NUMBER 30 – SEPTEMBER 2011

aero-notes

Letter to Shareholders

Dear Shareholder,

It has been an eventful and, in many ways, exciting first half year for our Company, with recent developments showing that we are on the right track, as demonstrated by our resilience in the face of current market turmoil and volatility.

On the commercial side, we have seen an impressive flow of aircraft orders, driven both by a recovery in air traffic and the need for more efficient aircraft at a time of high oil pricing. The A320neo has proven itself ideally suited to the current environment, vindicating the Company's product strategy with over 1,200 orders and commitments up to the end of August. That success and in particular the recent order breakthrough with American Airlines prove that the Neo is setting the standard in the high-volume single-aisle segment.

The past months have also seen further progress towards the Vision 2020 goal of establishing a more balanced business portfolio. Eurocopter has completed the acquisition of service specialist Vector Aerospace, while Airbus and Astrium are in the process of acquiring spare-part distributor Satair and satellite communication provider Vizada respectively. These acquisitions will help the Group to build up its profitable services portfolio, while at the same time supporting our institutional and defence businesses. They will also expand our global industrial footprint, particularly in the US.

While making strategic advances, EADS is keeping a clear focus on immediate operational matters. We are monitoring closely the government budget situation in our home countries and have already implemented transformation programmes to adapt. Our management is dedicating its utmost attention to our large programme developments, above all to the A350 XWB, for which the time schedule remains challenging. While our underlying profitability today is not at the level we aim for, we should see an improvement next year.

I am particularly heartened by the spirit of dialogue with our retail shareholders. This summer, we organised dedicated information meetings in both France and Germany for the first time (see page 4). It was impressive to witness again the passionate interest we share in our Company. Your passion and loyalty are valuable assets and give us further reason, I believe, to be confident in our Company's future.

NATHALIE ERRARD
EADS Head of Investor Relations & Financial Communication

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EADS

EADS publishes solid results for the half year 2011 in an environment of continuing strong commercial momentum. Large programme developments, budget pressure in institutional markets, helicopters and defence as well as currency volatility are being monitored.

EADS' **reported EBIT*** stood at € 563 million (H1 2010: € 406 million).

Net Income amounted to € 109 million (H1 2010: € 185 million), or Earnings Per Share of € 0.13 (EPS H1 2010: € 0.23).

"Our results for the first half of 2011 mirror the strong demand in the commercial aviation sector. The recent historic order by American Airlines adds to this remarkable success story. Meanwhile, we have extended our services portfolio and global footing by closing the acquisition of Vector Aerospace and launching an offer to acquire Satair A/S in Denmark. Clearly, our large programme developments deserve our utmost management attention, especially the A350 XWB." – Louis Gallois, CEO of EADS.

In the first six months, EADS' **revenues** increased 8 percent to € 21.9 billion (H1 2010: € 20.3 billion). Deliveries remained at a high level with 258 aircraft at Airbus Commercial, 205 helicopters at Eurocopter and the 44th consecutive successful Ariane 5 launch.

EBIT* before one-off stood at around € 720 million (H1 2010: around € 640 million). It benefited from good underlying performance in Airbus legacy programmes and at Eurocopter. It also included an unchanged A380 impact compared to last year.

It benefited from the good EBIT* performance but was dragged down by accounting revaluations on foreign exchange. The main change comes from the negative revaluation of US dollar and GBP cash assets due to the deterioration of the closing spot rate at the end of June compared to the end of December 2010.

Self-financed Research & Development (R&D) expenses increased to € 1,409 million (H1 2010: € 1,301 million), driven mainly by development on the A350 XWB at Airbus.

Free Cash Flow before customer financing improved to € –286 million (H1 2010: € –470 million). A higher level of customer advances received, particularly at Airbus and improved working capital management is partially reduced by a ramp-up in inventories, particularly at Airbus and Astrium. The level of capital expenditure is in line with the 2010 level. Free Cash Flow after customer financing stood at € –184 million (H1 2010: € –737 million). Before the acquisition of Vector Aerospace, Free Cash Flow is positive at around € 250 million.

EADS' **Net Cash position** amounted to € 11 billion (year-end 2010: € 11.9 billion). It reflects a cash contribution to pension assets of € 300 million and a cash purchase of minority shares in Dornier/ DADC.

The Group's **order intake**[2] of € 58.1 billion (H1 2010: € 30.8 billion) primarily benefited from an environment of continued strong passenger traffic combined with the strength of EADS' enhanced product portfolio. By the end of June 2011, EADS' **order book**[2] stood at € 453.8 billion (year-end 2010: € 448.5 billion). The defence order book stood at € 55.6 billion (year-end 2010: € 58.3 billion).

** Earnings before interest and taxes, pre goodwill impairment and exceptionals.*

Outlook

EADS confirms or improves the various components of its 2011 guidance based on an assumption of € 1 = $ 1.35 for the year-end closing spot rate. In 2011, Airbus should deliver 520 to 530 commercial aircraft. Thanks to the ongoing commercial momentum, Airbus now expects its gross orders to be above 1,000. EADS' 2011 revenues should be above the 2010 revenues.

EADS still expects 2011 EBIT* before one-off to remain stable compared to the 2010 level, at around € 1.3 billion. H2 EBIT* before one-off at Airbus will be clearly positive but lower than in H1 due to higher R&D expenses and a less favourable mix.

Going forward, reported EBIT* and Earnings Per Share (EPS) performance of EADS 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.

Reported EBIT* and EPS also depend on exchange rate fluctuations. At € 1 = $ 1.35, EADS expects 2011 EPS to be above the 2010 level of € 0.68; it may be below the 2010 level at € 1 = $ 1.45.

EADS is increasing its Free Cash Flow guidance. Free Cash Flow is now expected to be around € 1 billion before any investment for acquisitions.

In 2012, the Group expects a significant improvement in its EBIT* before one-off thanks to higher volume, better pricing and improvement of A380 performance at Airbus.

The full EADS 2011 half-year results release is available at www.eads.com

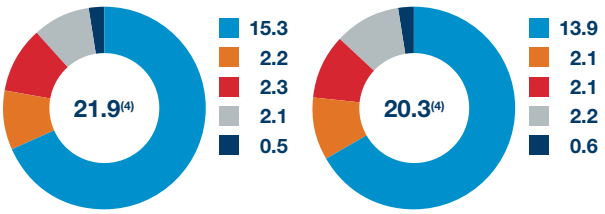
EADS Group (in € million)

	H1 2011	H1 2010	Change
Revenues	**21,936**	20,308	+8%
thereof defence	4,924	5,120	–4%
EBIT*	**563**	406	+39%
Self-financed Research and Development	1,409	1,301	+8%
Net Income[1]	109	185	–41%
Earnings Per Share (EPS)[1]	€ 0.13	€ 0.23	€ –0.10
Free Cash Flow (FCF)	–184	–737	–
Free Cash Flow before Customer Financing	–286	–470	–
Order Intake[2]	**58,099**	30,768	+89%

1) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity owners of the parent as defined by IFRS Rules.
2) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.

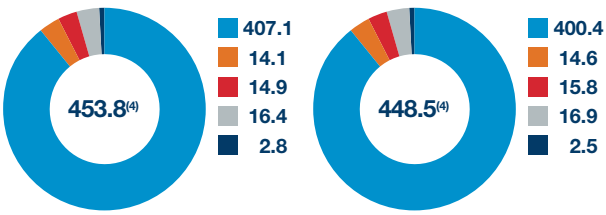
EADS by Division

Revenues (in € billion)



H1 2011 H1 2010

Order Book[2] (in € billion)



06/30/2011 12/31/2010

- Airbus[3]
- Eurocopter
- Astrium
- Cassidian
- Other businesses

3) Airbus is now reporting in two segments: Airbus Commercial and Airbus Military. The Airbus Commercial perimeter includes EFW and the completed aerostructures reorganisation. Airbus Military (formerly Military Transport Aircraft Division) includes all A400M activity. Eliminations are treated at the Division level.
4) Total figure includes Headquarters Consolidation.

Information Meeting, Paris,
EADS CEO Louis Gallois (centre)

Information Meeting, Paris,
Nathalie Errard Head of EADS
Investor Relations (centre)

Information Meeting, Munich,
EADS CFO Hans Peter Ring (right)

AGM, Amsterdam,
EADS Chairman Bodo Uebber

Shareholder gatherings

Earlier this year, EADS top management actively engaged in dialogue with private shareholders at the company Annual General Meeting (AGM) in Amsterdam and at additional information meetings held in Munich and Paris.

Information Meeting, Paris

Around 16,000 shareholders participated through proxy voting in this year's AGM, which took place in Amsterdam on 26 May. EADS Chairman Bodo Uebber, CEO Louis Gallois and CFO Hans Peter Ring were on stage to present the 2010 activities of the company and answer questions of those who had travelled to attend the meeting in person. All resolutions were approved.

The AGM was followed by additional information meetings in Paris on 30 June and, for the first time, in Munich on 5 July. For the Paris meeting, Nathalie Errard, Head of EADS Investor Relations & Financial Communication, was joined by Louis Gallois, Hans Peter Ring, and Domingo Urena-Raso, Head of Airbus Military. At the Munich meeting, Stefan Zoller, Head of Cassidian joined Hans Peter Ring and Nathalie Errard. Major points of discussion included EADS' prospects for improved profitability, dividend policy, advances in major programmes such as the A400M, A380 and A350, and future technology breakthroughs.

Full documentation and voting results of the Annual General Meeting are available at **www.eads.com**

Paris Air Show, EADS stand, featuring the visionary Zehst concept

Paris Air Show, Eurocopter static display

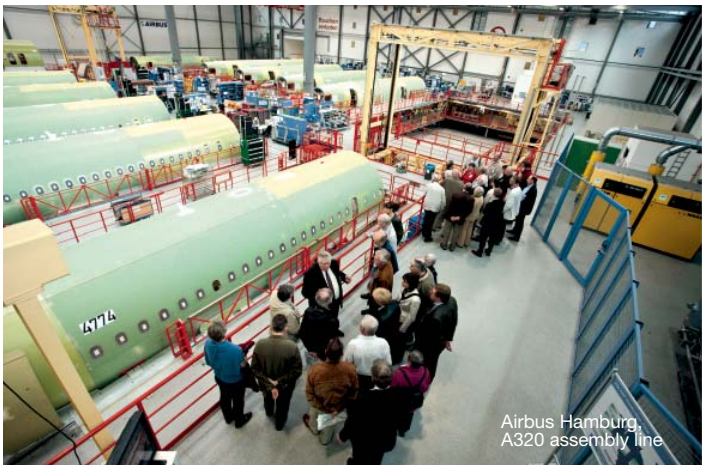
EADS shareholders visit to A400M

Eurofighter flight display

A closer look at the product

EADS private shareholders were invited to take a closer look at the company's products, breakthrough technologies and fascinating industrial facilities at specially organized visits earlier this year.

During the Paris Air Show, which took place from 20 to 26 June, groups of retail investors were given guided tours of the EADS stand, showcasing amongst other visionary innovations the Zehst high-speed, eco-efficient transport concept. Participants were also treated to a close-up look at the company's latest unmanned aerial vehicles (UAV) and helicopters as well as being invited to step inside Europe's flagship airlifter the A400M (see pages 6-7). The show provided the backdrop to a succession of major order announcements, with Airbus winning some US$ 72.2 billion worth of business for a total of 730 aircraft, mainly the A320neo. The success set a new record for any commercial aircraft manufacturer at any air show ever. Shareholders were given a glimpse into the industrial set-up behind the commercial success of the A320 with a guided tour of the Airbus site at Hamburg, Finkenwerder on 19 May. The visit included a look at the A320 assembly line, where major aircraft sections are brought together and fitted out according to the customer's wishes. The A380 fuselage assembly hall provided another tour highlight.


Airbus Hamburg, A320 assembly line

Airbus Hamburg, A380 fuselage assembly

The A400M dropped paratroopers for the first time in November 2010 in a successful demonstration near Toulouse, France.

Tomorrow's workhorse of the skies: the A400M

The A400M airlifter is a cost-effective, high-speed turboprop aircraft specifically designed to meet the harmonised needs of European NATO nations, as well as the requirements of international air forces.

It is designed to replace ageing C-130 Hercules and C-160 Transall fleets currently in service around the world, and features more than twice the payload capacity and volume of these two aircraft.

Powered by four modern turboprop engines driving state-of-the-art eight-bladed propellers, the A400M is capable of cruising speeds of up to Mach 0.72 and altitudes up to 37,000 feet. The turboprop engines also enable low-level airspeeds of up to 300 knots for tactical operations.

The A400M is designed for operations from unprepared runways and has excellent short and soft field performance - enabling it to deliver large amounts of payload to tactical forward bases or to evacuate a full complement of refugees or casualties from remote areas. It can also carry up to 116 paratroopers who can jump out of the aircraft either through the large cargo door or two side doors.

In addition, the A400M is fully equipped to perform air-to-air refuelling, and can serve as a receiver aircraft to take on fuel while in flight – further extending its operating range.

Four of these next-generation, multi-role aircraft are currently participating in a 3,700-hr. test and certification campaign.
By the end of June 2011, the A400M had achieved over 1,800 test flight hours and more than 550 flights. The fifth aircraft is complete and has started the final control phase prior to a first flight in autumn. Civil Certification of the aircraft is to be achieved before year end. Following the new time schedule agreed with the European launch customer nations, the A400M programme is on track for delivery to the first operator – the French Air Force – by the turn of the year 2012 / early 2013. Today Airbus Military holds 174 firm orders from eight nations, the seven launch nations (Belgium, France, Germany, Luxemburg, Spain, Turkey and the UK) for 170, plus four for Malaysia. Airbus Military estimates the export market for these versatile transport aircraft at around 400 up until 2030.

Delivery Commitments

Country	Order (no. of aircraft)	1st Delivery
France	50	2012
Turkey	10	2013
UK	22*	2014
Germany	53**	2014
Malaysia	4	2014
Spain	27	2015
Belgium	7	2018
Luxemburg	1	2019
Total	**174**	

*+3 opt. **+7 opt.

A400M in figures

General Dimensions

Overall Length	45.1 m	(148 ft)
Overall Height	14.7 m	(48 ft 2 in)
Wing Span	42.4 m	(139 ft 1 in)

Weights

Max. Take-off Weight	141,000 kg	(310,851 lb)
Max. Landing Weight	122,000 kg	(268,963 lb)
Max. Payload	37,000 kg	(81,571 lb)

Performance

Max. Operating Altitude - Normal Operations	11,278 m	(37,000 ft)
Cruise Speed Range (Mach)	0.68 – 0.72 M	
Engine Power Rating	11,000 shp class	

Operational flexibility

The A400M has been specifically designed for low detectability, low vulnerability and high survivability giving the aircraft excellent self-protection and enabling it to carry out missions in the most demanding hostile environments, where current airlifters are particularly vulnerable.

The integrated cargo handling system allows for pallets and containers to be loaded or unloaded by a single loadmaster without assistance from the ground. Minimizing time on the ground reduces the aircraft's vulnerability to hostile action.

The A400M drops larger and heavier loads and more paratroops from both low and high altitudes than other airlifters currently in service. This means that fewer A400M are needed for a specific mission, resulting in more cost-effective operations.

The tactical capability of the A400M enables rapid evacuation from the theatre of operation to the forward base. Its long-range performance allows medical evacuation and special care assistance from the forward to the home base. The basic medical evacuation configuration accommodates up to 66 standard NATO stretchers and 25 medical personnel seated on the troop seats.

The A400M is the first large military aircraft to make extensive use of composite material for wings (including main spars), cargo door and tail-plane. Use of carbon fibre reinforced plastic (CFRP) reduces structural fatigue, thus maximising structural life.

The Annual Report 2010 is available now

You can view or order copies at www.eads.com (under Investor Relations)

Take part in our shareholder events and visits

EADS regularly offers information meetings and site visits for retail investors, as advertised in the Shareholder Calendar. If you would like to take part or find out more, please phone the shareholder information number as indicated on this page, or write to ir@eads.com.

Shareholder calendar

10 October 2011: Private Shareholder Forum Rennes, France

12 October 2011: Private Shareholder Forum Cologne, Germany

19 October 2011: Private Shareholder Forum Hamburg, Germany

27 October 2011: Shareholder site visit Augsburg, Germany

10 November 2011: EADS 9-month 2011 Results

18-19 November 2011: Salon Actionaria Paris, France

24 November 2011: Private Shareholder Forum Stuttgart, Germany

24 November 2011: Shareholder site visit Getafe (Madrid), Spain

6 December 2011: Private Shareholder Forum Nice, France

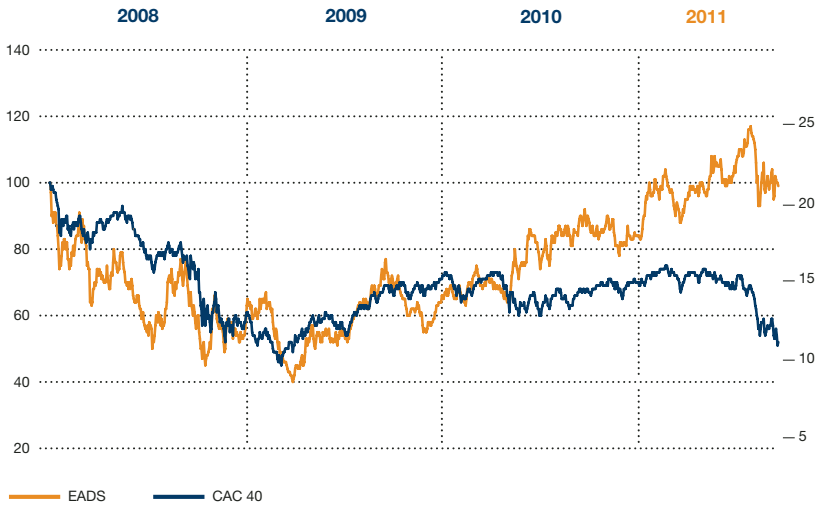
12 December 2011: Private Shareholder Forum Lille, France

14 December 2011: Private Shareholder Forum Strasbourg, France

Your EADS shares

Share price evolution as of 13 September 2011

Base 100 as of 2 January 2008 — EADS share price (in €)



Profile on Paris Stock Market in 2011

High: on 25 July
€ 25.04

Low: on 1 January
€ 17.79

Capital Structure as of 30 June 2011

- 22.43% **Sogeade** Lagardère and Sogepa (French state holding Company)
- 22.43% **Daimler***
- 5.47% **SEPI** (Spanish state holding Company)
- 49.25% **Institutional, retail and employee ownership** + Shares held out of the contractual partnership by the French state
- 0.42% **Treasury Shares** (Shares without economic or voting rights)

* On 9 February 2007, Daimler reached an agreement with a consortium of private and public-sector investors by which it effectively reduced its shareholding in EADS by 7.5%, while retaining its voting rights over the entire 22.5% package of EADS shares.

SHAREHOLDER INFORMATION

www.eads.com
ir@eads.com
Tel : +33 1 45 30 85 82

FREEFONE

France: 0 800 01 2001
Germany: 00 800 00 02 2002
Spain: 00 800 00 02 2002

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