



## News Release

### **EADS and Airbus finalise A380 review**

- Further significant delays on Airbus A380 deliveries
- Cumulated EBIT\* loss of € 2.8 billion from A380 series production until 2010
- Airbus launches "Power8" programme to counter financial impact and to speed up development processes
- Cost reduction and efficiency improvement across entire Group
- A380 Type Certification on track for year end 2006

Amsterdam, October 3, 2006 – Following a detailed joint EADS / Airbus review of the A380 programme, Airbus has revised the A380 delivery schedule for the period 2007 to 2010. The first Airbus A380 series aircraft will be delivered in the second half of 2007. In 2008 Airbus plans to deliver 13 aircraft. In 2009, 25 A380s shall leave the final assembly line followed by 45 A380s in 2010, with that year's total including the first freighters. Compared to the June 13 plan deliveries will be delayed for another year on average, EADS announced after a meeting of its Board of Directors on Tuesday and specified the resulting financial impact.

However, the A380 review also confirmed that type certification for the A380 is likely to be achieved by the end of the year. While flight testing is proceeding as planned, the A380 is meeting or even exceeding its performance targets, and proves to be a highly reliable and comfortable aircraft.

### **Comparison to original pre-June plan**

The revised A380 delivery schedule results in cumulative EBIT\* shortfalls of € 4.8 billion compared to the margin contribution of its original baseline plan for the years 2006 to 2010 (at \$1.30 per €1.00):

- Thereof, close to € 2 billion cumulative EBIT\* previously expected between 2006 and 2010 will be postponed beyond 2010 as a result of the delivery shifts to later years.

- In addition, cost overruns and late delivery payments will result in irrecoverable expenses and a corresponding € 2.8 billion reduction in previously expected cumulative EBIT\* over the 2006 to 2010 period.

Finally, the build-up of inventory as well as the impact on payments from A380 customers will lead to a working capital increase of some € 1.5 billion. Summing up all the above, EADS anticipates the A380 programme will suffer a cumulative free cash flow reduction of € 6.3 billion compared to previously expected free cash flow for the period.

### **EBIT\* contribution, 2006 guidance**

From an Income Statement perspective, the management estimates that the A380 series production will generate a cumulative programme EBIT\* loss of around € 2.8 billion for the years 2006 to 2010, of which approximately € 1.1 billion is anticipated in 2006 and approximately € 0.7 billion in 2007. The A380 programme shall deliver a first positive EBIT\* contribution in 2010. The management estimates that the A380 programme contributions will be substantial beyond 2010.

The above 2006 programme EBIT\* loss reflects an estimated € 0.6 billion of provisions for A380 loss making contracts. The A380 charges, and charges potentially arising from the outstanding decision on the A350 programme, as well as the amount and phasing of non recurring charges of the "Power8" programme, invalidate the previously provided 2006 EBIT\* guidance. Until further notice, EADS will not issue an updated 2006 outlook. Possible contract terminations under the new A380 timetable have not been taken into account in the financial estimates.

### **Power8 competitiveness programme**

To restore its competitiveness, and to counter the financial impact of these delays, Airbus is launching the "Power8" programme which is intended to generate sustainable annual cost savings of at least € 2.0 billion from 2010 onwards. Furthermore, "Power8" aims to speed up development processes and to deliver around € 5.0 billion in cumulative cash savings by 2010. The Board of Directors fully supports the "Power8" programme presented by Airbus CEO Christian Streiff.

Improvement and cost reduction programmes will also be implemented in other parts of the Group. Furthermore, EADS will continue Group wide integration to reduce costs and to achieve more efficient and more effective management structures.

The Board of Directors decided to conduct an independent assessment of individual discharge of duties in the situation that led to the A 380 delays. This investigation will extend to scrutinizing potential responsibilities at the management level. The Company reserves all its rights in the circumstances.

EADS is a global leader in aerospace, defence and related services. In 2005, EADS generated revenues of € 34.2 billion and employed a workforce of about 113,000. The EADS Group includes the aircraft manufacturer Airbus, the world's largest helicopter supplier Eurocopter and the joint venture MBDA, the international leader in missile systems. EADS is the major partner in the Eurofighter consortium, is the prime contractor for the Ariane launcher, develops the A400M military transport aircraft and is the largest industrial partner for the European satellite navigation system Galileo.

Contacts for the media:

EADS:

|                 |                   |
|-----------------|-------------------|
| Michael Hauger  | +49 89 607 34235  |
| Isabelle Desmet | +33 1 42 24 20 63 |
| Miguel Sánchez  | +34 91 5 85 77 89 |

Airbus:

|                |                   |
|----------------|-------------------|
| Barbara Krecht | +33 5 61 93 32 20 |
|----------------|-------------------|

\*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.

**Note to Editors:**

**A Press and Analysts Conference Call with  
CEOs Tom Enders and Louis Gallois, CFO Hans Peter Ring,  
and Airbus CEO Christian Streiff will take place**

**on Tuesday, October 3, 2006, at 7:00 p.m. CET**

**Telephone number Conference Call: +44 (0) 20 7190 1232**

**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 "will", "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 and cost, customer financing, customer, supplier and subcontractor performance or contracts negotiations, favourable outcomes of certain pending sales campaigns and the availability of certain tools, materials and resources.

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 April 26, 2006.