Year 2006 Report

Unaudited Condensed Consolidated Financial Information of EADS N.V. for the year 2006

Unaudited Condensed IFRS Consolidated Income Statements

	January 1 - December 31, 2006		January 1 - December 31, 2005		Deviation	
	M €	%	M €	%	M €	%
Revenues	39,434	100	34,206	100	5,228	15
Cost of sales	-34,722	-88	-27,530	-80	-7,192	26
Gross margin	**4,712**	**12**	**6,676**	**20**	**-1,964**	**-29**
Selling, administrative & other expenses	-2,462	-6	-2,336	-7	-126	5
Research and development expenses	-2,458	-6	-2,075	-6	-383	18
Other income	297	1	222	0	75	34
Share of profit from associates under the equity method and other income from investments	189	0	225	1	-36	-16
Profit before finance costs and income taxes	**278**	**1**	**2,712**	**8**	**-2,434**	**-90**
Finance costs	-244	-1	-177	-1	-67	38
Income taxes	81	0	-825	-2	906	-110
Profit for the period	**115**	**0**	**1,710**	**5**	**-1,595**	**-93**
Attributable to:						
Equity holders of the parent **(Net income)**	**99**	**0**	**1,676**	**5**	**-1,577**	**-94**
Minority interests	16	0	34	0	-18	-53

Earnings per share	€	€	€
Basic	0.12	2.11	-1.99
Diluted	0.12	2.09	-1.97

Unaudited Condensed IFRS Consolidated Balance Sheets

	December 31, 2006		December 31, 2005		Deviation	
	M €	%	M €	%	M €	%
Non-current assets						
Intangible assets	10,855	15	11,052	16	-197	-2
Property, Plant and Equipment	14,315	20	13,951	19	364	3
Investments in associates under the equity method	2,095	3	1,908	3	187	10
Other investments and long-term financial assets	1,666	2	1,938	3	-272	-14
Non-current other assets	4,231	6	3,610	5	621	17
Deferred tax assets 1)	2,624	4	2,980	4	-356	-12
Non-current securities	1,294	2	1,011	1	283	28
	37,080	52	36,450	51	630	2
Current assets						
Inventories	16,892	23	15,425	22	1,467	10
Trade receivables	4,852	7	4,802	7	50	1
Other current assets	4,545	6	3,675	5	870	24
Current securities 2)	549	1	4,189	6	-3,640	-87
Cash and cash equivalents 2)	8,143	11	5,386	8	2,757	51
	34,981	48	33,477	48	1,504	4
Non-current assets / disposal groups classified as held for sale	76	0	881	1	-805	-91
Total assets	**72,137**	**100**	**70,808**	**100**	**1,329**	**2**
Total equity						
Equity attributable to equity holders of the parent						
Capital Stock	816	1	818	1	-2	0
Reserves 1)	7,593	11	8,699	12	-1,106	-13
Accumulated other comprehensive income	4,955	7	3,982	6	973	24
Treasury shares	-349	0	-445	0	96	-22
	13,015	19	13,054	19	-39	0
Minority interests 1)	137	0	153	0	-16	-10
	13,152	19	13,207	19	-55	0
Non-current liabilities						
Non-current provisions 1)	9,063	13	7,997	11	1,066	13
Long-term financial liabilities	3,561	5	4,189	6	-628	-15
Deferred tax liabilities	2,465	3	2,376	3	89	4
Other non-current liabilities	12,680	17	11,295	16	1,385	12
	27,769	38	25,857	36	1,912	7
Current liabilities						
Current provisions	3,631	5	2,727	4	904	33
Short-term financial liabilities	2,196	3	908	1	1,288	142
Liability for puttable instruments	0	0	3,500	5	-3,500	-100
Trade liabilities	7,461	10	6,634	10	827	12
Current tax liabilities	218	0	174	0	44	25
Other current liabilities	17,646	25	17,739	25	-93	-1
	31,152	43	31,682	45	-530	-2
Liabilities directly associated with non-current assets classified as held for sale	64	0	62	0	2	3
Total equity and liabilities	**72,137**	**100**	**70,808**	**100**	**1,329**	**2**

1) For retrospective application as of December 31, 2005 of the revised IAS 19 “Employee Benefits” please refer to Note 2 “Accounting policies”.
2) Regarding the retrospective change as of December 31, 2005 in presentation of “Cash and cash equivalents” please refer to Note 2 “Accounting policies”.

Unaudited Condensed IFRS Consolidated Cash Flow Statements

	January 1 - December 31, 2006	January 1 - December 31, 2005
	M €	M €
Profit for the period attributable to equity holders of the parent **(Net income)**	**99**	**1,676**
Profit attributable to minority interests	16	34
Adjustments to reconcile profit for the period (net income) to cash provided by operating activities		
Depreciation and amortization	1,691	1,653
Valuation adjustments and CTA release	426	261
Deferred tax (income) / expense	-193	386
Change in tax assets, tax liabilities and provisions for actual income tax	-160	63
Results of disposal of non-current assets	-336	-170
Results of companies accounted for by the equity method	-152	-210
Change in current and non-current provisions	2,150	175
Change in other operating assets and liabilities	-143	1,239
Cash provided by operating activities	**3,398**	**5,107**
- Purchase of intangible assets, PPE	-2,708	-2,818
- Proceeds from disposals of intangible assets, PPE	76	101
- Acquisitions of subsidiaries and joint ventures (net of cash)	-82	-131
- Proceeds from disposals of subsidiaries (net of cash)	86	89
- Payments for investments in associates and other investments and long-term financial assets	-421	-659
- Proceeds from disposals of associates and other investments and long-term financial assets	813	485
- Dividends paid by companies valued at equity	46	36
- Increase in equipment of leased assets	-147	-40
- Proceeds from disposals of leased assets	215	256
- Increase in finance lease receivables	-16	-219
- Decrease in finance lease receivables	79	85
Disposals of non-current assets / disposal groups classified as held for sale and liabilities directly associated with non-current assets classified as held for sale	690	0
Change of securities *)	3,357	1,008
Change in cash from changes in consolidation	0	12
Cash provided by (used for) investing activities	**1,988**	**-1,795**
Change in long-term and short-term financial liabilities	784	-344
Cash distribution to EADS N.V. shareholders	-520	-396
Dividends paid to minorities	-16	0
Payments related to liability for puttable instruments	-2,879	-93
Capital increase	94	187
Purchase of treasury shares	-35	-288
Cash (used for) financing activities	**-2,572**	**-934**
Effect of foreign exchange rate changes and other valuation adjustments on cash and cash equivalents	-57	17
Net increase in cash and cash equivalents	**2,757**	**2,395**
Cash and cash equivalents at beginning of period *)	**5,386**	**2,991**
Cash and cash equivalents at end of period *)	**8,143**	**5,386**

*) Regarding the retrospective change in 2005 in presentation of “Cash and cash equivalents” please refer to Note 2 “Accounting policies”.

As of December 31, 2006, EADS’ cash position (stated as cash and cash equivalents in the unaudited consolidated cash flow statements) includes 597 M € (579 M € as of December 31, 2005), which represent EADS’ share in MBDA’s cash and cash equivalents, deposited at BAE Systems and

Finmeccanica. These funds are available for EADS upon demand. After the acquisition in October 2006 of the BAE Systems stake in Airbus, no cash and cash equivalents from Airbus are any longer deposited at BAE Systems (1,202 M € as of December 31, 2005).

Unaudited Condensed IFRS Consolidated Reconciliation of Movement in Equity attributable to equity holders of the parent and Minority interests

in M €	Equity attributable to equity holders of the parent	Minority interests	total
Balance at January 1, 2005	**16,210**	**144**	**16,354**
Retrospective adjustments *)	-397	-10	-407
Balance at January 1, 2005, adjusted	**15,813**	**134**	**15,947**
Change in actuarial gains and losses *)	-275	-13	-288
OCI	-3,696	-2	-3,698
Profit for the period	1,676	34	1,710
Cash distribution to shareholders	-396		-396
Capital Increase	187		187
Purchases of treasury shares	-288		-288
Others	33		33
Balance at December 31, 2005	**13,054**	**153**	**13,207**
Change in actuarial gains and losses	-692	-22	-714
OCI	973	2	975
Profit for the period	99	16	115
Cash distribution to shareholders / dividends paid to minorities	-520	-16	-536
Capital Increase	94		94
Purchases of treasury shares	-35		-35
Others	42	4	46
Balance at December 31, 2006	**13,015**	**137**	**13,152**

For the purposes of the Unaudited Condensed Consolidated Financial Information for the year 2006, a Statement of Recognised Income and Expenses is not included.

*) For retrospective adjustments as of January 1, 2005 and in the year 2005 please refer to Note 2 “Accounting policies”.

Explanations to the Unaudited Condensed IFRS Consolidated Financial Statements as at December 31, 2006

1. The Company

The accompanying Condensed Consolidated Financial Statements (unaudited) present the operations of European Aeronautic Defence and Space Company EADS N.V. and its subsidiaries (“EADS” or the “Group”), a Dutch public limited liability company (Naamloze Vennootschap) legally seated in Amsterdam (Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk, The Netherlands), and are prepared and reported in Euros (“€”). EADS’ core business is the manufacturing of commercial aircraft, civil and military helicopters, commercial space launch vehicles, missiles, military aircraft, satellites, defence systems and defence electronics and rendering of services related to these activities.

2. Accounting policies

EADS' Condensed Unaudited Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board ("IASB") as endorsed by the European Union (EU). They comprise (i) IFRS, (ii) International Accounting Standards ("IAS") and (iii) Interpretations originated by the International Financial Reporting Interpretations Committee ("IFRIC") or former Standards Interpretation Committee ("SIC").

As of January 1st, 2006, EADS adopted the following amendments to existing Standards, new Standards and new Interpretations as required by the following announcements released by the IASB in December 2004 and throughout 2005:

EADS applies new IFRS 6 "Exploration for and Evaluation of Mineral Resources", amendments to IAS 19 "Employee Benefits" (December 2004) and to IAS 21 "The Effects of Changes in Foreign Exchange Rates" (December 2005) respectively and two amendments to IAS 39 "Financial Instruments: Recognition and Measurement": "Fair Value Option" (June 2005) and "Financial Guarantee Contracts" (August 2005) with the latter also amending IFRS 4. Furthermore, EADS applies new Interpretations IFRIC 5 "Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds" and IFRIC 6 "Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment".

Apart from the policy change regarding the recognition of actuarial gains and losses the application of the amendments to existing Standards, new Standards and new Interpretations mentioned above had no major impact on the Condensed Consolidated Financial Statements.

Amendment to IAS 19 Employee Benefits

The amendment to IAS 19 introduces the recognition of actuarial gains and losses outside the income statement within retained earnings as a third option ("Equity Option"). It further adds new disclosure requirements. EADS has decided to apply the newly introduced alternative and to change its accounting policy regarding the recognition of actuarial gains and losses arising from defined benefit plans for its 2006 Consolidated Financial Statements. Actuarial gains and losses are now directly recognised in equity in the period in which they occur. Prior period figures presented have been adjusted accordingly as required under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (please refer to Note 7 "Significant balance sheet items").

Compared to the corridor approach, the inclusion of actuarial gains and losses leads to an increase in pension provision of 866 M € (prior year: 1,118 M €).

The 2006 change in the accounting policy for the recognition of actuarial gains and losses from the corridor to the equity approach results in the reversal of expensed actuarial gains and losses under the corridor approach. In 2006, the continuation of the corridor approach would have led to negative impacts of 45 M € to EBIT and 25 M € to Net Income.

Amendment to IAS 21 The Effects of Changes in the Foreign Exchange Rate

The IAS 21 amendment results in the recognition of all exchange differences arising from a monetary item that is part of the Group's net investment in a foreign operation in a separate component of equity regardless of the currency in which the monetary item is denominated.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement

(i) Fair Value Option: The amendment limits the use of the fair value option to those financial instruments that meet one of the following conditions: a) fair value option designation eliminates or significantly reduces an accounting mismatch (i.e. natural hedging relationship); **or** b) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy. Furthermore, the fair value option can generally be elected to be applied in case of embedded derivatives to an entire hybrid contract. EADS currently applies the fair value option for securities / accumulated funds only (Money Market Funds).

(ii) Financial Guarantee Contracts: The scope of IAS 39 has been widened to include financial guarantee contracts issued. In case an issuer of such contracts has previously asserted that it regards financial guarantee contracts as insurance contracts and accounted for them accordingly, the issuer may elect to apply either IFRS 4 or IAS 39 to financial guarantee contracts. The issuer can perform the election contract by contract but the election for each contract remains irrevocable.

For the year ended December 31, 2006, EADS **restricted its interpretation of the cash equivalents' definition** as provided by IAS 7 "Cash Flow Statements" to better reflect its short-term investment strategy. IAS 7 states that "cash equivalents are held for short-term cash commitments […], must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short-term maturity of, say, three months or less from the date of acquisition." EADS now strictly limits its cash equivalents to investments having a maturity of three months and less from acquisition date. Prior period figures have been adjusted accordingly as required under IAS 8 (please refer to Note 8 "Significant balance sheet items").

Besides consequential changes as mentioned above, the accounting policies used in the preparation of the Condensed Consolidated Financial Statements are consistent with those used for the annual Consolidated Financial Statements for the year ended December 31, 2005 which are disclosed as an integral part of the Group's Annual Report 2005. The annual Consolidated Financial Statements 2006 were authorised for issue by EADS' Board of Directors on March 8, 2007.

3. BAE Systems UK pension plans

In the UK, EADS participates in several funded trustee administered pension plans for both executive as well as non-executive employees with BAE Systems being the principal employer. These plans qualify as multi-employer defined benefit plans under IAS 19 "Employee Benefits". EADS' most significant investments in terms of employees participating in these BAE Systems UK pension plans are Airbus and MBDA. For Airbus, this remains the case even subsequent to the acquisition of BAE Systems' 20% minority interest on October 13, 2006.

Due to contractual arrangements between EADS and BAE Systems, company contributions in respect of EADS' investments for the most significant pension scheme (Main Scheme) are capped for a defined period of time (until July 2011 for Airbus and until December 2007 for MBDA). Contributions exceeding the respective capped amounts are paid by BAE Systems.

Since January 1, 2005, BAE Systems prepares its Consolidated Financial Statements under IFRS. Before that date, BAE Systems accounted under UK GAAP and as such did not prepare information required under IAS 19 to apply defined benefit accounting. Consequently, EADS accounted for its participation in BAE Systems UK defined benefit schemes as if they were defined contribution schemes in accordance with IAS 19. In 2005, EADS requested detailed information from BAE Systems about the different multi-employer pension schemes in order to appropriately and reliably estimate the share of its investments in the schemes' plan assets, defined benefit obligations ("DBO") and pension costs. For accounting purposes, the information provided by BAE Systems in 2005 was judged not to be sufficient to identify EADS' share in the UK pension schemes. Consequently, EADS continued in 2005 to expense the contributions made to the pension schemes as if the plans were defined contribution plans. Additional information was provided until 2005 in the contingent liabilities section of the notes.

Upon further request in 2006, BAE Systems shared more detailed information for each individual plan in which EADS investments participate. This new information results in a change in accounting estimates for 2006 year-end closing and is accounted for accordingly under IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The new information now enables EADS to derive keys per plan to allocate for accounting purposes an appropriate proportion in plan assets, DBO and pension costs to its investments as of December 31st, 2006.

The inclusion of EADS' share in BAE System pension schemes leads to an increase of **pension provision** of 897 M € as of December 31, 2006.

4. Changes in the consolidation perimeter of EADS

On February 28, 2006, LFK GmbH and TDW GmbH, which had been fully consolidated by EADS, were sold to the European Missile Group MBDA. MBDA is jointly owned by BAE Systems (37.5 %), EADS (37.5 %) and Finmeccanica (25 %). In EADS consolidated financial statements, MBDA Group is proportionately consolidated with 50 %.

EADS acquired on August 3, 2006 40% of the shares of the Atlas Elektronik group, specialised in equipment and systems for naval forces, which is consolidated proportionally. The difference between the purchase price and the acquired net assets led to a goodwill of 41 M €.

On October 13, 2006, EADS acquired BAE Systems' 20% minority share in Airbus after BAE Systems had exercised the put option it held on its Airbus stake in June 2006. Before the transaction, EADS had already controlled Airbus and consequently fully consolidated this subsidiary.

Apart from these transactions, other acquisitions or disposals by the Group are not material.

5. Segment information

The Group operates in five divisions (segments) which reflect the internal organizational and management structure according to the nature of the products and services provided.

- *Airbus* — Development, manufacturing, marketing and sale of commercial jet aircraft of more than 100 seats and the development and manufacturing of aircraft for military use.
- *Military Transport Aircraft* — Development, manufacturing, marketing and sale of military transport aircraft and special mission aircraft.
- *Eurocopter* — Development, manufacturing, marketing and sale of civil and military helicopters and maintenance services.
- *Defence & Security* — Development, manufacturing, marketing and sale of missiles systems; military combat and training aircraft; provision of defence electronics, defence-related telecommunications solutions; and logistics, training, testing, engineering and other related services.

- *Astrium* — Development, manufacturing, marketing and sale of satellites, orbital infrastructures and launchers; and provision of space services.

The following table presents information with respect to the Group's business segments. Consolidation effects, the holding function of EADS headquarters and other activities not allocable to the divisions are disclosed in the column "HQ/ Conso.". "Other Businesses" comprises the development, manufacturing, marketing and sale of regional turboprop aircraft and light commercial aircraft, aircraft components as well as civil and military aircraft conversion and maintenance services.

in M €	Airbus	Military Transport Aircraft	Eurocopter	Defence & Security	Astrium	Other Businesses	HQ/ Conso.	**Consoli-dated**
Year ended December 31, 2006								
Revenues	25,190	2,200	3,803	5,864	3,212	1,257	-2,092	**39,434**
Research and development expenses	-2,035	-13	-78	-195	-71	-6	-60	**-2,458**
EBIT pre goodwill imp. and exceptionals (see definition below)	-572	75	257	348	130	-288	449	**399**
Year ended December 31, 2005								
Revenues	22,179	763	3,211	5,636	2,698	1,155	-1,436	**34,206**
Research and development expenses	-1,659	-18	-70	-207	-58	-6	-57	**-2,075**
EBIT pre goodwill imp. and exceptionals (see definition below)	2,307	48	212	201	58	-171	197	**2,852**

The "EBIT pre-goodwill impairment and exceptionals" includes on HQ/Conso. level the elimination of an addition to the provision for loss making contracts -352 M € recognised in the Airbus Division in order to account for the positive margin of the A 400M contract on EADS group level. Due to the cost increase of the contract, a negative catch-up in 2006 in the amount of -66 M € had to be recognized on group level to adjust EBIT for the years 2003 to 2006.

6. EBIT pre goodwill impairment and exceptionals

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. EBIT pre goodwill impairment and exceptionals is treated by management as a key indicator to measure the segments' economic performances.

A reconciliation from Profit before finance costs and income taxes to EBIT pre goodwill impairment and exceptionals is set forth in the following table (in M €):

in M €	January 1-Dec. 31, 2006	January 1-Dec. 31, 2005
Profit before finance costs and income taxes	**278**	**2,712**
Subsequent adjustments of Goodwill	64	0
Fair value adjustments	57	140
EBIT pre goodwill impairment and exceptionals	**399**	**2,852**

In the current year a tax audit of DASA for the years 1994 until 1999 was finalised. According to the EADS shareholders agreement the related tax expense was reimbursed by DaimlerChrysler AG. Thus deferred tax assets and goodwill have been adjusted as of December 31, 2006 in Defence & Security by 52 M € and in Headquarters by 12 M €.

7. Significant income statement items

Revenues of 39,434 M € (2005: 34,206 M €) increase by 15 % contributed by all divisions, mostly by Airbus, MTA and Eurocopter.

The **Gross Margin** decreases by -1,964 M € to 4,712 M € compared to 6,676 M € in 2005. The decrease mainly results from Airbus (in particular due to the negative impact resulting from charges for the A 380 and A 350 programs) whereas Defence & Security, Eurocopter, Astrium and MTA record increasing gross margins.

Research and development expenses of 2,458 M € (2005: 2,075 M €) mainly increase because of aircraft programs and more research & technology efforts. Additionally, EADS capitalized 335 M € of development costs for A380 in 2006 (in 2005: 259 M €) in accordance with IAS 38.

Other income increases by +75 M € to 297 M €, mainly due to the gain of 111 M € as a result of the sale of LFK GmbH and TDW GmbH to MBDA Group.

Share of profit from associates and other income from investments of 189 M € (2005: 225 M €) is mainly influenced by the result of Dassault Aviation of 130 M € (2005: 205 M €). The Dassault Aviation Group reported for the year 2006 a net income of 281 M € of which EADS recognised an amount of 130 M € according to its share of 46.3 %. The result in 2005 of Dassault Aviation included positive catch up adjustments amounting to +64 M €.

Finance costs deteriorate to -244 M € (2005: -177 M €) mainly due to negative effects in the amount of -136 M € (2005: +147 M €) from foreign exchange rate revaluations on US dollar-cash balance. These effects are partly offset by a lower net interest charge of -121 M € (2005: -155 M €), mainly due to more favourable interest rates.

Income taxes of +81 M € (2005: -825 M €) are impacted - among others - by a tax-free gain from the sale of LFK GmbH and TDW GmbH to MBDA Group and DASSAULT result.

Profit for the period attributable to minority interests of +16 M € (2005: +34 M €) mainly relates to interests of Finmeccanica in MBDA Group and DCLRH in EADS Deutschland GmbH, partly offset by a consolidation impact from the sale of LFK GmbH and TDW GmbH to the MBDA Group.

8. Significant balance sheet items

Non-current assets

Intangible assets of 10,855 M € (prior year: 11,052 M €) include 9,565 M € (prior year: 10,167 M €) of Goodwill. It mainly stems from Airbus (6,374 M €), Defence & Security (2,476 M €), Astrium (575 M €) and Eurocopter (111 M €). The annual impairment tests, which were performed at the end of the year, did not lead to any impairment. On June 7, 2006 BAE Systems exercised a put option to sell its 20% stake in Airbus at a fair value of 2,750 M € to EADS (prior year: 3,500 M €). The transaction became effective as of October 13, 2006. In accordance with the Airbus shareholders' agreement, an independent bank has determined the purchase price. Compared to 2005's amount recognised as liability for puttable instruments, the acquisition cost of the 20% stake in Airbus was reduced, leading to a decrease in goodwill by 613 M € taking into consideration a dividend payment to BAE Systems of 129 M € in 2006 and transaction costs.

Eliminating foreign exchange-rate effects of -127 M €, **property, plant and equipment** increase by +491 M € to 14,315 M € (prior year: 13,951 M €), including leased assets of 1,992 M €. The main increase comes from Astrium for Skynet V (+375 M €). Property, plant and equipment comprises "Investment property" amounting to 137 M € (prior year: 134 M €).

Investments in associates under the equity method of 2,095 M € (prior year: 1,908 M €) mainly increase due to the change in the equity investment in Dassault Aviation, amounting to 1,985 M € (prior year: 1,867 M €).

Other investments and long-term financial assets of 1,666 M € (prior year: 1,938 M €) are allocated to Airbus in the amount of 1,012 M € (prior year: 1,242 M €), mainly concerning the non-current portion of aircraft financing activities with a foreign exchange-rate effect of -102 M €.

Non-current other assets mainly comprise "Non-current derivative financial instruments" and "Non-current prepaid expenses". The increase by +621 M € to 4,231 M € (prior year: 3,610 M €) is mainly caused by the variation of the non-current portion of fair values of financial instruments (+473 M €).

Deferred tax assets of 2,624 M € (prior year: 2,980 M €) are presented as non-current assets as required by IAS 1.

The fair values of **derivative financial instruments** are included in non-current other assets with an amount of 3,235 M € (prior year: 2,762 M €), in current other assets (2,007 M €, prior year: 1,191 M €), in non-current provisions (152 M €, prior year: 472 M €) and in current provisions (79 M €, prior year: 449 M €) which corresponds to a net fair value of 5,011 M € (prior year: 3,032 M €). The volume of hedged US dollar-contracts decreased from 47.1 bn US dollar to 45.1 bn US dollar. The US dollar exchange rate became less favourable (USD / € spot rate of 1.32 at December 31, 2006 vs. 1.18 at December 31, 2005). The average US dollar hedge rate for the hedge portfolio of the Group as at December 31, 2006 moved from 1.12 as at December 31, 2005 to 1.16 as at December 31, 2006 (US dollar / € rate respectively).

Current assets

Inventories of 16,892 M € (prior year: 15,425 M €) increase by 1,467 M € in all divisions except for Military Transport. This is mainly driven by a higher level of unfinished goods and services (mainly Airbus for A380 (+987 M €)), the progress of several serial production programs in Eurocopter (+368 M €) and higher advance payments made especially in Astrium (+231 M €).

Other current assets include "Current portion of long-term financial assets", "Current other assets", "Current tax assets" and "Current prepaid expenses". The increase of +870 M € to 4,545 M € (prior year: 3,675 M €) comprises a +816 M € variation of the current portion of fair values of derivative financial instruments (see "Derivative financial instruments" under "Non-current assets").

In order to align the presentation of cash and cash equivalents (maturities of three months or less from the date of acquisition), a reclassification of 4,160 M € in the prior year's figure from **cash and cash equivalents** (prior year: from 9,546 M € to 5,386 M €) **to current securities** (prior year: from 29 M € to 4,189 M €) has been made (please refer to Note 2 "Accounting policies").

Total equity

Equity attributable to equity holders of the parent (including treasury shares) amounts to 13,015 M € (prior year: 13,054 M €). The variation is mainly resulting from the first time inclusion of the proportionate share of the UK pension liability for EADS' investments in Airbus UK and MBDA and changes in net actuarial gains and losses (-692 M €) and a cash distribution to shareholders (-520 M €). These reductions were partly compensated by an increase in other comprehensive income (OCI) of +973 M €, primarily resulting from changes in fair values as well as consumption of derivative financial instruments and the profit for the period attributable to equity holders of the parent (Net Income) of +99 M €. Prior year's figure was adjusted retrospectively by -672 M € because of the application of the Equity option of IAS 19 as amended in 2006 (please refer to Note 2 "Accounting policies").

Minority interests of 137 M € (prior year: 153 M €) mainly represent shares of Finmeccanica in MBDA. Due to the application of the equity approach (IAS 19 amended in 2006), the prior year's figure was adjusted retrospectively by -23 M € (please refer to Note 2 "Accounting policies").

Non-current liabilities

Non-current provisions of 9,063 M € (prior year: 7,997 M €) comprise the non-current portion of pension provisions of 5,602 M € (prior year: 5,018 M €). Due to the retrospective application of amended IAS 19, prior year figure of the non-current portion of pension provisions was adjusted by +1,118 M €. As of December 31, 2006, EADS included its share (non-current portion) in the BAE Systems UK pension schemes of 869 M €.

Moreover, other provisions are included in non-current provisions, which increase by +482 M € to 3,461 M €. Other provisions include among others aircraft financing activities with a decrease of -132 M € to 1,021 M € (thereof foreign exchange rate effects of -125 M €) and constructive obligations for settlement charges for the A380 and A350 programs. Provisions for derivative financial instruments according to IAS 39 decreased by -320 M € to 152 M €.

Long-term financial liabilities of 3,561 M € (prior year: 4,189 M €), excluding foreign exchange-rate effects of -169 M €, decrease by -459 M € in particular due to lower Airbus loans.

Other non-current liabilities comprise "Non-current other liabilities" and "Non-current deferred income" and increase in total by +1,385 M € to 12,680 M € (prior year: 11,295 M €). They mainly include non-current customer advance payments received of 6,308 M € (prior year: 4,911 M €) and the non-current portion of European Government refundable advances amounting to 5,029 M € (prior year: 4,950 M €). Advance payments received mainly increased at Airbus (+1.378 M €). The main part of non-current deferred income of 1,110 M € (prior year: 1,324 M €) is linked to deferred revenues of Airbus and ATR according to Residual Value Guarantee clauses. The remaining portfolio, which is included in non-current deferred income, is depreciated over the guaranteed period.

Current liabilities

Current provisions increase by +904 M € to 3,631 M € (prior year: 2,727 M €) and comprise the current portions of pensions (281 M €) and other provisions (3,350 M €). The increase mainly reflects constructive obligations for settlement charges for the A380 program.

Short-term financial liabilities of 2,196 M € (prior year: 908 M €), excluding foreign exchange-rate effects of -29 M €, increase by +1,317 M €, mainly due to the issue of commercial papers with an amount of 1,157 M €.

EADS has adopted in 2005 revised IAS 32 and accounted for a **liability for puttable instruments** for the 20% interest of BAE Systems in Airbus SAS. This liability was stated at fair value of 3,500 M € as at December 31, 2005. In the course of the exercised put option by BAE Systems, a third party investment bank has determined on July 2, 2006, that the price to be paid by EADS was 2,750 M €. The liability was derecognized from EADS Consolidated Balance Sheet after the transaction had been verified and approved by BAE Systems' shareholders in October 2006.

Trade liabilities increase by +827 M € to 7,461 M € (prior year: 6,634 M €), mainly coming from Airbus (+422 M €), Astrium (+207 M €) and Military Transport Aircraft (+115 M €).

Other current liabilities include "Current other liabilities" and "Current deferred income". They decrease by -93 M € to 17,646 M € (prior year: 17,739 M €). Other current liabilities mainly comprise current customer advance payments of 14,172 M € (prior year: 14,078 M €).

9. Significant cash flow items

Cash provided by operating activities decreases by -1,709 M € to 3,398 M € (2005: 5,107 M €). Gross cash flow from operations (excluding working capital change) with 3,541 M € nearly remains on prior year's level (2005: 3,868 M €), while changes in other operating assets and liabilities (working capital change) amounts to -143 M € (2005: 1,239 M €).

Cash provided by (used for) investing activities increases by +3,783 M € to 1,988 M € (2005: -1,795 M €). This is mainly caused by positive effects from customer financing activities of Airbus. Changes of securities mainly reflect preparation for the payment of EADS for 20% stake in Airbus.

Cash (used for) financing activities increases by -1,638 M € to -2,572 M € (2005: -934 M €). The outflow mainly contains the repayment of the liability for puttable instruments to BAE Systems and a cash distribution paid to shareholders, which are partly offset by a net increase of financial liabilities.

10. Number of shares

The total number of shares outstanding is 802,130,993 and 797,140,426 as of December 31, 2006 and 2005, respectively. EADS' shares are exclusively ordinary shares with a par value of 1.00 €.

During 2006, the number of treasury shares held by EADS decreased from 20,602,704 as of December 31, 2005 to 13,800,531 as of December 31, 2006.

4,845,364 new shares (in 2005: 7,562,110 shares) were issued as a result of the exercise of stock options in compliance with the implemented stock option plans.

11. Earnings per share

Basic earnings per share are calculated by dividing profit for the period attributable to equity holders of the parent (Net income) by the weighted average number of issued ordinary shares during the period, excluding ordinary shares purchased by the Group and held as treasury shares:

	January 1 to December 31, 2006	January 1 to December 31, 2005
Net income attributable to equity holders of the parent	99 M €	1,676 M €
Weighted average number of ordinary shares outstanding	800,185,164	794,734,220
Basic earnings per share	0.12 €	2.11 €

The effect from applying in 2006 the IAS 19 equity approach instead of the corridor approach contributes 0.03 € to basic earnings per share. For further details please refer to Note 2 "Accounting policies".

For calculation of the **diluted earnings per share**, the weighted average number of ordinary shares is adjusted to assume conversion of all potential ordinary shares. The Group's only category of dilutive potential ordinary shares is stock options. Since the average price of EADS shares during 2006 exceeded the exercise price of the stock options under the 1st, 2nd, 3rd, 4th, 5th and 6th stock option plans (in 2005: the 1st, 2nd, 3rd, 4th, 5th and 6th stock option plan) initiated by the Group, the inclusion of the related potential ordinary shares increases the weighted average number of shares. 4,130,499 shares (2005: 5,482,133 shares) are considered dilutive according to IAS 33.

	January 1 to December 31, 2006	January 1 to December 31, 2005
Net income attributable to equity holders of the parent	99 M €	1,676 M €
Weighted average number of ordinary shares outstanding (diluted)	804,315,663	800,216,353
Diluted earnings per share	0.12 €	2.09 €

The effect from applying in 2006 the IAS 19 equity approach instead of the corridor approach contributes 0.03 € to diluted earnings per share. For further details please refer to Note 2 "Accounting policies".

12. Related party transactions

The Group has entered into various transactions with related companies in 2006 and 2005 that have all been carried out in the normal course of business. As is the Group's policy, all related party transactions have to be carried out at arm's length. Transactions with related parties include the French State, DaimlerChrysler, Lagardère, and SEPI (Spanish State). Except for the transactions with the French State, such transactions are not considered material to the Group either individually or in the aggregate. The transactions with the French State include mainly sales from the Eurocopter, Defence & Security Systems and Astrium divisions.

13. Number of employees

The number of employees at December 31, 2006 is 116,805 as compared to 113,210 at December 31, 2005.

14. Subsequent events

Following an agreement dated January 10, 2007, EADS sold the remaining 60% shares of Sogerma Services as well as the shares of the subsidiaries Barfield and Sogerma Tunisia.

EADS sold on February 12, 2007 its 2.1% share in EMBRAER Empresa Brasileira de Aeronáutica S.A. for a total proceed (before taxes and bank fees) of 124 M €.

On February 28, 2007 the Airbus management disclosed the restructuring program called "Power 8" to the public and to the Airbus European Works Council. The Airbus management will implement strong cost reduction and cash generating efforts leading to expected EBIT contributions of 2.1 bn € from 2010 onwards and additional 5 bn € of cumulative cash flow from 2007 to 2010. The restructuring program includes a progressive headcount reduction of 10,000 overhead positions over four years of which 5,000 are temporary or on-site subcontractors. Regarding the expected restructuring expenses for the Power 8 program, Airbus will set up provisions in the first quarter of 2007.

EADS published on March 2, 2007 that the A380F program has been re-scheduled but remains an active part of the A380 aircraft family. Therefore, activities for the A380F program have been interrupted, including activities of the suppliers. The US logistics company UPS subsequently cancelled the remaining order of ten A380F aircraft.

News Release

EADS 2006 results dominated by Airbus loss

- Revenue growth to € 39.4 billion driven by record deliveries and 30 percent increase in defence revenues
- EBIT* of € 399 million burdened by Airbus loss
- Free Cash Flow resilient at € 2.0 billion, Net Cash Position at € 4.2 billion
- 2007 budget forecasts stable EBIT*, negative Free Cash Flow

Amsterdam, 9 March 2007 – Based on a strong commercial momentum EADS (stock exchange symbol: EAD) displayed revenue growth within all its Divisions. High delivery levels led to revenues of € 39.4 billion – an increase of 15 percent (FY 2005: € 34.2 billion). For the first time the Group hit the landmark of € 10 billion in defence revenues. In 2006, EADS posted an EBIT* (pre goodwill and exceptionals) of € 399 million (FY 2005: € 2.9 billion). The impact of the A380, A350 and A400M combined with the deteriorating weakness of the US Dollar against the Euro pushed Airbus into a loss. It is overcompensated by strong EBIT* of the other EADS businesses.

“Two contrasting observations emerge from our review of 2006: The first is the overall vitality of the Group as measured by significant market accomplishments in all Divisions. The second is an urgent need to implement Power8 and overhaul our Airbus business. It will take some time but Power8 will make Airbus substantially more integrated and efficient,” said EADS CEOs Tom Enders and Louis Gallois. “For 2007, our priorities are to drive operational improvements, restore the Group’s credibility and build a leaner and more dynamic EADS.”

Airbus difficulties overshadowed a remarkable order intake of 790 aircraft, record deliveries of 434 aircraft, the launch of the A350XWB programme and the successful A380 type certification. Eurocopter experienced an outstanding year in a very supportive market environment with an unprecedented level of 615 new orders for helicopters. It recorded a strategic breakthrough with the US Army light utility helicopter UH-72A Lakota order. With a total of 381 helicopters Eurocopter delivered more than ever before. EADS Astrium significantly improved profitability and was awarded important orders for satellites and systems such as SatComBW, a major satellite communication programme in Germany. The Defence & Security

Division enhanced its performance and captured business opportunities in areas such as the secure networks business, thus creating a solid base for further long-term improvement.

The strong increase in **revenues** to € 39.4 billion was supported by all Divisions, in particular by the higher deliveries at Airbus and Eurocopter. The contribution from the EADS Astrium Division came mainly from the ramp-up of Ariane 5 production, Paradigm and ballistic missile development. At EADS Defence & Security, revenues grew due to Eurofighter, the missile business and to contributions from the Professional Mobile Radio business. Passing all A400M milestones (including the one shifted from 2005) led to higher revenues in the Military Transport Aircraft Division.

EADS' total **EBIT*** in 2006 was € 399 million (FY 2005: € 2,852 million). EBIT* was substantially burdened by the impact of A380 delays, A350 related charges, high Research & Development (R&D) expenses and by losses at EADS Sogerma. Additionally, hedges for EADS Group matured at a less favourable average rate of € 1 = US$ 1.12 (FY 2005: € 1 = US$ 1.06). These negative factors were partly compensated by significantly improved contributions from Airbus' series production and the Group's helicopter, defence and space businesses, and a minor contribution from a pension accounting change. The Group's reduced **Net Income** of € 99 million (FY 2005: € 1,676 million), or € 0.12 per share (FY 2005: € 2.11) mainly mirrors the Group's EBIT* development.

Focused on the future, EADS invested over six percent of its revenues in R&D. In 2006, the Group's **self-financed R&D** expenses increased to € 2,458 million (FY 2005: € 2,075 million), caused mostly by Airbus continuing aircraft development programmes and higher Research & Technology (R&T) effort across the Group.

Free Cash Flow including customer financing stayed high at € 2,029 million (FY 2005: € 2,413 million), as an unfavourable working capital development was offset by the increased sell-down of customer financing assets. Free Cash Flow before customer financing amounted to € 869 million (FY 2005: € 2,239 million).

The **Net Cash Position** of € 4.2 billion (year-end 2005: € 5.5 billion) was impacted by the acquisition of BAE Systems' 20 percent stake in Airbus (€ 2.75 billion) and dividend payments. Adjusted for the one-off payment for the Airbus stake it has again improved, highlighting the strength of the underlying recurring business.

EADS' **order intake** amounted to € 69.0 billion (FY 2005: € 92.6 billion). In terms of new orders, Eurocopter set a new record in 2006 (up 39 percent compared to the previous record in 2005), Airbus had its second-best year ever and EADS Astrium another outstanding year.

At the end of December, EADS' **order book** stood at € 262.8 billion (year-end 2005: € 253.2 billion). Contributions from commercial aircraft activities are based on list prices. The order book increase versus year-end 2005 was achieved despite a € 17 billion impact due to revaluation at a less favourable €/US$ exchange rate. The Group's defence order book further increased and stood at € 52.9 billion as of 31 December 2006 (year-end 2005: € 52.4 billion). At the end of 2006, EADS had 116,805 **employees** (year-end 2005: 113,210).

The next meeting of the EADS Board of Directors will make a dividend proposal to the EADS Annual General Meeting.

Outlook

Under its 2007 internal budget, EADS plans its revenues will experience a single-digit decrease (mainly due to the assumed €/US$ rate of 1.30), and its EBIT* will remain roughly stable in 2007.

Adjusted for a stable US Dollar, Airbus revenues would remain level, based on 440 to 450 deliveries through the year, and despite lower contributions from the A400M. Airbus will display another substantial loss in 2007, attributable to charges for the Power8 restructuring, further costs to support the A380 programme, potential A350XWB launch charges, higher R&D expenses, as well as the impact of the worsening US Dollar parity to the Euro.

Meanwhile, helicopters, defence and space businesses should display stable revenues, and should collectively increase their contribution to a combined EBIT* expected to be close to € 1 billion as soon as 2007.

The Free Cash Flow contribution from Airbus in 2007 will lead to a negative Group-wide Free Cash Flow as low as € -1 billion. However, volatility of working capital components can provoke substantial swings in this figure.

Over the medium term, the following factors will drive EADS' outlook:

Deliveries of aircraft are currently expected to continue to grow, albeit at a much reduced rate. Airbus revenues will most likely be affected by a deterioration of mix and of pricing for recent orders, partly due to competitive pressure.

Research and Development expenses are planned to grow gradually, driven by the A350XWB development and increased R&T spending.

In the context of management change at Airbus, and the cost volatility resulting from the recent industrial problems on programmes, the management is working to establish a satisfactory long-term Airbus plan, and it is currently concentrating on the rebaselining of its cost base, to target mid-single-digit EBIT* margins.

All other businesses are expected to collectively grow their revenues and EBIT* contribution over the coming years.

EADS management is committed to restoring Group wide EBIT* margins, although at levels lower than the margin achieved in 2005.

Divisions: Revenues growth supported by all Divisions

The **Airbus** Division delivered a record number of aircraft in 2006 (434 versus 378 in 2005). This led to revenues of € 25,190 million, representing a 14 percent increase compared to the previous year (FY 2005: € 22,179 million).

Airbus accounted for an EBIT* of € -572 million (FY 2005: € 2,307 million). The financial impact of the A380 issues is € -2.5 billion, of which € -1.2 billion for extra costs and loss making contracts, € -0.8 billion in consideration of settlement payments originally estimated to be recognised in outer years and € -0.5 billion for previously unannounced charges related largely to the impairment of A380 Freighter assets and to non-series cost. A350 related charges (€ -0.5 billion), increased R&D and less attractive Dollar hedges are other important contributors to the loss. The EBIT* further includes a € 352 million provision for A400M contingencies to deal with risk and technical challenges in the Airbus work share. However, the other Divisions foresee a positive contribution from the A400M, leading to a reversal of the provision at Group level. The Division's EBIT* was supported by a positive volume effect, the impact of a favourable aircraft mix and higher contribution from the sell-down of customer financing assets.

With 824 gross orders (790 net orders), Airbus achieved its second best year in terms of sales, including 673 Single Aisles, 134 A330s, A340s and A350s as well as 17 A380s. To date, two customers have cancelled their orders for a total of 20 A380s (freighter version). The momentum of the Asia-Pacific market was demonstrated by large order numbers across the entire Airbus portfolio. Among them Airbus received from China an order for 150 A320 Family aircraft and a Letter of Intent for 20 A350XWBs. The Airbus order book stands at an all-time high. At the end of 2006, it amounted to € 210.1 billion (year-end 2005: € 202.0 billion) based on list prices or a total of 2,533 aircraft (year-end 2005: 2,177 aircraft).

Additionally, Airbus prepared the ground for future product portfolio development, when the EADS Board of Directors gave it the go-ahead to launch the A350XWB. The aircraft is a response to market demand and will be extremely efficient and environmentally advanced. Airbus' portfolio was further extended by the launch of the A330-200 freighter aircraft. The technical integrity of the A380 was proven by the successful type certification in December 2006. The first aircraft will be delivered in October 2007.

The announcement of the Power8 programme lays the ground for strengthening Airbus' competitiveness through sustainable annual cost savings of at least € 2.1 billion from 2010 onwards and around € 5 billion in cumulative cash savings from 2007 to 2010. Additionally, Power8 will optimise Airbus' industrial set-up and drive forward integration to create a "New Airbus".

The **Military Transport Aircraft** Division's revenues surged to € 2,200 million (FY 2005: € 763 million) and EBIT* grew to € 75 million compared to € 48 million in 2005. This growth primarily reflects the achievement of four A400M milestones planned for 2006, as well as the revenue recognition related to a milestone shifted from 2005 to 2006. Further support came from the revenue ramp-up of the Australian tanker programme. The first A330 Multi-Role Tanker Transport (MRTT) aircraft with the new refuelling boom system is scheduled for entry into service in 2009.

For the US tanker replacement EADS and Northrop Grumman will jointly offer the world's most modern refuelling aircraft. EADS is well positioned in the competition for the JCA (Joint Cargo Aircraft) programme and the Group proved its reliability by delivering the first CN-235 for the US Coast Guard's Deepwater programme last year. The order book of the A400M rose by four to 192 aircraft following an order from Malaysia. The medium and light transport aircraft business was further strengthened with orders for 20 new aircraft including twelve C-295 for Portugal for both transport and maritime patrol purposes. The Division's order book stood at € 20.3 billion (year-end 2005: € 21.0 billion).

Eurocopter successfully entered the US defence market and once again confirmed its position as the global leader in the civil and parapublic helicopter market. Delivery of a record 381 helicopters (FY 2005: 334) fuelled the 18 percent revenues growth to € 3,803 million (FY 2005: € 3,211 million). The Division's EBIT* expanded by 21 percent to € 257 million compared to € 212 million in 2005. The EBIT* increase was supported by positive volume effects though constrained by the US Dollar impact, higher selling expenses and costs related to NH90.

In December 2006, Eurocopter started deliveries on two of its major defence helicopter programmes: the first three NH90s were handed over to the German Army and the US Army received the first of up to 322 light utility helicopters (UH-72A Lakota) three months ahead of schedule.

With new orders for 615 helicopters (FY 2005: 401) Eurocopter reached a record level, up 39 percent in value terms compared to the previous year. Receiving 71 percent of these new orders from outside France, Germany and Spain demonstrates Eurocopter's commercial success across the global market. Defence helicopters account for 53 percent of the Division's order intake, among them 43 NH90s purchased by Australia and New Zealand. The order book further increased to € 11.0 billion at 31 December 2006 (year-end 2005: € 10.0 billion) representing a total of 1,074 helicopters (year-end 2005: 840 helicopters).

In 2006, **EADS Astrium** – the renamed Space Division – achieved solid profitable growth in a more favourable business environment. While revenues increased 19 percent to € 3,212 million (FY 2005: € 2,698 million), EBIT* more than doubled to € 130 million (FY 2005: € 58 million). This reflects progress in Ariane 5 production, ballistic missiles, an exceptional year for satellites and the ramp-up of Paradigm services as well as the Division's continued cost improvements and successful restructuring efforts. The Division's highlights include the first flight of the M51 ballistic missile and the delivery of the Columbus space laboratory which is scheduled for ISS installation at the end of 2007. Both satellites and launchers captured substantial slices of their respective markets. EADS Astrium was awarded orders for eight telecom satellites, two of which were for military purposes, together with five earth observation and science satellite orders.

The Ariane 5 ECA performed five successful launches in 2006 while the market demand for launch capabilities is accelerating. The largest ever order book of € 12.3 billion (year-end 2005: € 10.9 billion) confirms the Division's strong position as prime contractor for many of Europe's space activities.

The **Defence & Security** Division improved its operational performance and moved programmes into production. Revenues rose by four percent to € 5,864 million (FY 2005: € 5,636 million) mainly due to Eurofighter ramp-up, solid missile business and new digital radio network business. EBIT* increased to € 348 million (FY 2005: € 201 million) due to operational improvement and a capital gain on the sale of LFK to MBDA which compensated additional restructuring costs mainly at Defence and Communication Systems and Military Air Systems and change of perimeter effects.

In addition to the contract for the digital radio network for German public safety authorities (BOSNet) the Division received substantial orders for secure networks. For the Romanian Integrated Border Security System, a first milestone was successfully achieved. A total of 114 Eurofighter aircraft were also delivered as of year-end. The first Unmanned Aerial Vehicle (UAV) technology demonstrator was in flight and Germany acquired the High Altitude Long Endurance UAV EuroHawk system. The defence electronics business streamlined its product portfolio and experienced growth in its platform-related equipment.

In the missiles business, MBDA has reinforced its position as a world leading missile systems company. In 2006, MBDA received orders from the French and German defence ministries respectively for 250 SCALP naval cruise missiles and 680 PARS 3 LR weapon systems.

The Division strengthened its position in coastal and maritime surveillance in particular, through the joint acquisition of Atlas Elektronik with ThyssenKrupp, and the acquisition of Sofrelog. As of 31 December 2006, the Division's order book amounted to € 17.6 billion (year-end 2005: € 18.5 billion).

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

Revenues of Other Businesses (ATR, EADS EFW, EADS Socata and EADS Sogerma) strongly improved by nine percent to € 1,257 million (FY 2005: € 1,155 million) driven by all four Business Units. EBIT* accounted for € -288 million (FY 2005: € -171 million). Positive contributions from ATR, EADS EFW and Socata were again more than offset by extended EBIT* losses at EADS Sogerma (€ -351 million). The sale of EADS Sogerma Services' MRO activities to TAT Group was completed on

10 January 2007. The activity remaining at EADS Sogerma consists of seats and aerostructure businesses and two subsidiaries (small engine and landing gear maintenance) for total sales of around € 350 million in 2006.

The year 2006 confirmed the revival of the turboprop market. The regional aircraft manufacturer ATR received 63 new orders in 2006. Based on its order book of 116 aircraft ATR will ramp-up deliveries in coming years. EADS EFW delivered 14 converted freighters and further strengthened its aerostructure business driven by Airbus production rates. A cooperation agreement with Irkut on the future A320 freighter conversion complements EADS' globalization strategy in Russia. Order book for 40 aircraft also confirmed the positive customer response to EADS Socata's TBM 850. At the end of 2006, the order book of Other Businesses totalled € 2.3 billion (year-end 2005: € 2.1 billion).

EADS is a global leader in aerospace, defence and related services. 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 military transport aircraft, and holds a stake in the joint venture MBDA, the international leader in missile systems.

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Notes to the editors:

Live-Transmission EADS Annual Results Press Conference on the Internet

You can view the EADS Annual Results Press Conference today from 10.00 a.m. CET on the EADS website www.eads.com using Windows media format.

Please click onto the banner located on the front page. Following the live transmission, an on-demand version will be available from 1 p.m. CET onwards.

Analysts Conference Call

You may listen to the **Analysts Conference Call** today at 12.30 p.m. CET) with EADS CEOs Tom Enders and 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.

EADS – Figures FY 2006
(Amounts in Euro)

EADS Group	FY 2006	FY 2005	Change
Revenues, in millions thereof defence, in millions	**39,434** 10,039	34,206 7,700	+15% +30%
EBITDA(1) (4), in millions	**2,033**	4,365	-53%
EBIT(2) (4), in millions	**399**	2,852	-86%
Research and Development expenses, in millions	**2,458**	2,075	+18%
Net Income(3) (4), in millions	**99**	1,676	-94%
Earnings Per Share (EPS)(3) (4)	**0.12**	2.11	-1.99€
Free Cash Flow (FCF), in millions	**2,029**	2,413	-16%
Free Cash Flow before Customer Financing, in millions	**869**	2,239	-61%
Order Intake(5), in millions	**69,018**	92,551	-25%

EADS Group	31 Dec 2006	31 Dec 2005	Change
Order Book(5), in millions thereof defence, in millions	**262,810** 52,933	253,235 52,363	+4% +1%
Net Cash position, in millions	**4,229**	5,489	-23%
Employees	**116,805**	113,210	+3%

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, those changes in actuarial gains and losses, which are recognized as expenses under the corridor method, have to be reversed. In 2006, this change contributes € 45 million to EBITDA and EBIT*, € 25 million to Net Income and € 0.03 to earnings per share.
5) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices

by Division (Amounts in millions of Euro)	Revenues			EBIT[1]		
	FY 2006	FY 2005	Change	**FY 2006**	FY 2005	Change
Airbus	**25,190**	22,179	+14%	**-572**	2,307	–
Military Transport Aircraft	**2,200**	763	+188%	**75**	48	+56%
Eurocopter	**3,803**	3,211	+18%	**257**	212	+21%
EADS Astrium	**3,212**	2,698	+19%	**130**	58	+124%
Defence & Security	**5,864**	5,636	+4%	**348**	201	+73%
Headquarters / Consolidation	**-2,092**	-1,436	–	**449**[2]	197	–
Other Businesses[3]	**1,257**	1,155	+9%	**-288**	-171	–
Total	**39,434**	34,206	+15%	**399**	2,852	-86%

by Division (Amounts in millions of Euro)	Order Intake[4]			Order Book[4]		
	FY 2006	FY 2005	Change	**31 Dec 2006**	31 Dec 2005	Change
Airbus	**53,367**	78,254	-32%	**210,115**	201,963	+4%
Military Transport Aircraft	**1,594**	1,840	-13%	**20,337**	20,961	-3%
Eurocopter	**4,885**	3,522	+39%	**11,042**	9,960	+11%
EADS Astrium	**4,354**	2,322	+88%	**12,263**	10,931	+12%
Defence & Security	**5,191**	6,673	-22%	**17,570**	18,509	-5%
Headquarters / Consolidation	**-1,842**	-1,931	–	**-10,809**	-11,217	–
Other Businesses[3]	**1,469**	1,871	-21%	**2,292**	2,128	+8%
Total	**69,018**	92,551	-25%	**262,810**	253,235	+4%

1) Earnings before interest and taxes, pre goodwill impairment and exceptionals
2) Includes EBIT* adjustments at Group level for the A400M provision at Airbus in 2006
3) ATR, EADS EFW, EADS Socata and EADS Sogerma are allocated to Other Businesses which is not a stand-alone EADS Division.
4) Contributions from commercial aircraft activities to EADS Order Intake and Order Book based on list prices.

EADS – Fourth Quarter Results (Q4) 2006
(Amounts in Euro)

EADS Group	Q4 2006	Q4 2005	Change
Revenues, in millions	**11,965**	10,760	+11%
EBIT(1) (3), in millions	**-1,027**	753	–
Net Income(2) (3), in millions	**-768**	405	–
Earnings Per Share (EPS)(2) (3)	**-0.96**	0.51	–

by Division (Amounts in millions of Euro)	**Revenues**			**EBIT**(1)		
	Q4 2006	Q4 2005	Change	**Q4 2006**	Q4 2005	Change
Airbus	**6,620**	6,146	+8%	**-1,722**	453	–
Military Transport Aircraft	**501**	259	+93%	**53**	47	+13%
Eurocopter	**1,439**	1,190	+21%	**126**	107	+18%
EADS Astrium	**1,252**	1,028	+22%	**82**	48	+71%
Defence & Security	**2,311**	2,217	+4%	**188**	191	-2%
Headquarters / Consolidation	**-493**	-452	–	**347**(4)	22	–
Other Businesses(5)	**335**	372	-10%	**-101**	-115	–
Total	**11,965**	10,760	+11%	**-1,027**	753	–

The Q4 2006 EBIT* suffered from charges in the context of the A380 delay, the A350XWB launch and a less favourable hedge rate (Q4 2006: € 1 = US$ 1.13 versus Q4 2005: € 1 = US$ 1.10), higher R&D expenses as well as restructuring impacts at EADS Sogerma and the Defence & Security Division. These burdens were mitigated by a better operational performance mainly driven by higher volume.

1) Earnings before interest and taxes, pre goodwill impairment and exceptionals
2) 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.
3) 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, those changes in actuarial gains and losses, which are recognized as expenses under the corridor method, have to be reversed. In Q4 2006, this change contributes € 12 million to EBITDA and EBIT* and € 6 million to Net Income and € 0.01 to earnings per share.
4) Includes EBIT* adjustments at Group level for the A400M provision at Airbus in 2006
5) ATR, EADS EFW, EADS Socata and EADS Sogerma are allocated to Other Businesses which is not a stand-alone EADS Division.

* 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.

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.