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JUNE 19th, 2000**

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HELD ON JULY 7th, 2000, JULY 24th, 2002, JULY 25th AND DECEMBER 5th,
2003 AND OCTOBER 22th, 2007**

**EUROPEAN AERONAUTIC DEFENCE AND SPACE
COMPANY EADS N.V.**

Internal Rules

for the

Board of Directors

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EUROPEAN AERONAUTIC DEFENCE AND SPACE COMPANY EADS N.V.

INTERNAL RULES FOR THE BOARD OF DIRECTORS

INTRODUCTION

- 1.1 Article 19.3 of the articles of association of European Aeronautic Defence and Space Company EADS N.V. (**EADS N.V.**) provides that the board of directors of EADS N.V. (the **Board**) can adopt rules governing its internal affairs and its own decision making process (the **Rules**) and that such Rules may also contain an allocation of duties to one or more Board members.
- 1.2 The Rules (including the Annexes) can only be amended in accordance with clauses 2.6 and 2.7 of the Rules.
- 1.3 The Board and each of its members shall observe and comply with the Rules and, to the extent that the Rules relate to matters affecting the EADS Group in general or any EADS Group member, appropriate measures and action shall be taken by the Board and the Directors to ensure that the EADS Group members observe and comply with the principles set out in the Rules.
- 1.4 In these Rules, the following expressions shall have the following meanings:
 - A Director** means a director designated by Dasa;
 - Airbus CEO** means the chief executive officer of Airbus SAS;
 - Airbus COO** means the chief operating officer of Airbus SAS;
 - Airbus Shareholder Committee** means the Comité des Associés de Airbus SAS, established pursuant to its articles of association;
 - Articles** means the articles of association of EADS N.V.;
 - Audit Committee** means the committee referred to in clause 6;
 - B Director** means a director designated by Sogead;
 - Board** means the board of directors (*Raad van Bestuur*) of EADS N.V.;
 - Business Plan** has the meaning given to it in Annex A;
 - CEO** means the chief executive officer of EADS N.V. referred to in clause 2.5;
 - Chairman** means the chairman of the Board referred to in clause 2.4;

Committees means the Audit Committee, the Remuneration and Nomination Committee, the Strategic Committee and any other committee which the Board may establish from time to time pursuant to clause 5.2. to the exclusion of the Executive Committee;

Directors means the members of the Board of Directors including the Chairman and the CEO, and **Director** means one of the Directors;

EADS N.V. means European Aeronautic Defence and Space Company EADS N.V.;

EADS Group means EADS N.V. and its group;

Executive Committee means the management committee of the EADS Group consisting of the CEO and the heads from time to time of the major operational and functional divisions of the EADS Group;

General Meeting of Shareholders means EADS N.V.'s general meeting of shareholders;

Independent Director means a Director who is not an officer, director, employee, agent or otherwise has any significant commercial or professional connection with either the Dasa Group, the Lagardère Group, the Sogepa Group, the Sepi Group, the French State, the German State, the Spanish State or the EADS Group. The Chairman, the CEO and any Director whose designation has been proposed by Sogead, Dasa or Sepi cannot qualify as an Independent Director.

Nominees has the meaning given to it in clause 4.5;

Qualified Majority has the meaning given to it in clause 2.6;

Relevant Company has the meaning given to it in clause 4.5;

Remuneration and Nomination Committee means the committee referred to in clause 7;

Reserved Matters means the matters listed in items (b), (i), (k), (r), (s), (u) and (y) of Annex A that can only be validly resolved upon by the majority of votes including the unanimous concurring votes of two A and two B Directors;

Simple Majority has the meaning given to it in clause 2.6;

S Director means a director designated by Sepi;

Strategic Committee means the committee referred to in Clause 8; and

Yearly Budget has the meaning given to it in Annex A.

THE BOARD

General

- 2.1 The Board ensures that the EADS Group is operated to maximise shareholder value in accordance with the law, the Articles and these Rules, whilst acknowledging that the EADS Group should maintain good relationships with its employees and customers. The Board has no day-to-day management responsibility and as such no authority to represent EADS N.V. EADS N.V. is represented by the CEO.

Responsibilities

- 2.2 In addition to the responsibilities that follow from the law and the Articles, the Board's responsibilities include the matters set out in Annex A hereto. The CEO shall not enter into any transactions listed in Annex A unless such transactions have been approved by the Board.

Composition

- 2.3 The Board consists of eleven (11) Directors, including the Chairman, the CEO, two (2) A Directors, two (2) B Directors, one (1) S Director and four (4) Independent Directors.
- 2.4 Upon the joint proposal of the A and B Directors, the Board appoints one chairman (the *Chairman*) who is either a French or German citizen, provided that the CEO is from the other citizenship. The Chairman can submit his resignation as Chairman to the Board or can be dismissed as Chairman by the Board, upon the joint proposal of the A and B Directors. The appointment further terminates if the Chairman is dismissed (upon the joint proposal of the A and B Directors) or resigns as a Director. Immediately following the dismissal or resignation of the Chairman, and if the A and B Directors do not immediately jointly designate a new Chairman, the Board appoints by Simple Majority a Director (with the same citizenship as the former Chairman) as interim Chairman for a period which expires at the earlier of either (i) twenty (20) clear days after the A and B Directors jointly designate a new Chairman (during which period, a Board meeting is called in order to appoint the new Chairman, upon the joint proposal of the A and B Directors), or (ii) two (2) months from that interim Chairman's appointment.
- 2.5 Upon the joint proposal of the A and B Directors, the Board appoints one chief executive officer (*CEO*) who is either a French or German citizen, provided that the Chairman is from the other citizenship. The CEO is responsible for the day-to-day management of the EADS Group. The CEO can submit his resignation as CEO to the Board or can be dismissed as CEO by the Board, upon the joint proposal of the A and B Directors. The appointment further terminates if the CEO is dismissed (upon the joint proposal of the A and B Directors) or resigns as a Director. Immediately following the dismissal or resignation of the CEO, and if the A and B Directors do not immediately jointly designate a new CEO, the Board appoints by Simple Majority a

Director (with the same citizenship as the former CEO) as interim CEO for a period which expires at the earlier of either (i) twenty (20) clear days after the A and B Directors jointly designate a new CEO (during which period, a Board meeting is called in order to appoint the new CEO upon the joint proposal of the A and B Directors), or (ii) two (2) months from that interim CEO's appointment. No Director other than the CEO may exercise executive functions within the EADS Group.

Majority and quorum

- 2.6 Each Director can exercise one vote, provided that, if there are more B Directors than A Directors present or represented at the meeting, the A Director who is present at the meeting can exercise the same number of votes as the B Directors who are present or represented at the meeting, and vice versa. All decisions of the Board shall be taken by a simple majority of votes, i.e. by six Directors present or represented in accordance with clause 2.8, voting in favour of the decision (the *Simple Majority*), except for the votes relating to Reserved Matters which can only be validly resolved upon a majority of votes including the unanimous vote of the two A and two B Directors (the *Qualified Majority*).
- 2.7 The quorum for the transaction of business at a meeting of the Board requires the presence of one A Director and one B Director, at the time when the relevant business is transacted.
- 2.8 A Director can authorise another Director to represent him or her at a Board meeting and to vote on his or her behalf. Such authorisation shall be in writing.

Meetings

- 2.9 The Board meets as often as the affairs of the EADS Group require and in any event meets physically or in accordance with clause 2.11 at least four times during each financial year.
- 2.10 There shall be at least fourteen (14) clear days between the date on which notice is given to each of the Directors of any Board meeting and the date on which it is held, unless shorter notice is unanimously agreed by all of the Directors or is required to avoid a delay which could reasonably be expected to have a material adverse impact on the EADS Group. The notice of meeting may be given by the Chairman and, unless otherwise agreed by all of the Directors, sets out an agenda identifying in reasonable detail the matters to be discussed at the meeting and is accompanied by copies of any relevant papers to be discussed at the meeting. Any matter which is to be submitted to the vote of the Board which is not identified in reasonable detail as aforesaid may, notwithstanding the foregoing, be voted upon at the applicable meeting, unless any Director, acting reasonably, requests reasonable details in which case the meeting shall be adjourned, once only, for five (5) days during which time the Director or Directors having submitted the matter to the Board shall supply reasonable detail to the other Directors.

- 2.11 A meeting of the Board may consist of a conference between Directors constituting a quorum who are not all in one place, but of whom each is able (directly or by video or telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously, provided that the chairman of the meeting participates in the meeting from The Netherlands. Any Director taking part in such a conference is deemed present in person at the meeting and is entitled to vote or be counted in a quorum accordingly.
- 2.12 The Chairman chairs the Board meetings provided that if the Chairman is not present, the remaining members of the Board designate one of its members to act as chairman of the meeting. The Chairman procures that minutes of each meeting of the Board be prepared. These minutes are approved at the next meeting of the Board.

CHAIRMAN

Responsibilities

- 3.1 The Chairman is responsible for the activities of the Board and leads the Board in all proceedings (including chairing Board meetings). His responsibilities include the matters set out in Annex B.

Offices

- 3.2 An office for the Chairman is made available at the registered office of EADS N.V. in The Netherlands. The Chairman shall upon his request and in conjunction with the CEO, be assisted in all matters relating to the EADS Group by EADS N.V.'s staff.

Meetings

- 3.3 The Chairman and the CEO shall meet regularly to discuss all relevant issues and to exchange information.

Vote of confidence

- 3.4 Upon request by any member of the Board made three years after the beginning of the Chairman's term and alleging that significant adverse deviation(s) from objectives and/or failure(s) to implement the strategy defined by the Board occurred, the Board shall meet, to decide whether deviations and/or failures actually occurred during this period and if so, to decide whether to renew its confidence to the Chairman. The Board resolves upon such vote of confidence by Simple Majority (the joint approval of the A and B Directors mentioned in clause 2.4 not being required). The Chairman is removed if he does not obtain such vote of confidence (a new Chairman being then appointed in accordance with the provisions of clause 2.4 above). This clause 3.4 does not affect the power of the Board to remove the Chairman from office at any time in accordance with clause 2.4, but such dismissal requires a Qualified Majority.

CHIEF EXECUTIVE OFFICER

General

- 4.1 The CEO is, together with the Executive Committee, responsible for the management of the EADS Group on a day-to-day basis, i.e., of the overall running of the EADS Group's business. EADS N.V. is represented by the CEO.
- 4.2 In his running of the EADS Group, the CEO is supervised and supported by the Board, in particular by the Chairman.

Responsibilities

- 4.3 The CEO's responsibilities include the matters set out in Annex C.

Powers of representation

- 4.4 In order to perform the above duties and responsibilities, the CEO is granted by the Board such authority as may be required for the performance of his functions pursuant to the Rules. The CEO can delegate that authority to the extent that this is compatible with the performance of his functions pursuant to the Rules.

Subsidiaries and Joint Venture Companies

- 4.5 Except as otherwise provided in these Rules, the CEO procures that directors on the supervisory board of members of the EADS Group and joint venture companies (the *Relevant Companies*) nominated by the Company and/or other EADS Group members (the *Nominees*) take instructions from the Board or the CEO as the case may be on any matter which is subject to a decision of the supervisory board of the Relevant Companies. The CEO instructs the Nominees accordingly and procures that the Nominees vote in accordance with the instructions of the Board or the CEO as the case may be.

Vote of confidence

- 4.6 Upon request by any member of the Board made three years after the beginning of the CEO's term and alleging that significant adverse deviation(s) from objectives and/or failure(s) to implement the strategy defined by the Board occurred, the Board shall meet to decide whether deviations and/or failures actually occurred during this period and if so, to decide whether to renew its confidence to the CEO. The Board resolves upon such vote of confidence by Simple Majority (the joint approval of the A and B Directors mentioned in clause 2.4 not being required). The CEO is removed if he does not obtain such vote of confidence (a new CEO being then appointed in accordance with the provisions of clause 2.4 above). This clause 4.6 does not affect the power of the Board to remove the CEO from office at any time in accordance with clause 2.5, but such dismissal requires a Qualified Majority.

COMMITTEES

General

- 5.1 The Board establishes and maintains three standing committees, the Audit Committee, the Remuneration and Nomination Committee and the Strategic Committee.
- 5.2 The Board may form one or more other committees from amongst its members (each being comprised of at least one A Director, one B Director and one Independent Director), in particular for purposes of preparing its deliberations and resolutions or for supervising the enforcement of its resolutions. The Board may also transfer certain decision-making powers to a Committee. The assignment of certain tasks to a Committee does not alleviate the joint responsibility of all Directors. The Board may reverse a delegation at any time.

Quorum and majority requirements

- 5.3 The quorum for the transaction of business at any meeting of the Committees is at least one A Director and one B Director. Unless otherwise set out herein, all decisions of Committees require a simple majority of members voting in favour of the decision in person or by proxy.

Meetings

- 5.4 Clauses 2.10, 2.11 and 2.12 apply mutatis mutandis to meetings of Committees, provided that if any Committee meeting is held in addition to the minimum number of two meetings per year referred to in clauses 7.3 and 8.3 for the Remuneration and Nomination Committee and the Strategic Committee and four meetings per year referred to in clause 6.3 for the Audit Committee, the requirement that the chairman of the meeting participates to the meeting from The Netherlands shall not apply to such Committee meeting.

AUDIT COMMITTEE

Composition

- 6.1 The Audit Committee comprises one A Director, one B Director and two Independent Directors. The meetings of the Audit Committee are chaired by one of the Independent Directors.

Responsibilities

- 6.2 The Audit Committee ensures that the internal and external audit activities are correctly directed and that audit matters are given due importance at the Board. Its responsibilities include the matters set out in Annex D.

Meetings

- 6.3 The Audit Committee meets four times per year, or more frequently according to need.

REMUNERATION AND NOMINATION COMMITTEE

Composition

- 7.1 The Remuneration and Nomination Committee comprises one A Director, one B Director and two Independent Directors. The meetings of the Remuneration and Nomination Committee are chaired by one of the Independent Directors.

Responsibilities

- 7.2 The Remuneration and Nomination Committee deals with appointments to the Executive Committee, human resources related strategies and remuneration matters. Its responsibilities include the matters set out in Annex E. The CEO presents his proposal on these issues to the Remuneration and Nomination Committee. The guiding principles governing management appointments in the EADS Group should be that the best candidate is appointed to the position (“best man for the job”), while maintaining at the same time a broad balance in terms of nationalities which should not be detrimental to the quality and cohesiveness of the management team. The implementation of these principles should not create restrictions on the diversity of nationalities within the EADS executive management team. The Remuneration and Nomination Committee makes recommendations to the Board for the matters set out in paragraphs (a) and (c) of Annex E.

Meetings

- 7.3 The Remuneration and Nomination Committee meets twice per year, or more frequently according to need.

STRATEGIC COMMITTEE

Composition

- 8.1 The Strategic Committee comprises the Chairman, the CEO, one A Director, one B Director and one Independent Director. The meetings of the Strategic Committee are chaired by the Chairman.

Responsibilities

- 8.2 The Strategic Committee functions as an advisory body to the Board to assist the Board in the preparation and decision-making with regard to strategic matters. Its responsibilities include the matters set out in Annex F.

Meetings

- 8.3 The Strategic Committee meets twice per year, or more frequently according to need.

GOVERNING LAW

- 9 These Rules shall be governed by, and be construed in accordance with, the laws of The Netherlands.

ANNEX A

Responsibilities of the Board

- (a) to approve any change in the nature and scope of the business of the EADS Group;
- (b) to approve any proposal to be submitted to the General Meeting of Shareholders in order to amend the articles of association of EADS N.V., including any change in the name, domicile or nationality of EADS N.V. (Qualified Majority);
- (c) to approve the agenda of (including the proposals made to) the General Meeting of Shareholders (ordinary and extraordinary);
- (d) to approve the overall strategy and the strategic plan of the EADS Group;
- (e) to approve the operational business plan of the EADS Group (the *Business Plan*) and the yearly budget (the *Yearly Budget*) of the EADS Group, including the plans for Investment, R&D, Employment, Finance and, as far as applicable, major programmes;
- (f) to approve substantial changes to the Business Plan and the Yearly Budget;
- (g) to set the major performance targets of the EADS Group;
- (h) to monitor on a quarterly basis, the operating performance of the EADS Group;
- (i) to designate or to remove the Chairman and the CEO and to decide upon the designation or removal of the Airbus CEO; it being understood that (i) the Chairman and the Airbus CEO shall be of the same citizenship, either French or German, and the CEO and the Airbus COO of the other citizenship, and (ii) the CEO and the Airbus CEO may not be the same person (Qualified Majority);
- (j) to appoint the members of the Executive Committee and to decide upon their appointment as chief executive officers of important EADS Group companies and to decide upon their service contracts and other contractual matters in relation to the Executive Committee and their function as chief executive officers, on the basis of the proposal by the CEO first approved by the Chairman (on an individual basis) after review by the Remuneration and Nomination Committee. The Executive Committee should be appointed by the Board as a whole team, not on an individual basis;
- (k) to establish, and to approve amendments to these Rules and the rules for the Executive Committee (Qualified Majority);
- (l) to decide upon the appointments of the Airbus Shareholder Committee, the EADS corporate secretary and the chairmen of the supervisory board (or

similar organ) of other important EADS Group companies and business units, on the basis of the recommendations of the Remuneration and Nomination Committee, as well as the institution and amendment of the rules governing the organs of such entities;

- (m) to approve the remuneration strategies and the long-term remuneration plans of the EADS Group on the basis of the recommendations of the Remuneration and Nomination Committee;
- (n) to approve material changes to the organisational structure of the EADS Group;
- (o) to approve the establishment or closure of business and locations as well as the basic legal changes involved;
- (p) to approve the timely prepared accounts of EADS N.V. for submission to the General Meeting of Shareholder on the basis of a recommendation by the Audit Committee;
- (q) to make a proposal to the General Meeting of Shareholders for the appointment of EADS N.V.'s auditors and to determine the auditors' remuneration;
- (r) to approve investments, projects or product decisions or divestments of the EADS Group with a value exceeding euro 350,000,000; it being understood that this item shall be considered a Reserved Matter (Qualified Majority) only for investments, projects or product decisions or divestments of the EADS Group with a value exceeding euro 500,000,000;
- (s) to approve strategic alliances and co-operation agreements of the EADS Group (Qualified Majority);
- (t) to approve principles and guidelines governing the conduct of the EADS Group in matters involving non-contractual liabilities (like environmental matters, quality assurance, financial announcements, integrity) as well as the corporate identity of the EADS Group;
- (u) to approve any change to EADS N.V.'s authorised capital and any increase in the issued capital, it being understood that this item shall be considered as a Reserved Matter (Qualified Majority), unless share capital increases made in connection with employee share ownership plans (ESOP) or other employee-related share issuances within the limit of 2% of the issued share capital per year or per plan;
- (v) to approve the framework for taking up credits and granting loans for the EADS Group, and to authorise the CEO to approve individual measures in excess of euro 250,000,000 within this framework;
- (w) to grant the CEO the authority to allow credits to third parties as well as to grant sureties or to accept guarantees or to give similar undertakings for

liabilities of third parties not consolidated within the EADS Group insofar as the respective value of each such measure exceeds euro 100,000,000;

- (x) to approve matters of shareholder policy, major actions or major announcements to the capital markets;
- (y) to approve any material decision regarding the ballistic missiles business of the EADS Group (Qualified Majority);
- (z) other measures and business of fundamental significance for the EADS Group or which involves an abnormal level of risk; and
- (aa) to approve any proposal by the Chairman and the CEO as to the appointment of the Independent Directors (on an individual basis), for submission to the General Meeting of Shareholders.

ANNEX B

Responsibilities of the Chairman

- (a) to decide, after consultation with the CEO, about when and to what extent matters that have to be approved by the Board or matters of which the Board has to be informed, shall be presented to the Board;
- (b) to chair Board meetings and ensure that all Directors are properly briefed on issues arising at Board meetings;
- (c) to chair the General Meeting of Shareholders and make sure the General Meeting of Shareholders is conducted in an orderly manner;
- (d) to oversee and support CEO action, and to supervise the strategy;
- (e) to be responsible, for the contacts and dealings with the members of the shareholders' pact;
- (f) to team up with the CEO for top level strategic discussions with outside partners, which are conducted under supervision of the Chairman;
- (g) on request of the CEO, to act as his sounding board in order to discuss major issues and problems;
- (h) to support the CEO, in representing EADS N.V. towards customers, public shareholders, institutions and industry organisations;
- (i) to approve jointly with the CEO the nomination of the Airbus COO proposed by the Airbus CEO; it being understood that the Airbus COO shall be of the same citizenship as the CEO¹, either French or German;
- (j) to approve proposals by the CEO for the appointment of the members of the Executive Committee (on an individual basis) and of the Airbus CEO, before submission first to the Remuneration and Nomination Committee and then to the Board; and
- (k) to propose jointly with the CEO the Independent Directors to be approved by the Board, in view of submission to the General Meeting of Shareholders.

¹ The CEO of EADS NV referred to in clause 2.5.

ANNEX C

Responsibilities of the CEO

- (a) to manage, lead and represent EADS N.V.;
- (b) to chair the Executive Committee;
- (c) to keep the Chairman informed of all major developments, achievements and problems;
- (d) to represent the matters of the EADS Group in the Board;
- (e) to approve proposals for the appointment of non-executive members of the boards of directors and members of the supervisory boards and similar organs of EADS Group companies or of business units, the approval of the appointment of chairmen of the supervisory board (or similar organs) being within the Board's responsibilities as stated in item (l) of Annex A;
- (f) to team up with the Chairman for top level strategic discussions with outside partners, which are conducted under supervision of the Chairman;
- (g) to contact and deal with the public shareholders with the support of the Chairman;
- (h) to represent EADS N.V. towards customers, institutions and industry organisations, with the support of the Chairman;
- (i) to approve jointly with the Chairman the nomination of Airbus COO proposed by Airbus CEO; it being understood that the Airbus COO shall be of the same citizenship as the CEO¹, either French or German;
- (j) to make proposals for the appointment of the members of the Executive Committee and of the Airbus CEO (it being understood that the Chairman and Airbus CEO shall be from the same citizenship), which require the approval by the Chairman (on an individual basis), before submission first to the Remuneration and Nomination Committee and then to the Board; and
- (k) to propose jointly with the Chairman the Independent Directors to be approved by the Board in view of submission to the General Meeting of Shareholders.

¹ The CEO of EADS NV referred to in clause 2.5.

ANNEX D

Audit Committee Matters

- (a) to make recommendations to the Board on the appointment of the EADS Group's auditors and the determination of their remuneration;
- (b) to discuss with the auditors their audit programme and the results of their audit of the accounts;
- (c) to make recommendations to the Board regarding the approval of the annual financial statements and the interim accounts; and
- (d) to monitor the adequacy of the EADS Group's internal controls, accounting policies and financial reporting.

ANNEX E

Remuneration and Nomination Committee Matters

- (a) to recommend to the Board the appointment of the EADS corporate secretary, of members of the Airbus Shareholder Committee, and of chairmen of the supervisory board (or similar organ) of other important EADS Group member companies and business units;
- (b) to decide the service contracts and other contractual matters in relation to the members of the Board and the Executive Committee;
- (c) to make recommendations to the Board regarding remuneration strategies and long-term remunerations plans; and
- (d) once approved by the Chairman, to review proposals by the CEO for the appointment of members of the Executive Committee and of the Airbus CEO.

ANNEX F

Strategic Committee Matters

- (a) to monitor strategic developments in the industries in which the EADS Group is active;
- (b) to assess and recommend corporate strategies;
- (c) to make proposals for and to elaborate on major merger and acquisition projects and evaluating their execution; and
- (d) to assess major investments, projects or product decisions or divestments of the EADS Group;
- (e) to make proposals for major research and development projects.