to external shocks (in RPK* trillions)



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Passenger traffic currently rebounding strongly (World real GDP and passenger traffic (year-over-year, monthly evolution))



AIRCRAFT DEMAND HOLDS STRONG

TRAFFIC INCREASES, DESPITE WEAKER ECONOMY

In its December 2012 industry outlook, the International Air Transport Association (IATA), an organisation representing some 240 airlines and 84% of global air traffic, estimated strong passenger growth at 5.3% for the full year 2012. Airlines were expected to return a profit of \$6.7 billion (2011: \$8.8 billion).

Despite high fuel prices with oil averaging \$109.5 per barrel over the year and a slowing world economy at little over 2% growth rate, airlines were able to benefit from improved efficiency and industry restructuring. According to IATA, economies of scale enabled larger airlines in particular to cope better with the difficult environment.

Asia-Pacific carriers were expected to post the largest aggregate profit amongst regions at \$3.0 billion. Compared to the previous year's figure of \$5.4 billion, the region's airlines

nevertheless saw a large fall in profits, due to weak cargo markets and slower economic growth in China. North American carriers were expected to end 2012 with a collective net profit of \$2.4 billion (2011: \$1.7 billion). The improvement compared to the previous year was mainly due to improved asset utilisation resulting from industry consolidation. European airlines were expected to break even.

Looking to the year ahead, IATA predicted that airline prospects for 2013 will be largely unchanged from 2012, with the main industry driver, global economic growth, strengthening only slightly on 2012. Passenger demand is expected to grow by 4.5%, while cargo demand should increase by 1.4% (2012: -0.2% contraction). With oil prices expected to moderate slightly in 2013, IATA estimated airline profits would rise to \$8.4 billion. North American and Asia-Pacific airlines are expected to deliver the largest profit among regions. European airlines are expected to break even for the second consecutive year, weighed down by uncertainties in the European economy, high taxes and inefficient infrastructure.

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Inauguration of the A350 XWB Final Assembly Line in Toulouse



Eurocopter continued its strategic growth path in global markets

ROBUST MID-TERM OUTLOOK

In the mid-term, IATA expects airline traffic to return to robust growth. In its 2012-2016 forecast, published in December 2012, IATA predicts that passenger numbers will increase by 5.3% per annum between 2012 and 2016, bringing 500 million more passengers on domestic and over 330 million on international routes. The emerging economies of Asia-Pacific, Latin America and the Middle East will see the strongest passenger growth, according to IATA. In Asia-Pacific, passenger traffic is forecast to grow at 6.7% per annum. Traffic within the Asia-Pacific region will represent 33% of global passengers in 2016, making this the largest regional market for air transport.

Over the last 30 years, air traffic has doubled every 15 years, and in the Airbus forecast is again expected to double in the next 15 years. Whilst emerging markets are expected to show increased demand for new passenger aircraft, the traditional markets in Europe and North America will receive more than 40% of all new aircraft deliveries in the next 20 years. In order to meet growth demand, as well as replacement of aging aircraft, Airbus calculates a need for more than 27,000 new passenger aircraft by 2031. Aircraft production is being ramped up to meet increasing demand which remains a major challenge for the main aircraft manufacturers and their supply chains. Production volumes will have to rise by 45% by 2015, according to Alix Partners.

OIL EXPLORATION AND SECURITY ISSUES DRIVE HELICOPTER DEMAND

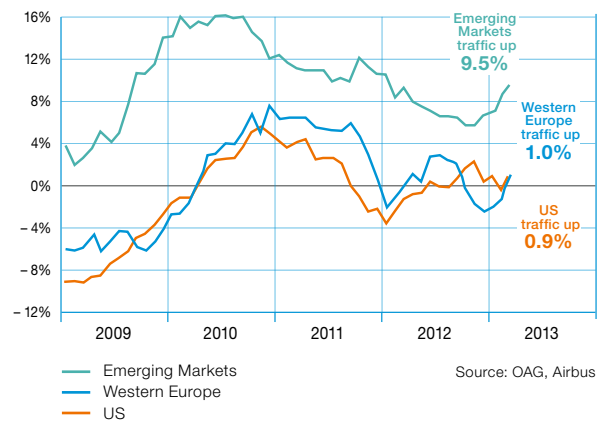
Increasing demand from offshore operators is expected to boost commercial helicopter sales. The oil and gas sector remains an important market for civil helicopters, especially as relatively high energy prices spur exploration activity.

Due to the government debt crisis, the military helicopter market remained challenging in 2012, and is expected to remain so in the year ahead. According to Frost & Sullivan research, the global market for military platforms is likely to increase at a rate of only 2.05% between 2011 and 2021. The civil market is expected to grow at an annual rate of 4.05% over the same period, driven by steady growth in the parapublic sector. TEAL group forecasts production of close to 16,000 helicopters worth \$195 billion

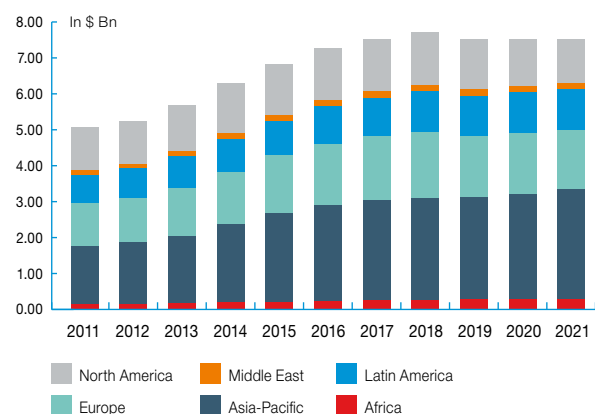
between 2012 and 2021. This includes 9,500 aircraft for civil use and some 6,400 military machines.

Within the institutional business, security issues are increasingly driving demand for helicopters, for example for border control, environmental monitoring, anti-piracy operations and counter-terrorism missions.

Emerging markets continue to drive growth
Available Seat Kilometres, year-over-year, monthly evolution (%)



Civil Helicopter Platforms - Revenue Forecast by Region
Global, 2011-2021 - Compound Annual Growth Rate = 4.05%



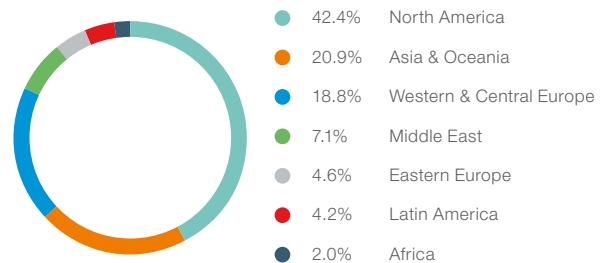
GOVERNMENT BUDGETS UNDER THREAT

US DEFENCE SPENDING STAYS FLAT

The United States is the world's biggest military spender by far, and is expected to remain so even after planned cuts in expenditure and despite a threat of across-the-board cuts if the US government fails to reach a budget agreement. According to SIPRI data, US military spending in 2011 was virtually unchanged in real terms from the previous year, accounting for 41% of the global total.

In Asia, Chinese military spending continued to increase, at 6.7% in real terms. China was the second largest military spender, accounting for 8.2% of the global total. According to SIPRI, total military spending for the rest of Asia & Oceania remained constant. Despite the financial crisis in 2008, many Asian countries experienced comparatively little fiscal distress and have increased their involvement in global affairs. According to the report "Asian Defence Spending 2000-2011" (Hofbauer, Hermann, Raghavan), military expenditure in Asia is projected to overtake that of the EU in 2012.

Total world defence spending (2011)



Source: SIPRI

Russia's defence spending grew 9.3% in 2011, putting it ahead of the UK and France for the first time since the early 1990s. Russia was the world's third largest military spender accounting for 4.1% of the global total. According to SIPRI, further increases of around 50% in real terms are expected up to 2014, in line with plans to replace 70% of Russia's mostly Soviet-era military equipment with modern weapons by 2020.



Amid tighter defence budgets, EADS is developing its services activities further

A400M



Ariane 5

The biggest three spenders in Western and Central Europe, the UK, France and Germany, have so far made only moderate cuts in military spending since 2008, by 0.6%, 4% and 1.6% respectively. The UK and Germany plan further cuts, the UK by 7.5% in real terms up to 2014/15 and Germany by about 10% to 2015. France plans roughly constant spending up to 2013.

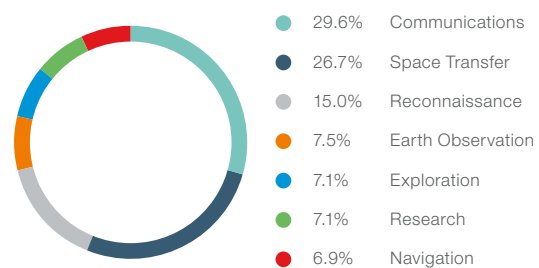
Military spending in Latin America fell by 3.3% in real terms, due to an 8.2% cut in Brazil's expenditure. African military spending rose 8.6%, driven by a 44% increase in the continent's largest spender, Algeria. In the Middle East, spending increased 4.6% in real terms.

Faced with tight government budgets, defence companies in advanced economies are adapting their business proposition, offering managed services, off-the-shelf products and developing creative partnering approaches. The US strategy of rebalancing towards the Asia-Pacific region is expected to continue, favouring investment in airborne and naval forces.

The market for security solutions continues to grow, as governments worldwide look to monitor critical infrastructure, secure major events and enhance border surveillance and security. According to the 2012 Security Survey of UK industry association ADS Group, the global security market was estimated to be worth about £384 billion in 2011 and is expected to reach £535 billion by 2015.

Total Global Space Launch Market (2011)

Percent Sales Breakdown by Application



Source: Frost, December 2012

EUROPEAN SPACE AGENCY BUDGET MAINTAINED

According to the latest available data from space industry association Eurospace, commercial customers, including launch and satellite customers, represented 37% of space revenues in Europe in 2010, or roughly €2.2 billion by value.

Institutional customers represented 63% of space industry revenues, or €3.8 billion in value. In 2012 the main contributors to the European Space Agency (ESA) were Germany, France and Italy, which collectively contributed more than 45% of the ESA budget.

In 2012, the ESA Ministerial Council agreed a commitment of €10 billion for the 2013-2017 period. The amount is similar to the budget decided during the previous ESA Ministerial Council in 2008.

The newly agreed budget includes funding for the further development of the Ariane 5 ME and for definition of the next generation Ariane 6 launcher. While launcher programmes were boosted, investments in the International Space Station and earth observation programmes were reduced.



03

ACHIEVING

our goals

2012 Performance





Airbus delivered a record number of aircraft, while also beating its target for new orders. Despite programme challenges, the Division significantly increased profitability, thanks to higher deliveries, stronger pricing and operational improvement.

In 2012, Airbus increased aircraft deliveries for the 11th successive year, while management focused on addressing operational and ramp-up challenges and beginning industrial production of the A350 XWB.

The Division's consolidated revenues grew by 17% to €38.6 billion (€33.1 billion in 2011), benefiting from higher delivery volume and stronger pricing.

Reported EBIT* more than doubled to €1,230 million (€584 million in 2011), despite one-off charges of approximately €522 million, mainly due to a shift in the A350 XWB schedule and development of a permanent fix for the A380 wing rib feet issue.

Airbus research and development expense decreased slightly to €2.4 billion (2011: €2.5 billion); €366 million of A350 XWB development was capitalised under IAS 38.

RISING DELIVERIES

Airbus reached a historic high of 588 deliveries at the end of 2012 (534 in 2011). Despite supply chain pressures, Airbus successfully reached its production target of 42 single-aisle aircraft per month. Deliveries of military transport aircraft stood at 29 (29 in 2011).

After an exceptional order intake in 2011, new orders again exceeded deliveries, beating the stated target for the year. Airbus Commercial won a total of 914 gross orders, 833 net of cancellations (2011: 1,608 gross orders; 1,419 net). Airbus Military won 32 new orders (five in 2011). At the end of 2012, the Airbus Division's order book stood at €523.4 billion (year end 2011: €495.5 billion), valued at list prices.

STRATEGIC INITIATIVES

Airbus adapted its organisation to foster an entrepreneurial spirit and empower more teams, while maintaining harmonised processes across all sites. For series programmes, additional responsibilities and means were delegated to plants for delivery at increased rates.

As part of the strategy of expanding international presence, Airbus announced plans to open an assembly line for single-aisle

aircraft in Mobile, Alabama, USA with deliveries to begin in 2016. By 2018, the facility is expected to produce between 40 and 50 aircraft a year.

Airbus continued to strengthen its services portfolio. Airbus Flight Hour Services (FHS), which offers airlines faster and easier access to spare parts and services, continued a promising start with around 100 aircraft under contract as of the end of 2012. The Satair material management business, acquired in 2011, made positive top and bottom-line contributions.

AIRBUS DIVISION OUTLOOK

In 2013, Airbus is targeting a further increase in deliveries to between 600 and 610 commercial aircraft. Monthly production rates are set to continue at 42 for the A320, while progressing to 10 per month for the A330. To implement the wing rib feet solution, A380 deliveries will be lowered in 2013, to around 25 aircraft.

Within the challenging A350 XWB programme, management will be dedicating its utmost attention to achieving a successful first flight around mid-2013 and preparing the way for a smooth production ramp-up, with a first delivery targeted for the second half of 2014.

Airbus expects to win around 700 gross commercial aircraft orders.

Airbus Military targets a successful first delivery of the A400M to the French Air Force in the second quarter of 2013. A total of four A400M deliveries – three to France and one to Turkey – are planned for 2013.

In total Airbus Military expects to deliver at least 28 aircraft and to win around 30 new orders.

Airbus' underlying profitability (EBIT* before one-off) is expected to improve significantly, thanks to higher delivery volume, better pricing and improvement of A380 production performance. Going forward, the reported EBIT* will be dependent on the Group's ability to execute on the A400M, A380 and A350 XWB programmes, in line with the commitments made to its customers.

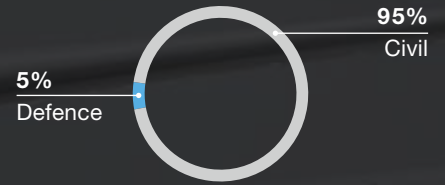


AIRBUS

Results (€m)	2012	2011	Change
Revenues	38,592	33,103	+17%
Self-financed R&D	2,442	2,482	-2%
EBIT*	1,230	584	+111%
Order intake	88,142	117,874	-25%
Order book	523,410	495,513	+6%

REVENUES BY MARKET

(in % of external revenues)



Scan here and place your smartphone on the dedicated zone or visit www.reports.eads.com



AIRBUS

COMMERCIAL

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Airbus Commercial revenues rose to €36.9 billion (€31.2 billion in 2011), while EBIT* more than doubled to €1,125 million (2011: €543 million), despite one-off charges totalling €522 million. The growth in both revenues and profitability reflects higher deliveries and pricing improvements compared to the previous year. It also benefited from hedge rate improvement.

Following an outstanding 2011, Airbus Commercial also gained a respectable share of 2012 orders, winning 41% of total gross aircraft orders and 41.5% of net orders by value in 2012 (in 2011: 56% of total gross orders, 54% of net orders by value). Airbus Commercial's order book amounted to €503.2 billion (€475.5 billion, year-end 2011), comprising 4,682 aircraft (4,437 aircraft in 2011).

A320 FAMILY

Demand for single-aisle aircraft remained robust, in particular for the fuel-saving A320neo, due for first delivery in 2015. Including Current Engine Option (ceo) aircraft, Airbus Commercial won a total of 783 gross single-aisle orders, 739 net (2011: 1,470 gross, 1,348 net).

In 2012, AirAsia became the first airline to receive an A320 fitted with new, fuel saving Sharklets.

Deliveries of single-aisle aircraft amounted to 455 (2011: 421). The A320 family order backlog amounted to 3,629 at the end of 2012.

A330 UPGRADE LAUNCHED

The A330 continued to attract new customers, with 80 gross orders in 2012 (58 net). An upgraded variant with increased take-off weight capability was launched, with entry into service planned for 2015. Widebody deliveries amounted to 103 (including two A340-500). The order backlog stood at 306 aircraft at the end of 2012.

A380 ON TRACK

Airbus continued to focus on improved performance within the A380 programme. A permanent solution for the wing rib feet issue was defined and developed, leading to a charge of €251 million in 2012. Despite this issue, the programme remains on track to reach the objective of a positive EBIT* contribution from 2015.

As targeted, Airbus delivered 30 A380 (26 in 2011). The A380 won nine orders, including the first order from a Russian airline, Transaero. Singapore Airlines ordered five more A380s.

Malaysia Airlines and Thai Airways International each took delivery of their first A380s during the year. At the end of 2012, the A380 order backlog amounted to 165 aircraft; 97 aircraft were already in service with nine airlines.

A350 XWB MAKES INDUSTRIAL PROGRESS

The A350 XWB (Extra-Wide Body) programme advanced towards industrial production. Airbus completed assembly of the first static test aircraft and the first flying aircraft and successfully achieved full power-on. The aircraft's entry-into-service date was moved from the first to the second half of 2014. A charge of €124 million was booked in 2012 to account for the delay.

Offered in three passenger versions, the A350 XWB delivers up to 25% better fuel efficiency than existing aircraft in its category. Following entry into service of the 314-seater A350-900, due in 2014, first delivery of the A350-800, with 270 seats, is planned for 2016. The A350-1000, with 350 seats, is planned for 2017. Major new contracts included Singapore Airlines' order of 20 A350-900s. With 40 gross orders in 2012 (27 net), the total A350 XWB order backlog stood at 582 at the end of 2012.

(€m)	2012	2011	Change
Revenues	36,943	31,159	+19%
Self-financed R&D	2,431	2,467	-1%
EBIT*	1,125	543	+107%
Order intake	86,478	117,301	-26%
Order book	503,218	475,477	+6%

By number of aircraft	2012	2011	Change
Deliveries	588	534	+10%
Order book	4,682	4,437	+6%



AIRBUS

MILITARY

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Despite stable deliveries, Airbus Military revenues decreased to €2.1 billion (€2.5 billion in 2011), due to lower A400M and tanker revenues. In total, Airbus Military delivered 29 aircraft (2011: 29 aircraft). The EBIT* performance at €93 million (€49 million in 2011) reflects a favourable delivery mix with margin improvements from technically maturing programmes. Airbus Military saw increased demand for its light and medium transport aircraft, in particular from export markets. Airbus Military's order backlog stood at 220 aircraft at the end of the year (217, year-end 2011), worth €21.1 billion (€21.3 billion, year-end 2011).

A400M ON COURSE FOR FIRST DELIVERY

The A400M passed key milestones on the road to first delivery, and had accumulated 4,500 flight hours by the year-end. The aircraft performed all flight tests required for aircraft type certification, including high-altitude flight tests at La Paz, Bolivia, rough field tests in Germany and the 300 hours of functionality and reliability testing.

In order to introduce engine modification following an issue detected during flight testing, the initial plan had to be adapted, with Civil Type Certificate (TC) and Initial Operating Clearance (IOC) moving to the first quarter of 2013, and first delivery to the second quarter of 2013.

The A400M has an order backlog of 174 aircraft. Airbus estimates there is a potential for approximately 400 export orders over the next 30 years.

TANKER MAIDEN VOYAGE

In 2012, Airbus Military delivered a total of five A330 Multi-Role Tanker Transport (MRTT) aircraft (six in 2011). Known as the "Voyager" in the UK, the A330 MRTT performed its maiden flight in service with the UK Royal Air Force in April 2012.

A fifth and final A330 MRTT was delivered to the Royal Australian Air Force (RAAF) in November 2012. The initial batch of four aircraft, designated the KC-30A by the RAAF, was handed over in 2011.

Demand for new tanker aircraft from both domestic and export customers remained promising. In October 2012, the French Ministry of Defence announced its intention to order 14 MRTTs in 2013. The MRTT completed extensive flight trials and

demonstrations in India and in early 2013, Airbus Military was selected as preferred bidder for the supply of tanker aircraft to the Indian Air Force (IAF). The contract is expected to cover production of six MRTT aircraft.

Airbus estimates a potential total export market, excluding the US, of more than 100 tanker aircraft. The backlog stood at 17 aircraft at the end of 2012.

STRONG ORDERS IN THE LIGHT AND MEDIUM SEGMENT

Airbus Military continued to lead the market in the light and medium category, with the C295 and CN235 military transport aircraft winning 32 new orders (five in 2011). Major orders included nine C295 aircraft for Indonesia, eight C295s for Oman (three of which in maritime patrol version) and five C295s for Poland. The US Coast Guard awarded a contract for two additional CN235 maritime patrol aircraft. Total deliveries of light and medium aircraft amounted to 20 aircraft in 2012 (23 in 2011), with an additional four P-3 conversions. The backlog stood at 29 aircraft.

In the light and medium segment, a long-term strategic cooperation was initiated in Indonesia. Airbus Military and PT Dirgantara Indonesia signed an agreement to jointly launch an upgraded version of the Airbus Military C212-400. The aircraft, renamed NC212, will be offered to both civil and military customers and has an estimated potential market of 400-450 aircraft in the next ten years.

(€m)	2012	2011	Change
Revenues	2,131	2,504	-15%
Self-financed R&D	11	14	-21%
EBIT*	93	49	+90%
Order intake	1,901	935	+103%
Order book	21,139	21,315	-1%

By number of aircraft	2012	2011	Change
Deliveries	29	29	0%
Order book	220	217	+1%





Eurocopter recorded an all-time high in revenues, supported by the on-going ramp-up in Super Puma family deliveries, and higher services activities. EBIT* performance also significantly increased.

In 2012, Eurocopter made progress along its path towards profitable growth through a continued focus on innovation, global presence and services.

Revenues increased by 16% to €6.3 billion (€5.4 billion in 2011), primarily as a result of higher repair and overhaul activities and full consolidation of the Vector Aerospace services business. Higher NH90 and Super Puma revenues also contributed to the increase. In total, 475 helicopters were delivered (503 in 2011), representing 49% of Eurocopter's 2012 revenues. The services share increased to 42%. Other activities, including the production of doors for Airbus aircraft, made up the remaining 9%.

The Division's EBIT* increased by 20% to €311 million (2011: €259 million), despite a €100 million charge to reflect the latest status of on-going renegotiations for certain governmental programmes. Research and development expenses were higher, as expected, in line with Eurocopter's innovation roadmap.

Notable 2012 military deliveries included the German government's first batch of four Tiger helicopters optimised for conditions in Afghanistan, which were deployed at the end of 2012. The French and Dutch navies took delivery of their first naval NH90s in the Final Operational Configuration. Italy deployed the NH90 to Afghanistan in 2012.

Investigations into recent helicopter incidents continue for the Ecureuil, the root cause was identified and a programme was established to implement a retrofit approved by EASA.

In value terms, Eurocopter's order intake stood at €5.4 billion (2011: €4.7 billion). The services business continued to grow, accounting for some 47% of the order intake. Eurocopter's net helicopter orders stood at 469 (457 in 2011). Orders were booked for 249 EC130 family and 144 EC135/EC145 family helicopters. Super Puma family orders totalled 37. The order book amounted to €12.9 billion (year-end 2011: €13.8 billion), comprising 1,070 helicopters (year-end 2011: 1,076 helicopters).

INCREASING INTERNATIONAL PRESENCE

Eurocopter continued its strategic growth path in global markets. 72% of revenues in 2012 were from export markets outside the domestic markets of France, Germany and Spain.

Eurocopter Japan opened a new training and maintenance facility at Kobe Airport. In Brazil, Eurocopter's Helibras subsidiary inaugurated a major new assembly facility for EC725/EC225 helicopters. An agreement was signed in China for the development of a customization and completion centre for Ecureuil family helicopters. Eurocopter's Vector subsidiary will grow through additional engine maintenance business in Australia and South East Asia.

TECHNOLOGICAL ADVANCE

Following the successful market introduction of Eurocopter's EC130 T2 and EC145 T2 helicopter upgrades, the first series-production EC175 completed its maiden flight and confirmed the aircraft's excellent performance. The development team of the X³ hybrid demonstrator won the American Helicopter Society's annual Howard Hughes Award for helicopter technology improvement.

OPERATIONAL IMPROVEMENT

Eurocopter launched further measures to enhance company performance. Through "Lean" initiatives started late in 2011, Eurocopter aims to reduce lead times and costs, promote a culture of continuous improvement and develop standard processes and tools.

OUTLOOK

In 2013, Eurocopter expects to deliver profitable growth, supported by increased deliveries and services activities. Goals include sustaining the delivery pace for Super Puma and Ecureuil families, as well as NH90 and Tiger helicopters, while also preparing the EC175's ramp-up.

Discussions will continue with relevant parties on certain government contractual commitments. With regard to the EC 225 limitations, following some incidents, Eurocopter has identified root causes and defined solutions. The fleet is expected to return to service after regulators' approval later in the year.

From now until 2015, Eurocopter expects to benefit from organic and inorganic growth, with profitability increases driven by operational improvement, improved programme management and, from 2014 onwards, favourable mix effects.

EUROCOPTER

Results (€m)	2012	2011	Change
Revenues	6,264	5,415	+16%
Self-financed R&D	297	235	+26%
EBIT*	311	259	+20%
Order intake	5,392	4,679	+15%
Order book	12,942	13,814	-6%

REVENUES BY MARKET

(in % of external revenues)



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Astrium saw an increase in both revenues and profitability, supported by strong programme execution in all three business units and efficiency gains resulting from the Agile transformation programme.

In 2012, Astrium built on its record of strong programme execution, with Ariane 5 delivering its 53rd consecutive launch success, a world record in terms of reliability for a commercial launcher. Integration of Vizada was completed, paving the way for growth in Astrium's service business and international footprint.

Revenues rose 17% to €5.8 billion (€5.0 billion in 2011) driven mainly by growth in services including the Vizada integration and operational performance in Satellites and Space Transportation.

Astrium's EBIT* increased by 17% to €312 million (€267 million in 2011). Research and development activity related to technology innovation and product investment was higher. Increased volume, as well as improved efficiency and productivity in all business units resulting from the Agile transformation programme, drove the EBIT* rise. The Vizada business also made a positive contribution.

Astrium's order intake reached €3.8 billion (€3.5 billion in 2011). At the end of the year, the order book stood at €12.7 billion (€14.7 billion in 2011).

NOTABLE ACHIEVEMENTS

The Ariane 5 performed seven launches in 2012 (five in 2011). Nine Astrium-built satellites were successfully delivered (13 in 2011), comprising four telecommunications and five Earth observation, navigation and sciences satellites. The second pair of Astrium-built Galileo In Orbit Validation satellites were successfully deployed in orbit, completing the initial constellation of four satellites. Furthermore, the third Automated Transfer Vehicle, named Edoardo Amaldi, successfully completed its mission with the International Space Station.

Major European orders included a contract from ESA worth €300 million for the first phase of the Solar Orbiter mission to study the Sun and its effects on the solar system. Astrium scored additional successes on export markets with the award of a contract for two telecommunications satellites from Russian operator RSCC.

STRATEGIC ADVANCES

Astrium made further progress in its strategic effort to develop export markets and drive growth in its services business. Integration of Vizada into Astrium Services creates a new

business line for commercial satellite communication services and enhances Astrium's global presence in the government business. In 2012, the US Department of Defense pre-selected eight companies, amongst them Astrium, to sell satellite communications services to several US Government agencies worldwide. Astrium Americas was created in 2012 to bring Astrium's global space capabilities to US and Canadian customers.

EUROPEAN SPACE BUDGET CONFIRMED

Despite budget constraints, European governments demonstrated a strong commitment to the space industry at the ESA Ministerial Council held in November 2012, agreeing investments of €10 billion for the period 2013 – 2017. In particular, the Council's decisions secure the continued development of the Ariane 5 ME, for which Astrium is prime contractor, as well as the definition study of the next generation Ariane 6 launcher. Ministers also gave full support for the Multi Purpose Crew Vehicle (MPCV) programme, the service module of the NASA new human space exploration vehicle Orion. It paves the way for Europe and Astrium to explore further cooperation with the US space agency and US industries.

OUTLOOK

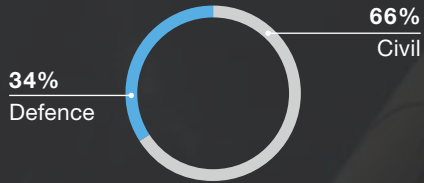
Based on existing orders, the number of Ariane 5 launches and satellite deliveries in 2013 should be broadly in line with 2012. On defence markets, Astrium will maintain its strong position in Europe, as a key partner for governmental and NATO programmes. Astrium will target profitable export growth in 2013 and the medium term, above all in its civil and defence services and equipment activities.

Measures introduced with the Agile transformation plan, in particular lean manufacturing methods and standardised processes are expected to support underlying performance in 2013 and beyond. In an increasingly competitive market environment, Astrium will continue to focus investment on innovation in all its aspects and in extending its global presence.

Results (€m)	2012	2011	Change
Revenues	5,817	4,964	+17%
Self-financed R&D	128	109	+17%
EBIT*	312	267	+17%
Order intake	3,761	3,514	+7%
Order book	12,734	14,666	-13%

REVENUES BY MARKET

(in % of external revenues)



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Under a newly appointed management team, Cassidian focused on enhancing the Division's competitiveness through leaner structures, cost reduction and exploration of new growth markets.

In 2012, Cassidian demonstrated its resilience while adapting to a challenging defence market and preparing the ground for a return to benchmark profitability in the medium term.

Revenues were broadly in line with the previous year at €5.7 billion (2011: €5.8 billion). Eurofighter and MBDA businesses continued to be key revenue drivers, representing roughly 60% of Cassidian's overall turnover.

The Division's EBIT* declined to €142 million (€331 million in 2011). A total of €198 million of charges were booked to reflect restructuring costs (€98 million) and portfolio de-risking (€100 million). Mature Eurofighter and MBDA programmes continued to provide robust underlying margins. Self-funded research and development expenses were lower.

Despite tight government budgets, Cassidian's order intake grew to €5.0 billion (€4.2 billion in 2011). Major Eurofighter orders included a sustainment contract of around €840 million, covering fleet support over the next five years. MBDA received a substantial order from India, worth approximately €400 million at EADS' 37.5% share. Within the Allied Ground Surveillance (AGS) programme, Cassidian won a contract worth around €300 million from NATO prime contractor Northrop Grumman for the supply of mobile ground segments for a surveillance system using high altitude Unmanned Aerial Systems. At year-end 2012, the order book stood at €15.6 billion (€15.5 billion in 2011), equivalent to approximately three years' activity.

TRANSFORMING THE BUSINESS

Cassidian intensified its efforts to transform the business and adapt to the evolving market situation. Under a new leadership team, the Division launched an additional programme to boost competitiveness and slim down its structures.

PRODUCT AND SYSTEMS DEVELOPMENT

Cassidian reinforced its activities in the field of Unmanned Aerial Systems (UAS), concluding in 2012 the acquisition of 51% of Rheinmetall Airborne Systems. The High-Altitude Long

Endurance UAS Euro Hawk, a co-development for the German Armed Forces, with Northrop Grumman providing the platform and Cassidian responsible for developing and integrating the sensor system, progressed towards its first sensor flight, completed in January 2013.

Cassidian strengthened its portfolio and market position in the field of sensors through the acquisition of a 75.1% stake in Carl Zeiss Optronics. The acquired business, under the new name Cassidian Optronics, is expected to open up new opportunities for civil and military applications, in particular in the field of border security.

A critical milestone on the Romanian Border Security Project was reached with the delivery of the Command & Control Centre, an 18,000 m² building which will host the system data centre and the national operational dispatch centre.

Cassidian won several contracts to supply Professional Mobile Radio (PMR) technology, including Chinese contracts for the Beijing metro and a tram network in Shenyang.

OUTLOOK

In 2013, revenues at Cassidian are expected to be broadly stable compared to 2012, driven mainly by core Eurofighter and MBDA programmes.

In the medium term, Cassidian aims to achieve a significant improvement in profitability through cost reductions, leaner processes and improved programme execution.

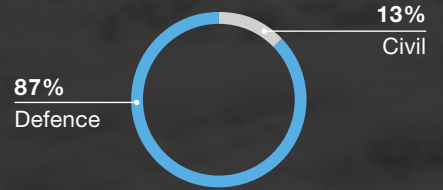
While Eurofighter deliveries are secured until 2017, Cassidian will continue to explore export opportunities worldwide.

CASSIDIAN

Results (€m)	2012	2011	Change
Revenues	5,740	5,803	-1%
Self-financed R&D	234	275	-15%
EBIT*	142	331	-57%
Order intake	5,040	4,168	+21%
Order book	15,611	15,469	+1%

REVENUES BY MARKET

(in % of external revenues)



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04
PREPARING
for the future
Key Drivers

ENGAGED PEOPLE

EADS is focused on creating value through its people, seeking to attract the best candidates from all backgrounds and building a stimulating culture that helps employees to realise their full potential.

EADS continued its drive to enhance engagement amongst its highly-skilled workforce, while seeking to attract talented new recruits from all backgrounds.

In 2012, 11,080 employees entered employment with EADS worldwide (8,238 in 2011), while 4,042 employees left the Group (3,666 in 2011). At year-end the EADS workforce had increased to 140,405 (year-end 2011: 133,115). The increase in active workforce was mainly driven by the ramp-up in EADS, business activities, which is expected to continue. EADS plans to recruit another 5,000 people in 2013.

Given the growth dynamic and mounting competition for highly qualified staff, capacity to attract talent is a key asset for the company. In 2012, several independent surveys recognised EADS and its Divisions as employers of choice. According to research conducted by international HR services company Randstad, amongst experienced professionals, EADS and its Divisions were ranked in the top three companies in France, Germany and Spain. In 2012, French engineering students ranked EADS Europe's number one employer according to both the Trendence and Universum graduate surveys.

MOBILITY AND TRAINING

As part of its drive to foster a stimulating and rewarding working environment, EADS actively supports employee training ambitions and career moves within the Group. In 2012 more than 7,500 employees took up the opportunity to move to a new EADS department, site or country. In 2012, EADS provided employees with a total of some 3.2 million hours of training.

GROWING DIVERSITY

EADS is committed to diversity, which has been shown to improve collective performance in many organisations. In 2011, the EADS Diversity Board was launched to promote diversity within the workforce. EADS' diversity strategy focuses amongst others on gender, intergeneration, social and cultural backgrounds and disability.

In 2012, 21.4% of new recruits to the company were women and women made up 17.3% of the active workforce. By 2020, EADS aims to increase the share of women recruited to 25% and the share of women within the senior manager and executive community to 20%. In 2012, 250 female employees attended a development programme targeted specifically at talented women in the early to early-mid stages of their career (124 in 2011).

In terms of nationalities, employees from France with 38.5% (39.4% in 2011), Germany with 32.9% (33.9% in 2011), UK with 9.3% (9.9% in 2011) and Spain with 8.2% (8.6% in 2011) make up the bulk of the EADS workforce. US nationals account for 1.7% of employees (1.8% in 2011). The remaining 9.4% (6.5% in 2011) are nationals of 130 other countries.

"MY LIFE"

The Group continued its 'my life at EADS' initiative, addressing employee needs in particular with regard to 'safety', 'health, wellbeing and stress prevention', 'adaptive workplace', diversity and 'childcare'. On childcare for example, existing arrangements have been reinforced with new facilities set up at several sites. Feasibility studies are underway for more childcare facilities at EADS' sites, as well as for arrangements with external childcare providers close to company workplaces.

The EADS group-wide Engagement Survey, conducted for the third time in 2012, recorded a meaningful increase in employee engagement and satisfaction. The survey is to continue beyond the originally planned three waves.

On an organisational level, 2012 saw progress towards simplification of company processes, with the integration of EADS and Airbus HR and Finance functions under a single management team. The changes aim to reduce duplications, shorten lines of command and contribute to improved shared services for the Group.



INNOVATION

EADS remained fully focused on research and development for future programmes, while maintaining momentum in the area of early stage research and technology.

EADS remains fully committed to innovation as a means of enhancing the Group's competitive position. In 2012, EADS' self-financed research and development (R&D) expenses remained broadly stable at €3,142 million (2011: €3,152 million). In addition, an amount of €366 million of development costs for the A350 XWB programme was capitalised.

As in the previous year, the A350 XWB programme was amongst the main drivers of Group R&D activity. R&D investment increased at Eurocopter and Astrium, following strong innovation initiatives within the Divisions. As well as recently unveiling its X³ hybrid helicopter demonstrator, Eurocopter in 2012 introduced the new EC130 T2 and EC145 T2 helicopter upgrades and achieved a successful maiden flight of its first series production EC175.

Astrium is pursuing a range of development programmes for the European Space Agency, including an enhancement of the Ariane 5, known as the Ariane 5 Midlife Evolution (ME), which will boost capacity by 20% compared to the current launcher. In the field of radar technology, Cassidian has developed a new generation of transmit & receive modules improving the performance of the new Active Electronically Scanned Array (AESA) radars.

Overall EADS engineers filed a total of 972 new patents in 2012 (1,018 in 2011). Through its technology licensing initiative, EADS markets intellectual property, patents and know-how in fields such as composites, metallics, green technologies, safety and security technologies and communications infrastructure. For example in 2012, licensing rights were sold for the DeltaN friction-stir welding technology that provides high-quality welds with metallic alloys in a range of production applications.

In addition to activities relating to new products and manufacturing processes, EADS continues to devote considerable resources to early-stage research and technology.

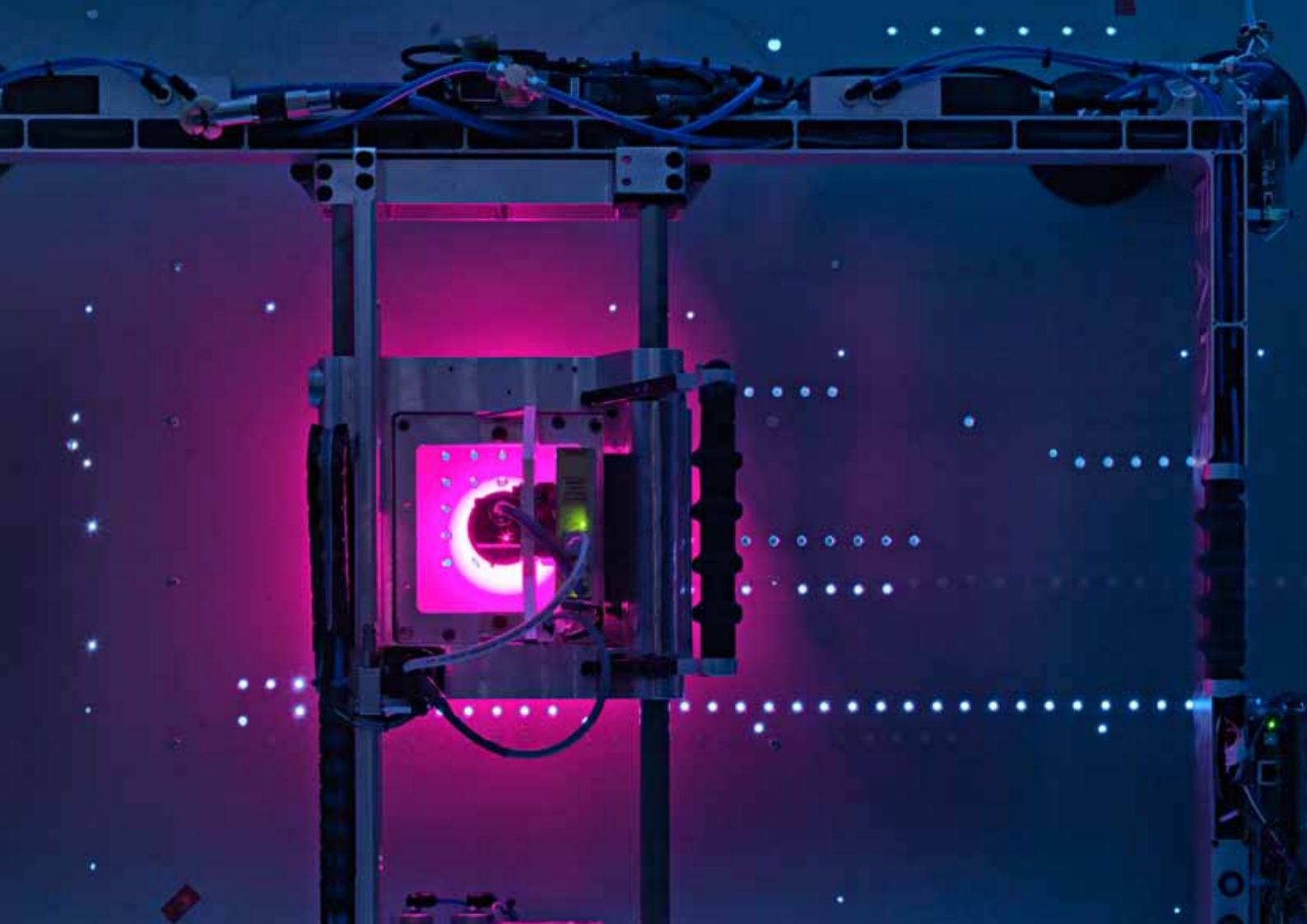
In the area of advanced concepts, Airbus unveiled its 2050 vision for "smarter skies", based on five concepts which could be implemented across all the stages of an aircraft's operation to reduce journey times, fuel consumption, noise and emissions. As well as sustainable new energy sources, the 2050 vision explores the benefits of assisted, steep-climb take-offs, formation flight along efficient "express skyways", low-noise, free-glide landings and low-emission ground operations.

EADS' corporate research and technology is managed by EADS Innovation Works, which as of 2012, employs over 1,000 scientists and researchers, including doctorates and interns, at facilities in France, Germany, UK, Spain, USA, Canada, Singapore, India and China. EADS Innovation Works develops the Group's technical potential from technology readiness level one to three.

TECHNOLOGY AWARD

Amongst major achievements in 2012, EADS Innovation Works, together with various partners including R&T teams from Airbus and Ecole des Mines won the JEC Innovation Award in the aeronautic category for work in the area of composite materials. JEC is the largest composite industry organisation in the world. The award was granted in recognition for the LUCIE project (Laser Ultrasonics Composite Inspection Equipment) which promises major cost and time savings in the detection of sub-surface defects in composite structures.

In 2012, EADS signalled its long-term commitment to advanced technological research in Europe, by signing a Memorandum of Understanding with several partners to launch a high-technology centre near Munich, Germany. The new centre, named BICAS (Bavarian International Campus Aerospace and Security), will focus on research in the areas of 'green aerospace', public security, integrated systems and autonomous aerial systems. Eurocopter unveiled a project for the construction of a new development centre in Marignane, France.



ENVIRONMENTAL PROTECTION

In 2012, the Group continued to invest significantly in environmental protection, including sustainable energy sources and climate monitoring through satellites.

EADS's prominence in aerospace makes it a central player in the sustainable mobility issue and more broadly, in the evolution towards a "green economy". Environmental protection is part of top-level requirements for the design of any new product.

NEW-GENERATION AIRCRAFT

Replacement of existing aircraft fleets with new-generation, fuel-efficient aircraft is expected to have a major impact on eco-efficiency in the medium-term. The A380, consumes less than three litres of fuel per passenger over 100 kilometres, offering a 20% improvement in per-seat fuel consumption against the previous generation of large passenger aircraft. In addition, the A380 generates only half the noise on departure of previous generation large aircraft, and three to four times less noise on landing – while carrying 40% more passengers.

The A350 XWB, due to enter into service in 2014, offers a 25% improvement in fuel efficiency against the previous generation of long-range aircraft. The new A320neo family will allow 15% of fuel burn savings compared to existing single-aisle aircraft.

Improved Air Traffic Management (ATM) also promises significant improvements in eco-efficiency. EADS through its Divisions is playing an important role in ATM programmes such as "Single European Sky ATM Research" (SESAR) in Europe, and NextGen in the US.

According to Airbus Global Market Forecast 2012, thanks to improved operations and more fuel-efficient aircraft, demand for jet fuel rose only 3% between 2000 and 2011, while air traffic grew by 53% over the same period. According to industry estimates, aviation contributes 2% of all man-made CO₂ (carbon dioxide) emissions.

AMBITIOUS TARGETS

Airbus is committed to Flightpath 2050 targets to allow a 75% reduction of CO₂ emissions per passenger per kilometre, a 90% reduction of nitrogen oxide (NOX) emissions and a 65% noise reduction by 2050.

Five of the seven research and technology groups within the Group's corporate research network address topics related to eco-efficiency. 90% of Airbus' annual research and development investment is for environmental benefits.

SUSTAINABLE ENERGY

In 2011, Airbus together with the European Commission, and industry partners, launched an initiative to speed up the commercialisation of aviation biofuels in Europe, with the objective to reach two million tonnes of production and consumption by 2020.

As part of the initiative, farmers, refiners and airlines around the world are being brought together to form regional alternative fuel "value chains". So far, six value chains are already established: in Australia (Virgin Australia), in Brazil (TAM), in the Middle East (Qatar), in Romania (Tarom), in Spain (Iberia) and in China (China Eastern Airlines). Airbus plans to have one value chain in each continent.

SATELLITE MONITORING

As a leading satellite system specialist, Astrium has extensive expertise and operational mission experience in the field of environmental and climate satellites. Astrium is the prime contractor for four of the six ESA Earth Explorer missions – Cryosat-2, Swarm, Aeolus and EarthCARE. In 2012, ESA awarded Astrium a contract to define the CarbonSat satellite. CarbonSat will measure the global concentration and distribution of the two most important greenhouse gases – carbon dioxide and methane – with unprecedented accuracy, providing climate scientists with essential data for climate analysis and for refining climate simulation computer models.

CLEANER PRODUCTION

EADS is working to reduce the environmental impact of its industrial operations. Airbus has set ambitious objectives for its manufacturing activities such as a 50% reduction in CO₂ emissions, a 50% reduction in volatile organic compounds (VOC) and an 80% reduction in water discharge between 2006 and 2020. The most toxic chemicals are also gradually being eliminated as part of the REACH compliance programme. This includes looking at the development and implementation of toxic free alternatives. Efforts are being focused on the use of renewable sources of energy for buildings. In Toulouse, France, the A350 XWB final assembly facility has been fitted out with 22,000 square-metres of photovoltaic cells.



A321neo



Cryosat



Astrium imaging services:
satellite view of Bijagos Islands, Guinea-Bissau

SUPPLY CHAIN

EADS is keeping a watchful eye on its supply chain, as production ramps up across the Group, in particular in the commercial aircraft and helicopter business. The Group continued efforts to reinforce the supply chain especially outside Europe.

With major production increases in 2011 and 2012, in particular in civil aircraft and helicopter segments, supply chain capacity and quality is being closely monitored by EADS and its Divisions.

The supply chain accounts for a major share of the value of EADS products. For 2012 the ratio of external sourcing turnover to EADS revenues is expected to be in line with the previous year at approximately 70%. In 2011, the latest year for which fully consolidated data is available, EADS external sourcing turnover amounted to €35.2 billion, a 12% increase on the year before. The overall volume of goods and services newly ordered from suppliers in 2011 amounted to €39.7 billion, an increase of 8% on the previous year.

Aircraft propulsion systems accounted for 29% of external spending, with systems & equipment and structure & airframe each accounting for 14% respectively.

Increasing the share of procurement in US dollars remains a strategic goal for EADS, as a means of hedging exchange rate risk. High US dollar revenues, in particular through the sale of civil aircraft, make the Group particularly exposed to fluctuations in the euro-dollar exchange rate. In terms of turnover, 47% of 2011 external sourcing was booked in US dollars, with 46% in euros. In terms of volume of new orders placed with suppliers the US dollar share was even higher: US dollar contracts accounted for 56%, while 38% was in euros.

GLOBAL SOURCING

EADS remains on track with its efforts to extend the supply chain outside Europe. Increased supply chain presence outside Europe is an important means of gaining access to growth markets and increasing natural currency hedging. Country sourcing offices in India, China, USA and Brazil are operational. Investigations into sourcing potential of additional countries in North Africa, Asia and South America were conducted in 2012. In 2011, around 30% of external sourcing turnover was from suppliers outside Europe.

Following the decision to open an Airbus A320 Final Assembly Line in Alabama, United States, investigations are under way to select appropriate suppliers for its construction and support of operations. The USA already plays a central role in the EADS

supply chain. In 2011, the volume of spending invoiced from the US amounted to over US\$12 billion and represented some 26% of EADS sourcing turnover.

IMPROVING MANAGEMENT AND QUALITY

EADS held regular discussions with major suppliers in 2012, taking a proactive approach in order to anticipate and mitigate potential supply chain issues, particularly in relation to ongoing production ramp-ups and the challenging series production of the A350 XWB. The approach not only helps to identify areas for intensified strategic collaboration, but also gives early warning of financial or operational issues. When needed, EADS actively supports suppliers with operational experts helping to diagnose and fix problems.

At the Division level, procurement organisations have been given greater end-to-end accountability to manage the supply chain. Airbus brought together procurement specialists previously based in operational functions with strategic buyers.

SUPPLIER SYNERGIES

Group-wide procurement boards continued to identify synergies between EADS' four Divisions, exchanging best practices, discussing supplier performance, elaborating common strategies and meeting common suppliers. In 2012, a Propulsion Board was established, joining the existing boards covering aerostructures, systems & equipment and materials. The Materials Board plays an important part in ensuring EADS's access to sought-after commodities such as aluminium, titanium, composites and standard parts.

The Group is working to improve the capabilities of the small and medium-sized enterprises that form an important part of Europe's supply chain. EADS is a founding member of SPACE, an association dedicated to developing aerospace suppliers.



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FINANCIAL CALENDAR

FULL YEAR 2012 RESULTS RELEASE

27 February 2013

EXTRAORDINARY GENERAL MEETING

27 March 2013, Amsterdam,
The Netherlands

FIRST QUARTER 2013 RESULTS RELEASE

14 May 2013

ANNUAL GENERAL MEETING

29 May 2013, Amsterdam,
The Netherlands

PRIVATE SHAREHOLDER INFORMATION MEETINGS

26 June 2013, Paris, France
4 July 2013, Munich, Germany

HALF YEAR 2013 RESULTS RELEASE

31 July 2013

NINE-MONTH 2013 RESULTS RELEASE

14 November 2013

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