



News Release

Challenges in key development programmes weigh on EADS' business recovery

- 9-months EBIT* dropped to € -343 million
- Major 9-months EBIT* burdens: A400M charge (in Q3 2007) and Power8 and A350 XWB launch charges (all in H1 2007)
- EADS expects full-year 2007 EBIT* to roughly break-even
- Free Cash Flow improved due to better contributions from operations; Net Cash stood at € 4.5 billion
- Order intake more than tripled

Amsterdam, 8 November 2007 – EADS (stock exchange symbol: EAD) displayed strong commercial and operational performance of its legacy programmes, but its EBIT* for the first nine months was burdened by charges for new programmes and restructuring. In particular financial consequences of the A400M programme status have led EADS to update its 2007 EBIT* guidance. For the full-year 2007 the Group expects EBIT* to be around break-even.

"It isn't time to lower our guard. The sliding trajectory of the US Dollar confirms the necessity to implement and to reinforce Power8 with additional measures. This, and the complexity of programmes that will define tomorrow's competitive position – both technological and contractual – mean we have to keep on fighting: fight for lower costs, fight for optimal execution, and in the case of A400M, fight for proper support from partners and customers alike. There is no way around additional efficiency measures to ensure EADS' long-term competitiveness," said EADS CEO Louis Gallois. "Apart from that, EADS' Divisions show ongoing improvements in their operational performance and provide strong business fundamentals."

In the first nine months of 2007, Airbus deliveries increased to 330 aircraft, especially for the A320 Family, and it registered initial savings in the Power8 restructuring programme. In addition, the first delivered A380 started commercial operations with Singapore Airlines on 25 October. Eurocopter successfully ramped up its serial helicopters production and its service business. EADS Astrium benefited from the growing operations in Paradigm services and a raised Ariane 5 production rate. In the Defence & Security Division the operational improvements came from both Military Air Systems and Defence and Communication Systems.

Revenues were € 27.8 billion (9m 2006: € 27.5 billion), fuelled by higher commercial aircraft deliveries at Airbus (330 units versus 320 compared to the same period of the previous year) and have been further supported by increased volumes at Eurocopter and EADS Astrium. The slightly positive development in Group revenues was achieved despite a decrease in A400M revenue recognition (€ -677 million) and an unfavourable US Dollar impact of € -660 million.

In the first three quarters of 2007, EADS' **EBIT*** (pre goodwill and exceptionals) dropped to € -343 million compared to € 1,426 million in the same period of the previous year. The EBIT* was strongly burdened by the Group-wide A400M charge of € 1.37 billion (thereof € 1.1 billion at Airbus) recorded in the third quarter. The 9-months EBIT* was further weighed down by Power8 restructuring and A350 XWB launch charges at Airbus (all accounted in the first half of 2007). However, during the first nine months of 2007, the Group experienced an ongoing improvement in its underlying legacy programmes' business performance. An increase in Airbus deliveries and growth in commercial helicopter, space and defence business contributed positively.

EADS registered a **Net Loss** of € 705 million (Net Income 9m 2006: € 867 million), or a loss per share of € 0.88 (earnings per share 9m 2006: € 1.08).

In the first nine months of 2007, **self-financed R&D** expenses increased to € 1,906 million (9m 2006: € 1,691 million). This reflects Airbus' continuing aircraft development programmes.

Free Cash Flow before customer financing increased to € 216 million (9m 2006: € -695 million) thanks to an improved cash flow from operations and reduced capital expenditure. Stronger inflows of customer advance payments only partly compensated the build-up of inventories and higher payments made to suppliers. Free Cash Flow including customer financing improved to € 159 million (9m 2006: € -153 million) as the above described positive impacts were partly offset by a deterioration at customer financing. During the first nine months of 2007, the **Net Cash Position** grew slightly to € 4.5 billion (year-end 2006: € 4.2 billion).

EADS achieved an **order intake** of € 82.6 billion (9m 2006: € 25.7 billion) due to a significant upswing at Airbus (up 374 percent) Eurocopter (up 43 percent) and Defence & Security (up 38 percent). In the commercial aircraft and helicopter market the Group benefited from both robust demand and an attractive product offering. The growth was partly curbed by the weaker US Dollar.

At the end of September 2007, EADS' **order book** grew to € 304.7 billion (year-end 2006: € 262.8 billion), even though it experienced a € -13 billion revaluation due to the weaker US Dollar. Orders of commercial aircraft activities are based on list prices. The Group further expanded its defence order book through new contracts for Eurocopter, EADS Astrium and Defence & Security; it stood at € 55.4 billion as of 30 September 2007 (year-end 2006: € 52.9 billion). At the end of September, EADS had 117,266 **employees** (year-end 2006: 116,805).

Outlook

EADS revenues are expected to decrease very slightly in 2007 compared to 2006, based on 440 to 450 aircraft deliveries for the full year, mainly due to an assumed exchange rate of € 1 = US\$ 1.40.

All other factors held equal, EADS' full year EBIT* is expected to break-even in 2007, reflecting the satisfactory results of the Group's strong legacy programmes, and a lower deterioration of delivered aircraft prices than expected.

This projection is based on the same A400M programme assumptions that underly the charge taken in the third quarter. Besides, it does not take into account the potential influence of short-term currency movements on revaluations of existing provisions.

EADS expects Free Cash Flow to surpass € 1 billion in 2007, provided the sell-down of Paradigm revenue streams from the UK MoD can be completed timely. Were this condition not met, Free Cash Flow is expected to be positive in any case.

Divisions: Solid business fundamentals

The **Airbus** Division revenues increased slightly to € 18,856 million (9m 2006: € 18,570 million) due to a positive volume effect and despite lower A400M programme revenue recognition (€ -250 million reflecting Airbus' internal work share) and a negative US Dollar impact of € -660 million. Over the first three quarters of 2007, Airbus delivered 330 aircraft (9m 2006: 320 aircraft). EBIT* contracted to € -677 million (9m 2006: € 1,150 million) largely impacted by a charge reflecting the revised A400M delivery schedule. Additionally, the 9-months EBIT* was heavily impacted by a Power8 restructuring provision and A350 XWB launch charges both recorded in the first half of 2007. Furthermore, EBIT* was burdened by higher R&D expenses. A higher operating leverage effect and first Power8 savings supported the Division's EBIT*.

The Power8 restructuring programme is the key to EADS' long-term profitability and competitiveness. The implementation of a new integrated and trans-national organisation to enable harmonized collaboration and processes on 1 October constituted an important milestone. Regarding overhead reduction, agreements with social partners were achieved and will be implemented. Airbus is progressing in the process of selecting long-term partners for several sites. All other modules registered advances, and by the end of 2007 Airbus expects savings at an annual rate of around € 300 million.

The market demand in commercial aviation continued to be strong leading to new orders across Airbus' aircraft portfolio. In the first nine months of 2007, Airbus received 854 gross orders. Best selling was the A320 Family and customers ordered 525 aircraft of this type. 320 orders were placed in the long-range segment and a further nine A380s were sold. By the end of September, Airbus had received 173 firm orders and commitments for the mega-liner. The attractiveness of the A380 was reaffirmed by the intention of British Airways to acquire 12 aircraft of this type. The A380 was firstly delivered to Singapore Airlines on 15 October and recently entered into service. For the A350 XWB, Airbus announced 154 firm orders. As of 30 September, the Airbus order book amounted to € 248.5 billion (year-end 2006: € 210.1 billion) based on list prices. In terms of units the order book further increased to a total of 2,994 aircraft (year-end 2006: 2,533 aircraft).

The **Military Transport Aircraft** Division's revenues dropped to € 1,014 million (9m 2006: € 1,699 million). The decrease in revenues results from lower milestone recognition of € -677 million in the A400M programme compared to the same period of the previous year. The Division's 9-months 2007 EBIT* resulted in € -144 million (9m 2006: € 22 million). This reflects charges for the revised A400M delivery schedule and impairment charges taken following a reassessment of slow moving inventory for mission aircraft.

In response to the UK PFI Future Strategic Tanker Aircraft (FSTA) requirement, the AirTanker consortium (EADS is 40 percent shareholder and platform provider) has made significant progress in the finalising of contractual arrangements with the UK MoD and in the selection of lenders and financing structure. In the other tanker variant that the Division is currently introducing into the market includes the air-refuelling boom system which is now nearing completion of its development phase and continues flight testing.

In July, the Division was awarded an order from the Spanish Air Force for two further C-295 military transport aircraft. In October, four orders for the same type were won from the Colombian air force and three more from the Chilean navy; finally the Polish government ordered another two C-295s. At the end of September 2007, the order book of the Military Transport Aircraft Division totalled € 19.6 billion (year-end 2006: € 20.3 billion).

Eurocopter's revenues grew 10 percent to € 2,599 million in the first nine months of 2007 (9m 2006: € 2,364 million) mostly due to the delivery ramp-up in serial helicopters and customer service activities. Despite a favourable mix and improvements in volume – especially for commercial helicopters – the Division's EBIT* reduced to € 113 million (9m 2006: € 131 million), impacted by a cost at completion adjustment in the NH90 programme recorded in the first half of 2007. From January to September 2007, Eurocopter has handed over 319 helicopters to customers – 24 percent more than in the same period of the previous year. In the Light Utility Helicopter programme, Eurocopter delivered eight UH-72As to the US Army to date; 12 such helicopters have already entered into service ahead of schedule.

Besides achievements in the military helicopter business, Eurocopter significantly improved its position as a key helicopter supplier to the oil and gas industry. Additionally, Eurocopter received major orders across segments from North American customers. The strong market demand led to a record order intake – up 43 percent compared to the first three quarters of 2006. Eurocopter took orders for 658 helicopters (9m 2006: 471), its order book totalling 1,413 helicopters (year-end 2006: 1,074). This represents a value of € 13.9 billion (year-end 2006: € 11.0 billion).

EADS Astrium delivered on its commitments and generated a 12 percent revenues increase to € 2,191 million compared to the same period of the previous year (9m 2006: € 1,960 million). This development follows the ramp-up of Paradigm services, a raised Ariane 5 production rate and ballistic missile sales growth. EBIT* surged to € 71 million (9m 2006: € 48 million) mainly driven by higher volume in the space transportation and service business.

Four successful Ariane 5 ECA launches have been performed to date, and two further launches are scheduled before the end of the year. In the first three quarters of 2007, EADS Astrium received orders for four

telecommunication satellites bringing the order book to a total of 15 satellites. EADS Astrium will build a satellite communication system for Yahsat of Abu Dhabi. At the end of September 2007, the Division's order book stood at € 12.8 billion (year-end 2006: € 12.3 billion).

The revenues of the **Defence & Security** Division amounted to € 3,414 million (9m 2006: € 3,553 million) due to lower revenues in the missile business. The EBIT* stood at € 133 million (9m 2006: € 160 million); this reflects primarily higher one-time effects in 2006 (mainly the sale of LFK to MBDA). The improved operational performance at Military Air Systems and Defence and Communication Systems partially compensated the one-time effects in 2006. Structural costs have been reduced.

The missile business has been awarded a contract by the UK Ministry of Defence to maintain the armed forces' Rapier air defence system. In September, the government of Saudi Arabia reached an agreement with the UK government to purchase 72 Eurofighter aircraft. EADS will benefit from its Eurofighter production work share generated by this contract. Thanks to new contracts in the global security business – including FireControl in the UK – Eurofighter and EuroHawk, the Division's order book amounted to € 18.1 billion at the end of September (year-end 2006: € 17.6 billion).

EADS' institutional, military and security businesses are subject to strong seasonal influences, so key performance metrics like revenues, EBIT* and Cash Flow are typically lower in early quarters and not representative of the full year performance in these businesses.

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

Revenues of Other Businesses (ATR, EADS EFW, EADS Socata and EADS Sogerma) stood at € 877 million (9m 2006: € 922 million). This results mainly from the MRO business disposal of EADS Sogerma to TAT Group in 2006 and was partly balanced by stronger revenues at ATR, EADS EFW and EADS Socata. EBIT* grew significantly to € 69 million, compared to € -187 million in the reporting period of the previous year, when it had been burdened by charges in relation to EADS Sogerma's business disposal. In the first three quarters of 2007, each of the four entities contributed positively.

ATR, the regional aircraft manufacturer, received 75 aircraft orders in the first three quarters of 2007, supported by a very positive turboprop market environment. This led to an order book of 165 aircraft by end of September. Recently ATR announced the launch of the newest versions of its aircraft family: the new ATR 42-600 and ATR 72-600 will feature the latest technological enhancements – new avionics suite and engine as well as additional payload increase – and will leverage the proven efficiency of the current aircraft. EADS EFW delivered 14 converted freighters to its customers

and grew its aerostructure output due to increased Airbus production rates. In the cooperation for a joint A320 freighter conversion the partners started the set-up of respective centres in Russia and Germany. EADS Socata delivered 28 of its TBM 850 and received 61 new orders for this aircraft in the first nine months of 2007 underpinning the success of this very fast single engine turboprop aircraft in the international market place. The order book of the TBM 850 stood at 58 aircraft. On 30 September 2007, the order book of Other Businesses totalled € 2.3 billion (year-end 2006: € 2.3 billion).

EADS is a global leader in aerospace, defence and related services. In 2006, EADS generated revenues of € 39.4 billion and employed a workforce of about 117,000. The Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and EADS Astrium, the European leader in space programmes from Ariane to Galileo. EADS is the major partner in the Eurofighter consortium, develops the A400M through its Military Transport Aircraft Division, and holds a stake in the joint venture MBDA, the international leader in missile systems.

* EADS uses **EBIT pre goodwill impairment and exceptionals** as a key indicator of its economic performance. The term "exceptionals" refers to such items as depreciation expenses of fair value adjustments relating to the EADS merger, the Airbus Combination and the formation of MBDA, as well as impairment charges thereon.

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EADS – Nine Months Results 2007
(Amounts in Euro)

| EADS Group | 01-09 2007 | 01-09 2006 | Change |
|---|-------------------|-------------------|---------------|
| Revenues , in millions | 27,767 | 27,469 | +1% |
| thereof defence, in millions | 5,921 | 5,921 | +/-0% |
| EBITDA ⁽¹⁾⁽⁴⁾ , in millions | 803 | 2,564 | -69% |
| EBIT ⁽²⁾⁽⁴⁾ , in millions | -343 | 1,426 | - |
| Research and Development expenses , in millions | 1,906 | 1,691 | +13% |
| Net Income ⁽³⁾⁽⁴⁾ , in millions | -705 | 867 | - |
| Earnings Per Share (EPS) ⁽³⁾⁽⁴⁾ | -0.88 | 1.08 | - |
| Free Cash Flow (FCF) , in millions | 159 | -153 | - |
| Free Cash Flow before Customer Financing , in millions | 216 | -695 | - |
| Order Intake ⁽⁵⁾ , in millions | 82,559 | 25,688 | +221% |

| EADS Group | 30 Sep 2007 | 31 Dec 2006 | Change |
|--|--------------------|--------------------|---------------|
| Order Book ⁽⁵⁾ , in millions | 304,708 | 262,810 | +16% |
| thereof defence, in millions | 55,373 | 52,933 | +5% |
| Net Cash position , in millions | 4,514 | 4,229 | +7% |
| Employees | 117,266 | 116,805 | +/-0% |

| by Division (Amounts in millions of Euro) | Revenues | | | EBIT ^{(2) (4)} | | |
|--|---------------|---------------|------------|-------------------------|---------------|----------|
| | 01-09 2007 | 01-09 2006 | Change | 01-09 2007 | 01-09 2006 | Change |
| Airbus | 18,856 | 18,570 | +2% | -677 | 1,150 | - |
| Military Transport Aircraft | 1,014 | 1,699 | -40% | -144 | 22 | - |
| Eurocopter | 2,599 | 2,364 | +10% | 113 | 131 | -14% |
| EADS Astrium | 2,191 | 1,960 | +12% | 71 | 48 | +48% |
| Defence & Security | 3,414 | 3,553 | -4% | 133 | 160 | -17% |
| Headquarters / Consolidation | -1,184 | -1,599 | - | 92 ⁽⁶⁾ | 102 | - |
| Other Businesses ⁽⁷⁾ | 877 | 922 | -5% | 69 | -187 | - |
| Total | 27,767 | 27,469 | +1% | -343 | 1,426 | - |

| by Division (Amounts in millions of Euro) | Order Intake ⁽⁵⁾ | | | Order Book ⁽⁵⁾ | | |
|--|-----------------------------|---------------|--------------|---------------------------|----------------|-------------|
| | 01-09 2007 | 01-09 2006 | Change | 30 Sep 2007 | 31 Dec 2006 | Change |
| Airbus | 69,667 | 14,698 | +374% | 248,540 | 210,115 | +18% |
| Military Transport Aircraft | 359 | 856 | -58% | 19,630 | 20,337 | -3% |
| Eurocopter | 5,460 | 3,825 | +43% | 13,904 | 11,042 | +26% |
| EADS Astrium | 2,819 | 3,441 | -18% | 12,802 | 12,263 | +4% |
| Defence & Security | 3,997 | 2,897 | +38% | 18,112 | 17,570 | +3% |
| Headquarters / Consolidation | -897 | -1,160 | - | -10,547 | -10,809 | - |
| Other Businesses ⁽⁷⁾ | 1,154 | 1,131 | +2% | 2,267 | 2,292 | -1% |
| Total | 82,559 | 25,688 | +221% | 304,708 | 262,810 | +16% |

EADS – Third Quarter Results (Q3) 2007
(Amounts in Euro)

| EADS Group | Q3 2007 | Q3 2006 | Change |
|---|----------------|----------------|---------------|
| Revenues , in millions | 9,274 | 8,489 | +9% |
| EBIT^{(2) (4)} , in millions | -710 | -228 | - |
| Net Income^{(3) (4)} , in millions | -776 | -189 | - |
| Earnings Per Share (EPS)^{(3) (4)} | -0.97 | -0.24 | - |

| by Division (Amounts in millions of Euro) | Revenues | | | EBIT^{(2) (4)} | | |
|---|-----------------|----------------|---------------|-------------------------------|----------------|---------------|
| | Q3 2007 | Q3 2006 | Change | Q3 2007 | Q3 2006 | Change |
| Airbus | 5,967 | 5,416 | +10% | -696 | -347 | - |
| Military Transport Aircraft | 707 | 455 | +55% | -115 | 16 | - |
| Eurocopter | 955 | 891 | +7% | 78 | 43 | +81% |
| EADS Astrium | 771 | 687 | +12% | 24 | 10 | +140% |
| Defence & Security | 1,179 | 1,279 | -8% | 56 | 56 | +/-0% |
| Headquarters / Consolidation | -574 | -501 | - | -77 | 38 | - |
| Other Businesses ⁽⁷⁾ | 269 | 262 | +3% | 20 | -44 | - |
| Total | 9,274 | 8,489 | +9% | -710 | -228 | - |

The Q3 2007 EBIT* loss mainly resulted from Airbus: The € 1.1 billion A400M loss-making contract provision and the quarterly A380 charge weighed on Airbus' EBIT* in the third quarter of 2007. The deviation in the Military Transport Aircraft Division resulted from the A400M impact and impairment of inventories (€ -65 million). Operational improvement was significant at Eurocopter, EADS Astrium and Other Businesses.

- 1) Earnings before interest, taxes, depreciation, amortization and exceptionals
- 2) Earnings before interest and taxes, pre goodwill impairment and exceptionals
- 3) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity holders of the parent as defined by IFRS Rules.
- 4) For 2006, EADS changed its accounting policy from the corridor approach to the equity approach, i.e. all actuarial gains and losses are recognized in Balance Sheet as pension provision thereby reducing equity. Therefore, EBIT* for 9m 2006 has been restated by € 33 million (Airbus: € 9 million; Eurocopter: € 6 million; EADS Astrium: € 3 million; Defence & Security: € 12 million; Headquarters: € 3 million). EBIT* for Q3 2006 has been restated by € 11 million (Airbus: € 3 million; Eurocopter: € 2 million; EADS Astrium: € 1 million; Defence & Security: € 4 million; Headquarters: € 1 million)
- 5) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices
- 6) Headquarters EBIT* contains the gain from the sale of EADS' stake in Embraer, the sale of buildings in Velizy (both realised in the first half of 2007), the sites in Neuaubing and Nabern and the contribution from Dassault
- 7) ATR, EADS EFW, EADS Socata and EADS Sogerma are allocated to Other Businesses which is not a stand-alone EADS Division.

Notes to the editors:

Live-Transmission of Analysts Conference Call on the Internet

You may listen to the **Analysts Conference Call** today at 10.00 a.m. CET with EADS CEO Louis Gallois and EADS CFO Hans Peter Ring on the EADS website www.eads.com.

Please click onto the banner located on the front page. Following the live transmission, an on-demand version will be available later on.

Further material for the media

Further information on EADS – photo, video, sound bites, background documents – is available at www.medianewsnet.com.

Safe Harbour Statement:

Certain statements contained in this press release are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect the EADS' views and assumptions as of the date of the statements and involve known and unknown risk and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

When used in this press release, words such as "anticipate", "believe", "estimate", "expect", "may", "intend", "plan to" and "project" are intended to identify forward-looking statements.

This forward looking information is based upon a number of assumptions including without limitation: assumption regarding demand, current and future markets for EADS' products and services, internal performance, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns.

Forward looking statements are subject to uncertainty and actual future results and trends may differ materially depending on variety of factors including without limitation: general economic and labour conditions, including in particular economic conditions in Europe, North America and Asia, legal, financial and governmental risk related to international transactions, the cyclical nature of some of EADS' businesses, volatility of the market for certain products and services, product performance risks, collective bargaining labour disputes, factors that result in significant and prolonged disruption to air travel world wide, the outcome of political and legal processes, including uncertainty regarding government funding of certain programs, consolidation among competitors in the aerospace industry, the cost of developing, and the commercial success of new products, exchange rate and interest rate spread fluctuations between the Euro and the U.S. dollar and other currencies, legal proceeding and other economic, political and technological risk and uncertainties.

Additional information regarding these factors is contained in the Company's "registration document" dated 25 April 2007.