

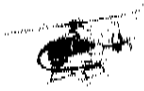


## News Release



### Airbus strengthens its competitiveness through Power8

- Management proposed plan to Airbus' European Works Council
- EBIT\* and cash savings targets confirmed
- Provision of € 680 million to reduce overhead cost
- Reduction of some 10,000 overhead positions at Airbus over four years – no forced redundancies imposed



Amsterdam, 28 February 2007 – EADS' largest subsidiary Airbus today rolled-out the details of its turnaround programme Power8, consisting of nine modules. The plan will make Airbus better prepared to face the challenge of the US Dollar weakness, increased competitive pressure, the financial burden related to the A380 delays as well as to meet its other future investment needs. The transformation will happen progressively over several years.



The Airbus management will implement strong cost reduction and cash generating efforts leading to EBIT\* contributions of € 2.1 billion from 2010 onwards and additional € 5 billion of cumulative cash flow from 2007 to 2010.



The measures to reduce overhead cost, and specifically headcount, require a provision of € 680 million to be taken in the first quarter of 2007. To ensure full and sustainable implementation of Power8, Airbus has put in place a robust tracking system with tangible metrics regarding cost, and cash impact up to their materialisation in the financial statements.



"The core objective of Power8 is to make Airbus more efficient and competitive, so as to produce the most advanced and profitable products, and to serve its customers better in the future", said EADS CEOs Tom Enders and Louis Gallois.



"Without establishing Power8 quickly, profitability will drift significantly short of industry standards and of reasonable expectations. This is an unsustainable and unacceptable situation. Power8 is designed to reduce that gap," said EADS and Airbus CFO Hans Peter Ring.

The objective of a lighter and cost efficient management will be addressed by several Power8 programme modules and in particular by the **Reduction of Overhead Cost**. The Airbus management proposes a progressive headcount reduction of 10,000 overhead positions over four years, thereof 3,200 in France, 3,700 in Germany, 400 in Spain, 1,600 in the UK, and 1,100 in the Airbus Central Entity in Toulouse. 5,000 of these positions are temporary or on-site subcontractors, where reductions will begin immediately. The other 5,000 positions affected will be Airbus employees. Priority is given to achieve reductions through attrition, the negotiated voluntary severance processes and schemes in each country concerned. At this stage, Airbus management does not propose forced redundancies.

A number of measures are being implemented to further increase the efficiency of the **Final Assembly Lines (FAL)**. Toulouse will see a further capacity enhancement of the long-range Final Assembly Line (FAL) as the A350XWB will be assembled and receive its interior furnishing in Toulouse. In Hamburg, a third A320 Family FAL will be set up immediately. It will have full type flexibility, so as to also cope with the demand for additional A320s when the demand for A320s exceeds the rate of 14 per month. Hamburg will also perform final assembly of the New Single Aisle Family. Furthermore, in order to allow parts to be fitted in the most logical place to optimize the overall cycle time, some upstream preparatory cabin installation work for the A380 and the A320 assembled in Toulouse will be transferred from Hamburg to Toulouse. Nevertheless, cabin installation remains in Hamburg and A380 deliveries will be performed both from Hamburg and Toulouse.

On the engineering and manufacturing side, Airbus will **Focus on Core Business** activities which are critical for the integrity and safety of the aircraft or vital for technological and commercial differentiation.

Airbus will **Restructure the Industrial Set up** and establish in the coming years a long-term oriented network with strong partners. Airbus is considering industrial partnerships at its plants in Filton, Méaulte and Nordenham, in order to facilitate their development from metallic to composite design and manufacturing technology. The company has already received unsolicited proposals by potential industrial partners ready to invest in these sites. The sites in Laupheim, St. Nazaire-Ville and Varel will continue to perform long-term substantial workloads on the current Airbus aircraft programmes, such as the A380, the A320, the A330/A340 Families, and the A400M. Airbus is committed to seeking viable opportunities for these sites in the years to come. This includes the options to sell these sites to key suppliers, management buy-outs or the gathering with sites nearby. Options will be examined on a case-by-case basis. Meanwhile, the sites will enhance their competitiveness by implementing lean manufacturing principles and continuous productivity improvement.

The A350XWB will be the first programme benefitting strongly from the very beginning from the Power8 initiative. Airbus will assign large work packages to Tier 1 suppliers in return for a better distribution of future investment, risks and opportunities. 50 percent of aerostructure work will be outsourced to risk-sharing partners (€ 1.8 billion non-recurring cost and € 600 million associated capital expenditures). This is about twice as much as in earlier programmes.

Further Power8 modules are designed to streamline Airbus' processes and support the Company's transition: **Develop Faster** (reduction of cycle time of new aircraft development from 7.5 to 6 years), **Lean Manufacturing** (further integration of manufacturing and associated engineering, increase productivity by 16 percent until 2010), **Smart Buying** (reduction of the Airbus supply cost base; building of a network of strong risk-sharing partners, streamlining the logistics organisation), **Maximise Cash** (reduction of financial working capital) and **Customer First** (serving customers even better, higher levels of services, more reliability and further improved quality).

Airbus will introduce a fully integrated and trans-national organisation to support the implementation of Power8 and the establishment of the new business model. This new organisation will enable cost savings and strengthen leadership through clearer accountability, faster decision-making and simpler interfaces. Therefore, Airbus will replace the current organization of eight nationally structured Centres of Excellence by four truly trans-national Centres of Excellence: Fuselage & Cabin (based in Germany), Wing (based in the UK), Rear End (based in Spain), and Aerostructures (based in France), the latter being in charge of fuselage subassembly and interior furnishing activities.

In support functions such as Finance and HR the integration of Airbus and EADS is underway. Sharing services with EADS corporate functions where clear benefits arise, will be another lever to improve the efficiency of support processes, optimise resources and reduce overhead cost.

**Breakdown of Power8 EBIT<sup>\*(1)</sup> contributions by module:**

	EBIT*
Develop Faster	6%
Smart Buying	31%
Lean Manufacturing	16%
Reduce Overhead	32%
Maximise Cash	-
Restructure Industrial Set up/Focus on Core	12%
Final Assembly Line	3%
Total	100%



**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 April 26, 2006.