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Corporate Governance

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EADS is a company registered in the Netherlands and listed in France, Germany and Spain. Given the myriad of Corporate Governance regimes applicable to it, EADS applies a set of common Corporate Governance principles and recommendations in order to be in line with the Corporate Governance best practices applicable in these jurisdictions.

In particular and in accordance with Dutch law, the Company applies the provisions of the Dutch Corporate Governance Code (the “**Dutch Code**”), or, if applicable, explains in its annual Board of Directors Report the reasons for non-application of such provisions in accordance with the “apply or explain” principle. Accordingly, in paragraph 4.2 “Dutch Corporate Governance Code” of its Board Report for the 2004 financial year, which was approved by the Annual General Meeting held on 11th May 2005, EADS provided detailed explanations for the non-application of provisions III.2.1, III.3.6, III.4.1(f), III.5.1, III.5.6, III.5.11, III.5.12, III.8.3, III.5.13(a), III.5.13(d) (essentially as a result of EADS being a controlled Company and, therefore, most of the Members of the Board, Audit Committee and Remuneration and Nomination Committee could be designated and possibly be removed by its controlling

shareholders), II.2.6, III.7.3, III.7.2, II.1.1, III.3.5, IV.3, IV.2 and IV.1.7 (essentially as a result of EADS being listed on the Frankfurt, Paris and Spanish stock exchanges and endeavouring to strictly comply with the relevant regulations and following the general practices on these markets protecting all its stakeholders). In 2005, EADS’ 2004 statement has been modified with respect to provisions II.2.1, II.2.2, II.2.7 (remuneration granted to members of the Board of Directors), II.1.4 (internal control and risk management frameworks) and II.1.6 (ethics alert systems).

EADS’ Board of Directors Report is included in the Annual General Meeting Documentation (available on EADS’ website at www.eads.com in the section “Corporate Governance”), and the statements therein relating to Corporate Governance (Section 4.2 “Dutch Corporate Governance Code”) for the financial years 2004 and 2005 shall be deemed to be incorporated in and form part of this Registration Document.

EADS consequently complies with the Dutch Code since the Company’s annual shareholders’ meeting approved the section relating to Corporate Governance included in the Board of Directors Report since 2003.

2.1 Management and Control

2.1.1 Board of Directors, Chairmen and Chief Executive Officers

Pursuant to the Articles of Association of the Company, the Board of Directors is responsible for the management and the affairs of the Company.

The Board of Directors consists of a maximum of eleven members appointed and removed by the shareholders’ meeting. The Board of Directors adopted rules governing its internal affairs (the “**Rules**”) at a Board of Directors’ meeting held on 7th July 2000. The Rules were amended at a Board of Directors’ meeting held on 5th December 2003 to take into account recommendations for changes to Corporate Governance. The Rules specify the composition, the role and the key responsibilities of the Board of

Directors, and also determine the manner of appointment and the responsibilities of the Chairmen and the Chief Executive Officers. The Rules also specify the creation of two committees (the Audit and the Remuneration and Nomination Committees) and specify their composition, role and operating rules.

The Board of Directors has also adopted specific Insider Trading Rules, which restrict its members from trading in EADS shares in certain circumstances (for more information, please see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).

The parties to the Participation Agreement have agreed that the voting rights attached to the Indirect EADS Shares shall be exercised by EADS Participations B.V. to ensure that the Board of Directors of EADS comprises the Directors of EADS Participations B.V. and two additional independent Directors who are not officers, directors, employees or agents of or otherwise have no significant commercial or professional connection either with the DaimlerChrysler, *Société de Gestion de Participations Aéronautiques* (“**SOGEPA**”) or Lagardère Groups or the French State. Pursuant to the Participation Agreement, the Board of Directors comprises ten members of whom:

- four nominated by DaimlerChrysler;
- four nominated by *Société de Gestion de l’Aéronautique, de la Défense et de l’Espace* (“**SOGEADE**”); and
- two independent Directors, one nominated by DaimlerChrysler and one nominated by SOGEADE.

In addition, although from 8th July 2003, *Sociedad Estatal de Participaciones Industriales* (“**SEPI**”) no longer has a right to nominate a Director, based upon the proposal of DaimlerChrysler and SOGEADE, the shareholders’ meeting of EADS held on 11th May 2005 appointed an additional Spanish Director bringing the total number of Directors to eleven.

Pursuant to the Articles of Association, each member of the Board of Directors held office for a term expiring at the Annual General Meeting of the Company held on 11th May 2005. Such Annual General Meeting reconstituted the Board of Directors for a term of five years ending at the close of the Annual General Meeting which will be held in the year 2010. Members of the Board of Directors will be elected at each fifth Annual General Meeting thereafter.

The shareholders’ meeting may at all times suspend or dismiss any member of the Board of Directors. There is no limitation on the number of terms that a Director may serve.

The Board of Directors appointed two Chairmen, one chosen from the DaimlerChrysler-nominated Directors and one chosen from the SOGEADE-nominated Directors.

The Chairmen ensure the smooth functioning of the Board of Directors in particular with respect to its relations with the Chief Executive Officers whose efforts they support with regard to top level strategic discussions with outside partners.

The Board of Directors also appointed two Chief Executive Officers to be responsible for the day-to-day management of the Company, one chosen from the DaimlerChrysler-nominated Directors and one chosen from the SOGEADE-nominated Directors.

The Company is represented by the Board of Directors or by the Chief Executive Officers acting jointly. Furthermore, the Company has granted general powers to each of the Chief Executive Officers, authorizing them to each individually represent the Company.

In the event of a deadlock between the two Chief Executive Officers, the matter shall be referred to the two Chairmen.

The Chief Executive Officers shall not enter into transactions which form part of the key responsibilities of the Board of Directors unless these transactions have been approved by the Board of Directors.

The key responsibilities of the Board of Directors include amongst others:

- approving any change in the nature and scope of the activities of the Group;
- approving the overall strategy and the strategic plan of the Group;
- approving the business plan and the yearly budget of the Group;
- setting the major performance targets of the Group;
- appointing the members of the Executive Committee (see below) and the Corporate Secretary;
- approving proposals for appointments of members of Airbus Shareholders’ Committee and Executive Committee and chairmen of the Supervisory Board (or similar bodies) and the chief executive officers (or equivalent position) of important Group companies and BUs;
- approving material changes to the organisational structure of the Group;
- approving major investments, projects or product decisions or divestments of the Group contemplated in the business plan with a value exceeding €200 million;
- approving major strategic alliances and cooperations of the Group;

- approving any material decision affecting the ballistic missiles activity of the Group;
- approving matters of shareholder policy, major actions or major announcements to the capital markets; and
- approving other measures and business of fundamental significance for the Group or which involve an abnormal level of risk.

The Board of Directors met seven times during 2005 and was regularly informed of developments through business reports from the Chief Executive Officers, including rolling forecasts as well as strategic and operational plans. The average attendance rate at such meetings was 91%. Topics intensively discussed and operations authorised at these meetings included EADS' strategy, reorganisation topics (such as the reshaping of EADS divisional structure and headquarter organisation), major business issues (such as the A350 industrial launch decision, Airbus future product policy, EADS strategy in defense including European industry consolidation and the acquisition of Atlas Elektronik together with ThyssenKrupp Technologies, the review of the EADS UAV programmes, the co-development of the EC 175 helicopter with China and the review of Sogerma future strategy), the approval of operational plans, budgets, remuneration (including a stock option plan and an employee share ownership plan) and the Group's financial results and forecasts, as well as financial optimisations and the process of risk management and internal controls. The Board of Directors also dealt with topics regarding personnel and human resources, such as management qualification as well as attracting, retaining and developing high potentials in order to ensure the future quality of EADS' management and the multinational leadership structure. In its meeting held on 11th May 2005, Manfred Bischoff and Arnaud Lagardère were re-elected Chairmen and the two Board Committees were reconstituted with the same members as previously. The Board of Directors has also appointed on 25th June 2005 the Chief Executive Officers, Thomas Enders and Noël Forgeard as the two Chief Executive Officers, the President and CEO of Airbus, the Head of the Division Defense and Security Systems, and the Head of Eurocopter as member of the Executive Committee, while confirming the other members of the Executive Committee.

Following the changes to EADS' Corporate Governance decided in 2003 in light of the Corporate Governance best practices developed in the jurisdictions relevant to EADS, the Board of Directors supervised the implementation of such decisions during the year 2005. Among other matters, the induction package remitted to new Board members after their appointment through the annual General Meeting ("AGM").

In addition to the Rules, the work of the Board of Directors is governed by internal directors' guidelines (the "**Directors' Guidelines**") adopted, in a meeting dated 10th December 2004, in light of Corporate Governance best practices. The Directors Guidelines are composed of a Directors' charter (the "**Directors' Charter**") detailing the rights and duties of the members of the Board of Directors, an Audit Committee charter (the "**Audit Committee Charter**") and a Remuneration and Nomination Committee charter (the "**Remuneration and Nomination Charter**") each such charter setting forth the respective committees' enhanced roles.

The Directors' Charter sets out core principles, which bind each and every Director, such as acting in the best interest of the Company and its stakeholders, devoting necessary time and attention to the carrying out of their duties and avoiding any and all conflicts of interest.

Mandates of all the members of the Board of Directors expired at the general shareholders' meeting of the Company held on 11th May 2005. Based upon the nominations of the main EADS shareholders DaimlerChrysler and SOGEADE (Lagardère and French State), the Board of Directors decided on 8th March 2005 to propose at such general shareholders' meeting to reconstitute the Board of Directors by appointing Manfred Bischoff and Arnaud Lagardère (designated as Chairmen), Thomas Enders and Noël Forgeard (designated as Chief Executive Officers), Jean-Paul Gut and Hans Peter Ring as Executive Directors, Juan Manuel Eguiagaray Ucelay, Louis Gallois and Rüdiger Grube as Non-Executive Directors and Francois David and Michael Rogowski as Independent Directors, each of them for a term of five years ending at the close of the general shareholders' meeting to be held in the year 2010.

Each Director shall have one vote, provided that if there is a vacancy on the Board of Directors' in respect of a DaimlerChrysler-nominated Director or a SOGEADE-nominated Director, the DaimlerChrysler-nominated

Directors being present or represented at the meeting can jointly exercise the same number of votes that the SOGEADE-nominated Directors who are present or represented at the meeting can exercise and vice versa. All decisions of the Board of Directors require a vote in favor by at least seven Directors voting in person or by proxy.

The quorum for the transaction of business at meetings of the Board of Directors requires the presence of at least one of the SOGEADE-nominated Directors and one of the DaimlerChrysler-nominated Directors.

In the event of a deadlock in the Board of Directors, other than a deadlock giving DaimlerChrysler the right to exercise the put option granted to it by SOGEADE (see “Part 2 / 3.3.2 Relationships with Principal Shareholders — Put Option”), the matter shall be referred to Arnaud Lagardère (or such person as shall be nominated by Lagardère) as representative of SOGEADE and to the chief executive officer of DaimlerChrysler. In the event that the matter in

question, including a deadlock giving DaimlerChrysler the right to exercise the put option (but in this case with the agreement of SOGEPA and DaimlerChrysler) is a matter within the competence of the General Meeting of EADS, a resolution on the issue shall be put to the General Meeting, with the voting rights of SOGEADE, DaimlerChrysler and SEPI being negated.

Pursuant to the Rules, the Board of Directors is empowered to form committees from its members. In addition to the Audit Committee and the Remuneration and Nomination Committee, the Board of Directors may form other committees to which it may transfer certain minor or ancillary decision-making functions although such assignment does not negate the joint responsibility of all Directors. The quorum for the transaction of business at any meeting of a committee shall be at least one Director appointed by SOGEADE and at least one Director appointed by DaimlerChrysler. All decisions of a committee require the simple majority of the members.

Composition of the Board of Directors

Name	Age	Term started	Term expires	Principal function in the Group	Principal role outside the Group
Manfred Bischoff	63	2005	2010	Chairman of EADS	DaimlerChrysler Delegate for Aerospace
Arnaud Lagardère	45	2005	2010	Chairman of EADS	General Partner and Chief Executive Officer of Lagardère
Thomas Enders	47	2005	2010	Chief Executive Officer of EADS	President of the German Association of the Aerospace Industries-BDLI
Noël Forgeard	59	2005	2010	Chief Executive Officer of EADS	Member of the Board of Directors of Arcelor
Jean-Paul Gut	44	2005	2010	Chief Operating Officer for Marketing, Strategy and Global Development of EADS	Member of the Board of Directors of Arjil Commanditée-Arco
Hans Peter Ring	55	2005	2010	Chief Operating Officer for Finance of EADS	Member of the Supervisory Board (<i>Aufsichtsrat</i>) and Shareholder Committee of M+W Zander — D.I.B Facility Management GmbH
Juan Manuel Eguiagaray Ucelay	60	2005	2010	Member of the Board of Directors of EADS	Director of the Service of Studies of the Fundacion Alternativas
Louis Gallois	62	2005	2010	Member of the Board of Directors of EADS	President of SNCF
Rüdiger Grube	54	2005	2010	Member of the Board of Directors of EADS	Member of the Management Board of DaimlerChrysler
François David	64	2005	2010	Member of the Board of Directors of EADS	Chairman and Chief Executive Officer of Coface
Michael Rogowski	67	2005	2010	Member of the Board of Directors of EADS	Chairman of the Supervisory Board of J.M Voith AG.

Nota: *The professional address of all Directors for any matter relating to EADS is Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk, The Netherlands.*

Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors

Manfred Bischoff

Dr. Manfred Bischoff joined Daimler-Benz AG in 1976. He was a member of the Board of Management of DaimlerChrysler from 1995 until 15th December 2003, responsible for Aerospace & Industrial Businesses. Prior to his present position with EADS, Dr. Bischoff was first Chief Financial Officer from 1989 and then President and Chief Executive Officer from 1995 to March 2000 of Dasa AG, one of the three EADS founding companies. He holds a master's degree and a PhD (Dr. rer. Pol.) in Economics from the University of Heidelberg. Current mandates in addition to those listed in the chart above are set forth below:

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Supervisory Board of DaimlerChrysler AG (“**DaimlerChrysler**”);
- Chairman of the Supervisory Board of Dasa AG;
- Chairman of the Supervisory Board of DCLRH;
- Member of the Supervisory Board of Fraport AG;
- Member of the Supervisory Board of Gerling-Konzern Versicherungs-Beteiligungs-AG;
- Member of the Supervisory Board of Royal KPN N.V.;
- Member of the Board of Directors of Nortel Networks Corp. and Nortel Networks Ltd;
- Member of the Board of Directors of Unicredit; and
- Member of the Supervisory Board of Voith AG.

Former mandates for the last five years:

- Chairman of the Supervisory Board of EADS Deutschland GmbH (resigned 7th July 2003);
- Member of the Board of Directors of Mitsubishi Motors Corporation (resigned 15th December 2003);
- Member of the Management Board of DaimlerChrysler (resigned 15th December 2003);

- Chairman of the Supervisory Board of Motoren-und-Turbinen Union (“**MTU**”) Aero Engines GmbH (resigned 1st January 2004);
- Member of the Supervisory Board of Lagardère (resigned 10th May 2005); and
- Member of the Supervisory Board of Bayerische Hypo- und Vereinsbank AG (resigned 27th July 2005).

Arnaud Lagardère

Mr. Arnaud Lagardère has been General Partner and Chief Executive Officer of Lagardère since 2003. He began his career in 1986 as General Manager of MMB, the holding company of Hachette and Europe 1. In 1987, he was appointed Vice President of the Supervisory Board of Arjil bank followed by his appointment as Head of emerging activities and electronic media for Matra. In 1994 he became Chief Executive Officer of Grolier Inc. in the U.S. He has been Managing Partner of Lagardère since 1998. In 1999, he was appointed Chief Executive Officer of both Lagardère Media and Lagardère Active. Arnaud Lagardère graduated in Economics from the University of Paris Dauphine.

Current mandates in addition to those listed in the chart above are set forth below:

- Chairman of the Board of Directors of EADS Participations B.V.;
- Chairman and Chief Executive Officer of Lagardère Active;
- Chairman and Chief Executive Officer of Lagardère Active Broadcast;
- Chairman and Chief Executive Officer of Lagardère Active Broadband;
- Chairman and Chief Executive Officer of Lagardère S.A.S.;
- Chairman and Chief Executive Officer of Lagardère Media (Hachette S.A.);
- Chairman and Chief Executive Officer of Lagardère Capital & Management;
- Chairman of Fondation Jean-Luc Lagardère;
- Chairman and Chief Executive Officer of Arjil Commandité-ARCO;

- Permanent Representative of Lagardère Active Publicité to the Board of Directors of Lagardère Active Radio International;
- Representative of Hachette S.A. to the Management Committee of SEDI TV-TEVA;
- Member of the Board of Directors of Lagardère Ressources;
- Member of the Board of Directors of LVMH;
- Member of the Board of Directors of France Télécom;
- Member of the Board of Directors of Hachette Livre;
- Member of the Board of Directors of Hachette Distribution Services;
- Member of the Board of Directors of Hachette Filipacchi Médias;
- Member of the Supervisory Board of Virgin Stores;
- Member of the Supervisory Board of DaimlerChrysler;
- Member of the Supervisory Board of Le Monde;
- President of the “Association des Amis de Paris Jean Bouin Club Athlétique de la Société Générale (“C.A.S.G.”); and
- Member of France China Honorary Committee.

Former mandates for the last five years:

- Member of the Supervisory Board of T. Online International AG;
- Member of the Supervisory Board of LCM (“Lagardère Capital & Management”) Partenaires S.A. (resigned December 2001);
- Chairman of Lagardère Active Broadband Finances S.A.S (resigned December 2001);
- Member of the Board of Directors of LCM Expression S.A. (resigned June 2002);
- Member of the Board of Directors of Multithématiques S.A. (resigned December 2002);
- Co-Manager of I.S.-9 (resigned May 2003);
- Manager of Lagardère Active Publicité (SNC) (resigned May 2003);

- Member of the Board of Directors of the Society d’Agences et de Diffusion S.A. (resigned June 2003);
- Manager of the Nouvelles Messagerie de la Presse Parisienne - N.M.P.P. SARL (resigned July 2003);
- Member of the Board of Directors of Canalsatellite S.A. (resigned December 2003);
- Member of the Board of Directors of Lagardère-Sociétés S.A.S (resigned December 2003);
- Member of the Board of Directors of the Editions P. Amaury S.A. (resigned December 2003);
- Chairman and Chief Executive Officer of Lagardère Images S.A.S (resigned October 2004);
- Chairman and Chief Executive Officer of Lagardère Thematiques S.A. (resigned November 2004);
- Manager of Lagardère Elevage (resigned March 2005);
- Deputy-Chairman of the Supervisory Board of Banque Arjil & Cie (resigned April 2005);
- President of the “Club des entreprises Paris 2012” (resigned January 2006); and
- Member of the Board of Directors of Fimalac (resigned January 2006).

Thomas Enders

Mr. Enders joined MBB (“Messerschmitt-Boelkow-Blohm”) / Dasa AG in 1991, after various posts in international research institutes, the German Parliament and the Planning Staff of the German Minister of Defense. After several years in the company’s marketing sector, he became Corporate Secretary of Dasa AG in 1995. From 1996 he was in charge of Corporate Strategy & Technology and from 2000, he was the Head of Defence and Security Systems Division. In June 2005 he was appointed Chief Executive Officer of EADS. Mr. Enders holds degrees from the University of Bonn and UCLA, California.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Board of Directors of EADS Participations B.V. and Chief Executive Officer of EADS Participations B.V.;

- Chairman of the Supervisory Board of EADS Deutschland GmbH;
- Member of the Shareholders Committee of Airbus S.A.S.;
- Chairman of the Supervisory Committee of Eurocopter S.A.S.;
- Member of the Board of Directors of EADS North America Inc.;
- Chairman of the Supervisory Board of Dornier GmbH;
- President of AeroSpace and Defence Industries Association of Europe (“**ASD**”);
- Member of the Board of Directors of Bundesverband der Deutschen Industrie (“**BDI**”);
- President of Atlantikbrücke;
- Member of the Supervisory Board of Deutsche BP;
- Member of the Board of Directors of Deutsche Gesellschaft für Auswärtige Politik (“**DGAP**”); and
- Member of the Board of Directors of Stichting Administratiekantoor EADS (the “**Foundation**”).

Former mandates for the last five years:

- Chairman of the Supervisory Board of DADC Luft und Raumfahrt Beteiligungs AG (“**DADC**”) (resigned October 2005); and
- Member of the Supervisory Board of Industrieanlagen-Betriebsgesellschaft mbH (“**IABG**”) (resigned December 2005).

Noël Forgeard

Mr. Forgeard joined Matra in 1987 as Senior Vice President of the Defense and Space activities. In 1992, he was appointed Managing Director of Lagardère and Chief Executive Officer of Matra Hautes Technologies. He joined Airbus Industrie as Managing Director in 1998 and became the first President and Chief Executive Officer of the Airbus integrated company in 2001. In June 2005 he was appointed Chief Executive Officer of EADS. He graduated from the *École Polytechnique* and the *École des Mines* in Paris.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Board of Directors of EADS Participations B.V. and Chief Executive Officer of EADS Participations B.V.;
- Chairman of the Shareholders Committee of Airbus S.A.S.;
- President and Member of the Board of Directors of EADS France;
- Member of the Board of Directors of Schneider Electric;
- Member of the Board of Directors of Dassault Aviation;
- Member of the Board of Directors of Arcelor;
- Member of the Board of Directors of France Galop; and
- Member of the Board of Directors of École Polytechnique.

Former mandates for the last five years:

- Member of the Board of Directors of International Metal Service (“**IMS**”) S.A. (resigned in 2003);
- Chairman and Chief Executive Officer of Airbus Holding S.A. (resigned in 2005);
- Chairman of the Board of Directors of Airbus France (resigned in 2005);
- Chairman of the Board of Directors of Airbus España, SL (resigned in 2005);
- Chairman of the Supervisory Board of Airbus Deutschland GmbH (resigned in 2005);
- Chairman of the Board of Directors of Airbus Military, SL (resigned in 2005);
- Member of the Board of Directors of Airbus U.K. Ltd (resigned in 2005); and
- Member of the Board of Directors of EADS CASA (resigned in 2005).

Jean-Paul Gut

Since 1983, Mr. Gut has held various executive positions in the field of export and international operations for Matra Defense, Matra Defense Espace and the Lagardère Group. In 1998, Mr. Gut integrated the Lagardère Group Management Board as responsible for International Operations and the High Technology sector. At the creation

of EADS, in 2000, he was appointed Head of EADS International and in 2005 Chief Operating Officer for Marketing, Strategy and International. He graduated from the *Institut d'Études Politiques de Paris* with a Master's degree in Economics.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Shareholders Committee of Airbus S.A.S;
- Member of the Board of Directors of Dassault Aviation;
- Member of the Board of Directors of EADS CASA;
- Member of the Board of Directors of EADS North America Inc;
- Director of GIE AMLI;
- Representative of MBDA France as Member of the Board of Directors of Eurotradia International (S.A.); and
- Member of the Supervisory Board of Eurocopter (S.A.S).

Former mandates for the last five years:

None.

Hans Peter Ring

Mr. Hans Peter Ring began his career at MBB in 1977. In 1987 he was appointed Head of Controlling of the company's Missiles business and subsequently of the Aviation and Defense Division of Dasa AG. From 1992-1995, he was Chief Financial Officer and member of the board of Dornier Luftfahrt. In 1996, he was appointed Senior Vice President of Controlling of Dasa and subsequently of EADS. Hans Peter Ring was appointed Chief Financial Officer of EADS in 2002 and Chief Operating Officer for Finance in 2005. Mr. Hans Peter Ring has a degree in business administration.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Shareholders Committee of Airbus S.A.S;
- Member of the Board of Directors of EADS Space B.V.;
- Member of the Supervisory Board of Eurocopter S.A.S;
- Member of the Supervisory Board of Eurocopter Holding S.A.S;
- Member of the Board of Directors of EADS CASA;

- Member of the Board of Directors of EADS North America Inc.;
- EADS' Representative at the ATR assembly of members;
- Member of the Advisory Board of Deutsche Bank (Region Munich); and
- Member of the "Wirtschaftsbeirat" of the BayernLB.

Former mandates for the last five years:

None.

Juan Manuel Eguiagaray Ucelay

Mr. Juan Manuel Eguiagaray Ucelay is Associate Professor at Carlos III University in Madrid, teaching Macroeconomics and Applied Economics and he is also Director of Studies at the think tank Fundación Alternativas. Between 1970 and 1982 he taught economics at Deusto University in Bilbao. Since the 1970's he held various political mandates in Spain; amongst others he was Minister for Public Administration (1991-1993) and Minister for Industry and Energy (1993-1996). He resigned from Parliament in 2001. Mr. Eguiagaray Ucelay holds a degree in Economics as well as in Law by Deusto University and a Ph.D. degree by the same University.

Current mandates in addition to those listed in the chart above are set forth below:

- Associate Professor of Macroeconomics at the University of Carlos III in Madrid;
- President of Solidaridad Internacional (NGO);
- Economic Adviser of Arco Valoraciones S.A.;
- Member of the Council Adviser of Creation, Advising and Development (Creade), S.L.; and
- Member of the Council Adviser of the Foundation Group EP.

Former mandates for the last five years:

- Member of the Board of Directors of Promek S.L. (resigned 6th June 2000); and
- Member of the Advisory Board of Futurspace S.A. (resigned 05th July 2004).

Louis Gallois

Mr. Louis Gallois has been Chairman of *Société Nationale des Chemins de Fer* (“**SNCF**”) since 1996. From 1972 he worked in various posts for the Ministry of Economy and Finance, the Ministry of Research and Industry and the Ministry of Defense. In 1989 he was nominated Chairman and Chief Executive Officer of *Société Nationale d’Études et de Constructions de Moteurs d’Avions* (“**SNECMA**”) and subsequently, in 1992 Chairman and Chief Executive Officer of *Aérospatiale*. He graduated from the *École des Hautes Études Commerciales* in Economic sciences and is an alumnus of the *École Nationale d’Administration*.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Board of Directors of *École Centrale des Arts et Manufactures*; and
- President of the *Fondation Villette-Entreprises*.

Former mandates for the last five years:

- Member of the Board of Directors of *Thales* (resigned 30th June 2005).

Rüdiger Grube

Dr. Rüdiger Grube is member of the Board of Management of DaimlerChrysler in charge of corporate development since 2002 and additionally profit and loss responsible for North East Asia (incl. Greater China Business) since 2004. He started his career in 1989 at MBB. In 1995, he became Director of Corporate Planning and Technology of *Deutsche Aerospace AG*. In 1996, he was appointed Senior Vice President and Head of Corporate Strategy at *Daimler-Benz AG* and subsequently of *DaimlerChrysler*. In 2000, he became Senior Vice President for Corporate Development. Mr. Grube holds an engineers’ degree in aircraft construction and engineering from the University of Hamburg and a doctorate in industrial science.

Current mandates in addition to those listed in the chart above are set forth below:

- Chairman of the Supervisory Board of *MTU Friedrichshafen GmbH* and *DaimlerChrysler Off-highway GmbH*;

- Chairman of the Board of Directors of *DaimlerChrysler China limited*, Beijing;
- Vice Chairman of the Board of Directors of *Beijing Benz DaimlerChrysler Automotive (BBDC-A)*;
- Member of the Board of Directors of *McLaren Group Ltd*;
- Member of the Supervisory Board of *DaimlerChrysler Financial Services AG*;
- Member of the Advisory Board of *DaimlerChrysler Fleetboard*;
- Member of the Advisory Board of *DaimlerChrysler Aviation*; and
- Member of the Supervisory Board of “*Hamburg Port Authority*” (“**HPA GmbH**”).

Former mandates for the last five years:

- Member of the Board of Directors of the *Hyundai Motor Company* (resigned 13th May 2004); and
- Member of the Board of Directors of the *Mitsubishi Motors Company* (resigned 24th November 2005).

François David

Mr. François David is Chairman and Chief Executive Officer of *Coface*, an international credit insurance and credit management service provider since 1994. He started his career in 1969 in the French Ministry of Finance as Civil Administrator at the foreign economic relations department in which he held various responsibilities. In 1986, he was named Director of the Cabinet of the Minister of Foreign Trade. In 1987, he was appointed Director of external economic relations within the Ministry of Economy, Finance and Budget. In 1990, he was named International Managing Director of the *Aérospatiale* company. Mr. David is an alumnus of the *École Nationale d’Administration*, a graduate of the *Institut d’Études Politiques de Paris*, and he holds a degree in sociology.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Board of Directors of *Stichting Administratiekantoor EADS* (the “**Foundation**”);
- Chairman and Chief Executive Officer of *Coface Scrl*;

- Chairman of the Board of Directors of Viscontea Coface (Italy);
- Chairman of the Board of Directors of Coface Services;
- Chairman of the Supervisory Board of AK Coface (*Allgemeine Kreditversicherung Aktiengesellschaft Coface*) (Germany);
- Member of the Board of Directors of Vinci;
- Member of the Board of Directors of the association Coface Trade Aid;
- Chairman of Coface ORT;
- Chairman of La Librairie Electronique (LLE);
- Chairman of Centre d'études financières;
- Chairman of Or Informatique; and
- Censor in Rexel.

Former mandates for the last five years:

- Member of the Board of Directors of Rexel (resigned in 2005).

Michael Rogowski

Dr. Michael Rogowski has been Chairman of the Supervisory Board of Voith AG since 2000 and was also the President of the Association of German Industry from 2000 to 2004. Dr. Michael Rogowski joined Voith GmbH in 1974, where he was responsible for human resources as well as materials management. In 1982 he took over responsibility for the power transmission engineering Division and was named Chairman of the Management Board of Voith GmbH in 1986 and then Voith AG in 1997. He studied economical engineering and earned a doctorate at the University of Karlsruhe in 1969.

Current mandates in addition to those listed in the chart above are set forth below:

- Member of the Board of Directors of Stichting Administratiekantoor EADS (the “**Foundation**”);
- Member of the Supervisory Board of Talanx AG / HDI Versicherung;
- Member of the Supervisory Board of IKB Deutsche Industrie-Bank AG;

- Member of Shareholder’s Committee of Freudenberg & Co.; and
- Member of the Supervisory Board of Carl Zeiss AG

Former mandates for the last five years:

- President of the Federation of German Industries, BDI (resigned 31st December 2004);
- Member of the Supervisory Board of KSB AG (resigned 30th April 2005);
- Member of the Supervisory Board of *KfW Kreditanstalt für Wiederaufbau* (resigned 31st May 2005);
- Member of the Supervisory Board of Deutsche Messe AG (resigned 30th June 2005); and
- Vice President of the Federation of German Industries, BDI (resigned 31st December 2005).

The Company has not appointed observers to the Board of Directors. Pursuant to applicable Dutch law, the employees are not entitled to elect a Director. There is no minimum number of shares that must be held by a Director.

Independent Directors

The two independent directors appointed pursuant to the criteria of independence set out above are François David and Michael Rogowski.

Prior Offences and Family Ties

To the Company’s knowledge, none of the Directors (in either their individual capacity or as director or senior manager of any of the entities listed above) has been convicted in relation to fraudulent offences, been the subject of any bankruptcy, receivership or liquidation, nor been the subject of any official public incrimination and / or sanction by a statutory or regulatory authority, nor been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of any issuer or conduct of affairs of any company, during at least the last five years. As of the date of this document, there are no family ties among any of the Directors.

Assessment of the Performance of the Board of Directors

Last year's self-evaluation was conducted as from December 2005 by the Chairmen of the Board of Directors, based upon responses of members of the Board of Directors to a questionnaire. The Chairmen jointly evaluated the feedback of the members of Board of Directors and led a discussion on the results at the following Board of Directors meetings.

The self-evaluation comprised a general assessment of the meetings and processes of the Board of Directors and a review of the activities of the Board of Directors and its Committees in the past year. The questionnaire addressed matters such as the frequency of meetings, the content of discussions and the thoroughness of meeting preparation. The members of the Board of Directors were also asked to consider the functioning and the composition of the Board of Directors, the quality and openness of discussion, the

independence of expressed opinions, the ability to build on differing positions and the access to necessary information for the members of the Board of Directors.

The findings of the self-assessment concluded that the overall performance of the Board of Directors is very satisfactory.

Since the last self-assessment in 2004, which had shown positive results already, further progress has been made in the meantime by implementing the previously decided improvement measures, such as improved transparency on EADS Corporate Governance for shareholders. Also, the meeting attendance for Board of Directors and Remuneration & Nomination Committee meetings has further increased in 2005 compared to the previous year.

Continuous improvement and effectiveness of governance and management of the Group will remain a prime focus and key success factor of EADS.

2.1.2 Audit Committee

Pursuant to the Rules, the Audit Committee makes recommendations to the Board of Directors on the appointment of auditors and the determination of their remuneration, the approval of the annual financial statements and the interim accounts, discusses with the auditors their audit programme and the results of their audit of the accounts and monitors the adequacy of the Group's internal controls, accounting policies and financial reporting. The Audit Committee has responsibility for ensuring that the internal and external audit activities are correctly directed and that the audit matters are given due importance at meetings of the Board of Directors. The rules and responsibilities of the Audit Committee have been set out in more detail in the Audit Committee Charter.

The Audit Committee reviews the quarterly, half and full year accounts on the basis of the documents distributed in

advance and discussions with the auditors. The Head of accounting and the Chief Financial Officer are invited to meetings of the Audit Committee to answer any question.

The Audit Committee is chaired by Manfred Bischoff and Arnaud Lagardère and also includes Rüdiger Grube and Louis Gallois.

The Audit Committee meets twice a year, or more frequently according to requirements. It met three times during 2005 and had one written consultation, with a 94% attendance rate, to review the 2004 results as well as the first half-year results for 2005 of the Company. As decided by the Board of Directors on 5th December 2003, the role of the Audit Committee was increased with new tasks such as, in particular, the review of the quarterly financial reports.

2.1.3 Remuneration and Nomination Committee

Pursuant to the Rules, the Remuneration and Nomination Committee makes recommendations to the Board of Directors regarding appointments of the Executive Committee members, the chairmen of the Supervisory Board (or similar bodies), the chief executive officers (or equivalent positions) of main Group companies and BUs and the Corporate Secretary, human resources and remuneration related strategy and long-term remuneration plans (including playing a central role in determining and reviewing the variable portion of the remuneration of the members of the Board of Directors and the Executive Committee) and decides the service contracts and other contractual matters in relation to the Board of Directors and Executive Committee members. The rules and responsibilities of the Remuneration and Nomination Committee have been set out in more

detail in the Remuneration and Nomination Charter. The Remuneration and Nomination Committee is chaired by Manfred Bischoff and Arnaud Lagardère and also includes Thomas Enders, Noël Forgeard, Rüdiger Grube and Louis Gallois.

The Remuneration and Nomination Committee meets twice a year, or more frequently according to requirements. It met five times during 2005, with a 92% average attendance rate. On top of making recommendations to the Board of Directors for major appointments within the Group, the Remuneration and Nomination Committee reviewed the compensation policy (including pension schemes), the bonus payments for 2004, the stock option plan and the employee share ownership plan for 2005.

2.1.4 Executive Committee

The Chief Executive Officers, supported by an Executive Committee (the “**Executive Committee**”), are responsible for managing the day-to-day operations of the Company. The Executive Committee, chaired by the Chief Executive Officers, also comprises the Heads of the major Functions and Divisions of the Group. The Executive Committee met nine times during 2005.

The following matters are discussed, amongst others, at the Executive Committee meetings:

- Setting up and control of the implementation of the strategy for EADS businesses;
- Management, organisational and legal structure of the Group;
- Performance level of the Group’s businesses and support functions; and
- All business issues, including the operational plan of the Group and its Divisions and BUs.

The internal organisation of the Executive Committee is defined by the business allocation among the members under the supervision of the Chief Executive Officers. Notwithstanding the joint responsibilities as defined above,

each member of the Executive Committee is individually responsible for the management of his portfolio and must abide by decisions taken by the Chief Executive Officers and the Executive Committee, as the case may be.

The Chief Executive Officers endeavour to reach consensus among the members of the Executive Committee on the matters discussed at the Executive Committee meetings. In the event of consensus not being reached, the Chief Executive Officers are entitled to decide the matter. If there is a fundamental or significant disagreement with respect to any undecided matter, the dissenting Executive Committee member may request that the Chief Executive Officers submit such matter to the Chairmen for their opinion.

The term of office for the Executive Committee members is five years.

On 25th June 2005, the Board of Directors appointed the new Executive Committee which is led by the two Chief Executive Officers.

Composition of the Executive Committee

Name	Age	Term started	Term expires	Principal Occupation
Thomas Enders	47	2005	2010	Chief Executive Officer
Noël Forgeard	59	2005	2010	Chief Executive Officer
Jean-Paul Gut	44	2005	2010	Chief Operating Officer for Marketing, Strategy and Global Development
Hans Peter Ring	55	2002	2007	Chief Operating Officer for Finance
François Auque	49	2005	2010	Chief Executive Officer of Space Division
Fabrice Brégier	44	2005	2010	Head of EADS Eurocopter Division
Ralph D Crosby Jr.	58	2002	2007	Chairman and Chief Executive Officer of EADS North America
Francisco Fernández Sáinz	60	2002	2007	Head of Military Transport Aircraft Division
Gustav Humbert	56	2005	2010	President and Chief Executive Officer of Airbus
Jussi Itävuori	50	2002	2007	Head of Human Resources
Stefan Zoller	48	2005	2010	Head of Defence and Security Systems Division

Note: The professional address of all members of the Executive Committee for any matter relating to EADS is Le Carré, Beechavenue 130-132, 1119 PR, Schiphol-Rijk, The Netherlands.

Thomas Enders, Chief Executive Officer of EADS

See “2.1.1 Board of Directors, Chairmen and Chief Executive Officers — Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors”.

Noël Forgeard, Chief Executive Officer of EADS

See “2.1.1 Board of Directors, Chairmen and Chief Executive Officers — Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors”.

Jean-Paul Gut, Chief Operating Officer for Marketing, Strategy and Global Development

See “2.1.1 Board of Directors, Chairmen and Chief Executive Officers — Curriculum Vitae and other Mandates and Duties Performed in any Company by the Members of the Board of Directors”.

Hans Peter Ring, Chief Operating Officer for Finance

See “2.1.1 Board of Directors, Chairmen and Chief Executive Officers — Curriculum Vitae and other Mandates and

Duties Performed in any Company by the Members of the Board of Directors”.

François Auque, Chief Executive Officer of Space Division

Mr. Auque joined Aerospatiale as Chief Financial Officer in 1991, after a career with the Suez Group and the French *Cour des Comptes*. He held various top management functions within Aerospatiale Matra. Since 2000, he is Chief Executive Officer of the EADS Space Division. Mr. Auque graduated from the *École des Hautes Études Commerciales*, from the *École Nationale d'Administration*, and from the *Institut d'Études Politiques de Paris*.

Fabrice Brégier, Head of EADS Eurocopter Division

Mr. Brégier joined Matra Défense in 1993 as Chairman of the Apache MAW and Eurodrone GIEs. In 1996, he was appointed Director for the Stand-Off activities of Matra BAe Dynamics before becoming CEO of MBD in 1998 and CEO of MBDA in 2001. He became President and CEO of Eurocopter in April 2003. In June 2005 he was appointed Head of the Eurocopter Division and member of the Executive Committee.

Ralph D. Crosby Jr., Chairman and Chief Executive Officer of EADS North America

Mr. Crosby has been Chairman and CEO of EADS North America since 2002. Previously, he established and was President of the Integrated Systems Sector at Northrop Grumman Corporation after having been Corporate Vice President and General Manager of the company's Commercial Aircraft Division and of the B-2 Division. Mr. Crosby holds degrees from the U.S. Military Academy, from the Graduate Institute of International Studies in Geneva, and from the Harvard University.

Francisco Fernández Sáinz, Head of Military Transport Aircraft Division

Mr. Fernández Sáinz joined CASA in 1971 as a Stress Engineer. Between 1975 and 2002 he held various positions such as Product Engineering Manager, Project Manager, Engineering Development Director of the Technical Directorate, Vice President of Engineering and Executive Vice President Programs, and finally as Airbus España General Manager. Since 2002, he is Head of Military Transport Aircraft. Mr. Fernández Sáinz holds an MBA from ICADE and is a Senior Aeronautical Engineer.

Gustav Humbert, President and Chief Executive Officer of Airbus

Mr. Humbert joined MBB in 1980. Before becoming President and Chief Executive Officer of Daimler Benz

Aerospace Airbus GmbH in 1994, he was member of the Dasa AG Management Board responsible for the Commercial Aircraft Division. He was nominated Airbus Chief Operating Officer in 2000 and President and Chief Executive Officer of Airbus in 2005. Mr. Humbert holds an engineering degree and a PhD from the Hanover Technical University.

Jussi Itävuori, Head of Human Resources

Mr. Itävuori joined EADS in September 2001. Previously, he worked for KONE Corporation since 1982 and was appointed in 1989 as Head of Human Resources and member of the Executive Committee of KONE Elevators. In 1995, he was appointed member of the Executive Committee and Head of Human Resources of KONE Corporation. Mr. Itävuori graduated from the Vaasa School of Economics, Finland and served in the Airforce as pilot.

Stefan Zoller, Head of Defence and Security Systems Division

Dr. Zoller joined Dasa in 1996 as Chief of Staff of the President and CEO of the company. Previously, he held various management positions within DaimlerChrysler, Dornier and Senstar / Canada. Since 2000, he has held top management positions within EADS' defence business and was appointed Head of the Defence & Security Systems Division in 2005. Dr. Zoller graduated from the University Tübingen and holds a PhD in company law.

2.1.5 Internal Control and Risk Management Systems

2.1.5.1 Overview

One of Management's fundamental missions is to foster a positive internal control ("IC") and risk management ("RM") environment at EADS, in line with Corporate Governance best practices from the Netherlands, France, Germany and Spain. Recognizing that developments in the multi-jurisdictional legal and regulatory provisions relevant to EADS required a strategic approach to IC and RM, EADS launched an IC / RM project at the beginning of 2004. The project, coordinated by the EADS finance department, and

supported by other headquarters functions and external consultants, is intended to:

- ensure the Group's compliance with current and expected future regulations;
- identify weaknesses in the Group's existing IC and RM procedures and propose improvements thereto; and
- enable EADS to manage and minimize business and control risks throughout the Group.

Achievements in 2005

Building on the results of the comprehensive IC and RM review and evaluation process commenced in 2004, EADS critically assessed during 2005 the implementation status and quality of the integrated Group-wide IC and RM systems. An independent review process was launched to provide reasonable assurance regarding the effectiveness of the IC and RM systems in place. Additional quality and efficiency gains have been achieved.

In order to further enhance the quality of the IC and RM systems, a number of actions have been launched. Specific training sessions according to the “train the trainer” principle have been carried out to further train the IC coordinators who, in a second step, transferred their knowledge to the process owners in the BUs and headquarters functions. In addition, “lessons learned” process workshops took place, utilising the independent review information. These workshops provided process owners / coordinators with a platform for information on the independent review findings in other BUs as well as for the exchange of their specific experiences. The training sessions and the “lessons learned” workshop information were instruments to further coach and support the process owners and to secure the high quality standard of the yearly recurring self-assessment. The self-assessment and the independent review results were subsequently the subject of EADS’ top management’s discussions. Based on the bottom-up principle, the BU management boards reported the status quo of their IC and RM systems to the chief executive officers and the chief financial officers of the respective Divisions (Airbus, DS, MTA, Eurocopter, Space), who again reported to the EADS chief executive officers (the “CEOs”) and the EADS chief financial officer (the “CFO”).

Additionally, in order to maximize efficiency in the area of control design assessment, the “key control” principle was designed. A “key control” is a control that is critical to a specific control objective covering the related risk. Key controls can often be identified in areas such as authorization controls, exception reports, configuration controls, segregation of duties, system access, conversion controls, key performance indicators, management reviews and reconciliations.

Set out further below is a description of the integrated Group-wide IC and RM systems, comprising the developments during 2005.

Limitation

No matter how well designed, IC and RM systems have inherent limitations, such as vulnerability to circumvention or management overrides of the controls in place. Consequently, no absolute assurance can be given that EADS’ IC and RM procedures are, despite all care and effort, entirely effective.

Interaction with the EADS Management Process

The Board of Directors has overall responsibility for the Group’s IC and RM environment. EADS’ CEOs and EADS’ CFO are responsible for ensuring that IC and RM procedures are implemented throughout the Group. In addition, the Audit Committee oversees the Group-wide functioning of IC and RM procedures.

A general management principle of EADS is the delegation of entrepreneurial responsibility and powers to the operational units. Consequently, the day-to-day IC and RM functions are delegated to EADS’ Divisions and their respective BUs, whose management is responsible for operating and monitoring the IC and RM systems.

This principle of subsidiarity entails a clear separation of responsibilities between EADS headquarters and the Divisions or BUs. EADS headquarters sets the overall strategic and operational targets for EADS and assumes the ultimate responsibility for EADS’ guidance. The Divisions and BUs retain responsibility for all operational matters and activities within their scope, subject to audit.

2.1.5.2 Risk Management System

Risk is an inherent aspect of all entrepreneurial activity. To fulfil the expectations of its shareholders, EADS must pursue opportunities that involve the acceptance of a certain degree of risk. See “Risk Factors” for information on certain risks to which the Group is exposed.

Early identification and professional management of these risks is fundamental to business success. EADS recognises

this fact and has always managed risks at all levels within the organisation.

In response to developments in Corporate Governance legislation, EADS harmonized its existing RM processes at the Group level further to ensure that risks are continuously and consistently (i) identified, (ii) analysed, (iii) controlled, (iv) monitored and (v) reported.

Through the RM procedures, risks are identified and their likelihood of occurrence and possible extent of damage is assessed, usually measured in terms of their effect on operating profit.

Division and BU management are responsible for developing and initiating appropriate measures to avoid, reduce, or hedge the probability and / or impact of the identified risks.

Information on risks is gathered and updated regularly to provide Division and BU management with an up-to-date analysis of the significant risks within the Group, as well as with information on the activities initiated to mitigate or avoid such risks. This information is used for decision making throughout the relevant EADS management processes.

In addition, the evolution of major risks and the development of the countermeasures taken in response are monitored on a regular basis by Division and BU management, who in turn report to the CEOs and CFO.

The RM system encompasses all risks to which EADS is exposed, including risks inherent in the day-to-day business processes of the Group. EADS' IC system, described below, is designed to manage these process-inherent risks.

The relevant risks are subject to a management discussion process on Group level.

2.1.5.3 Internal Control Framework

EADS maintains an **integrated Group-wide IC framework** with the purpose of providing reasonable assurance to the Board of Directors, the CEOs and the CFO that process-inherent risks arising from the Group's activities are being effectively managed, based on a variety of IC procedures. The framework embodies the systems of policies and procedures within EADS designed to:

- ensure compliance with laws and regulations applicable to the Group, as well as with internal Group policies;

- enable the Group to identify and respond to significant operational, financial and compliance risks throughout EADS; and
- ensure the quality of financial reporting, including design and implementation of processes to generate a flow of timely, relevant and reliable information.

Certain subsidiaries, such as Airbus, and joint ventures, such as MBDA, operate IC procedures that are customized to their specific businesses – these procedures conform to the overall EADS IC framework. Conformity with the IC framework is ensured, inter alia, through EADS' presence on such affiliates' supervisory and management bodies (e.g., Airbus Shareholders' Committee, MBDA Board of Directors, respective audit committees).

Sources and Standards for IC Procedures and Framework

The core policies, procedures and thresholds that define EADS' IC environment are communicated throughout the Group through:

- codes of conduct (e.g., EADS Code of Ethics, Corporate Social Responsibility policies (see “Part 2 / Chapter 2 Corporate Social Responsibility”));
- handbooks (e.g., “EADS Corporate Management Principles and Responsibilities”, the “Financial Control Handbook”);
- manuals (e.g., Treasury Procedures, “Accounting Manual”, “Reporting Manual”); and
- guidelines (e.g., “Funding Policy”).

Written internal rules govern the operations of key elements of the EADS IC framework; that is the Board of Directors and its Audit Committee. IC procedures at certain subsidiaries and joint ventures are derived from the relevant shareholders' agreements applicable thereto.

External standards influencing the EADS IC framework include the “Internal Control - Integrated Framework” defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as well as industry-specific standards as defined by the International Standards Organization (ISO).

Monitoring of Internal Controls

Responsibility for the operation of the IC system lies with the management of the Divisions and the BUs, as well as with the relevant EADS headquarters functions. They ensure that the appropriate controls to meet the control objectives defined in the IC templates are in place and operate effectively on an ongoing basis.

As part of the development of the IC framework, EADS has instituted formalized risk and control self-assessment mechanisms, to be applied by each business process owner on a regular basis. Based on these mechanisms, management of each Division, BU and headquarters function prepares formal statements as to the adequacy and effectiveness of the IC systems within their scope of responsibility.

The analysis and statements made by Divisions, BUs, and headquarters functions are discussed in depth between EADS CEOs and CFO and the respective Division and BU CEOs and CFOs or the headquarters functions heads. These discussions serve to prioritize potential issues at EADS level, define and commit appropriate actions if needed, and draw conclusions for the overall EADS IC and RM report.

The initial risk-based review of the effectiveness of the Group's IC system started in 2005 and will continue throughout 2006 with the support of external auditors.

EADS' ongoing monitoring activities include the following:

- **Scoping:** The scoping process delivers the foundation for all following IC process steps by identifying the significant business processes and sub-processes at Legal Entity ("LE") level.
- **Self-assessment:** On the basis of the business processes in scope, the IC templates have to be completed by assessing the design (are the existing controls sufficient for meeting the control objective?) and operating effectiveness (are the controls working as intended?) of the controls in place.
- **Evaluation and prioritization:** Control deficiencies identified during the self-assessment process need to be evaluated and prioritized into minor deficiencies, significant deficiencies and material weaknesses.
- **Remediation and monitoring:** For each identified deficiency, a remediation action needs to be defined and implemented. The progress is monitored by the BUs and reported to EADS headquarters.

- **Re-testing:** To verify the successful implementation of the remediation actions, the remediated controls need to be re-assessed.
- **Sub-representation and management discussion:** Once every year, identified significant deficiencies and material weaknesses have to be reported in sub-representation letters, providing assurance of management assessment of the quality of the IC systems and of the IC risk exposure.
- **Independent review:** Each year, corporate audit provides an independent review of the status of the IC systems in selected Divisions and BUs.
- **Training:** Relevant personnel (e.g., IC Coordinators, Process Owners) receive training in order to be informed of new / changed laws and regulations regarding IC and to be updated on relevant process steps and corresponding binding activities within the IC systems.

Management Sign-Off Process

Since the 2004 reporting cycle, a formalized sign-off process is in place whereby EADS' CEOs and CFO will confirm to the Board of Directors that, to the best of their knowledge:

- the IC system is adequately structured to ensure the reliability of financial reporting within EADS;
- the control activities in place are completely and accurately described in the IC templates and / or other relevant process documentation and guidelines;
- the owner of each control activity is clearly identified; and
- the controls in place are appropriate for EADS' business and meet the defined control objectives.

The CEOs' and the CFO's IC statements, submitted to the Board of Directors through the Audit Committee, will be based on the self-assessment and review processes described above, and will be founded upon similar statements provided to the CEOs and CFO by Division and BU management as well as the management discussions mentioned above.

2.1.5.4 Business Processes Covered by Internal Control Framework

Based on EADS' activities, seventeen high-level business processes have been identified within EADS. They are

categorized into core processes (research and development, production, sales, after sales and program management), support processes (procurement, human resources, accounting, fixed assets, treasury, information technology, mergers & acquisitions, legal and insurance) and management processes (internal audit, controlling and management controls). Set out below is a description of certain of these business processes, and the correlating IC procedures, covering risks that have a significant potential of affecting the Group's financial condition and results of operations ⁽¹⁾.

Accounting

At the core of EADS' IC framework are accounting processes and controls designed to ensure the reliability of the financial statements and other financial information used by management and disclosed to EADS' investors and other stakeholders. These processes and controls are part of an overall financial control model integrating strategic planning, operative planning, measurement and reporting, decisions / actions and financial market communication. This integrated approach to planning and reporting aims to improve internal communication and transparency across departments and organizational units within EADS, which are essential to the preparation of accurate and reliable financial statements.

Consolidation Procedures — External Financial Reporting

The EADS financial control model defines the planning and reporting procedures that apply to all operational units of the Group, as well as the responsibilities of the CFO, who is charged with developing, implementing and monitoring these procedures. Among the CFO's primary tasks is overseeing the generation of consolidated financial statements for EADS, which are prepared under the direct supervision of the Chief Accounting Officer ("CAO"). The CAO is responsible for the operation of the Group's consolidation systems and rules and for the definition of Group-wide accounting policies, reporting rules and financial guidelines that ensure the consistency and quality of financial information reported by the BUs and Divisions. EADS' accounting policies are set out in a written accounting

manual, which is agreed with the Company's external auditors. Changes to the EADS accounting manual require approval by the CAO, and, where significant changes are involved, the CFO or the Board of Directors (based upon the advice of the Audit Committee).

Control of the financial reporting process is effected not only through the elaboration of Group-wide accounting systems and policies, but also through an organized process for extracting quality information from the reporting units on a timely basis. The EADS reporting process is briefly summarized below:

BU accounting departments record information using the EADS accounting consolidation software, following centrally defined EADS accounting policies which comply with IFRS, the Group-wide applied accounting principle. Accountants at EADS headquarters, who are responsible for each Division, monitor and verify the work of the relevant BU accounting departments. The Division accountants also provide direct support to the BUs to ensure the correct application of the EADS accounting policies.

During the course of each reporting cycle, BU CFOs frequently meet with the EADS CAO to discuss the financial information generated by the BUs.

Prior to being disclosed to the public and subsequently submitted for approval to the shareholders, the consolidated financial statements are audited by the Company's external auditors, reviewed by the Audit Committee and submitted for approval by the Board of Directors.

Controlling

The controlling function has developed a value-driven economic and financial corporate measurement system and methodology on an industry benchmark level. The core planning, tracking and reporting tasks of the controlling department provide it with a global overview of the Group. As a result, the controlling department is also called on to interact with other headquarters functions to ensure that corporate activities, such as mergers and acquisitions ("M&A") and sourcing, are carried out in accordance with the Group-level policies and strategies. This global overview also makes controlling an integral element of the risk assessment process.

(1) This report is therefore not an exhaustive description of all the Group's IC procedures.

The EADS financial reporting policies and procedures, described above, are also designed to provide Management with updated (at least monthly) decision-oriented management information to control the operational performance of the Group. This information includes regular cash and treasury reports, as well as other financial information used for future strategic and operative planning and control and supervision of economic risks arising from the Group's operations.

Treasury

Treasury management procedures, defined by EADS' central treasury department at Group headquarters, enhance management's ability to identify and assess risks relating to liquidity, foreign exchange rates and interest rates. Controlled subsidiaries fall within the scope of the centralized treasury management procedures. For instance, besides daily operational interface, Airbus Treasury Committee meetings, comprising the EADS Group treasurer, the Airbus CFO or treasurer, and BAE's treasurer (and / or its nominee), are held on a regular basis to oversee Airbus' foreign exchange and interest rate exposures and hedging activities, funding, and sales and project finance activities. Similar monitoring procedures exist for jointly-controlled affiliates, such as MBDA.

Cash Management

Maintenance of liquidity to support operations is one of the primary missions of the EADS central treasury department. Monthly cash planning and reporting by the central treasury department, in conjunction with the controlling department, provides management with the information required to oversee the Group's cash profile and to initiate necessary corrective action in order to ensure overall liquidity.

To maintain targeted liquidity levels, and to safeguard cash, EADS has implemented a cash pooling system with daily cash sweeps from the controlled subsidiaries to centrally managed accounts. Payment fraud prevention procedures have been standardized throughout the Group.

Hedge Management

Commercial operations generate material foreign exchange and interest rate exposures. A Group hedging policy is

defined and updated regularly by the Board of Directors. In order to ensure that all hedging activity is undertaken in line with the Group hedging policy, the central treasury department executes all hedging transactions. The central treasury department conducts ongoing risk analysis and proposes appropriate measures to the Divisions and BUs with respect to foreign exchange and interest rate risk. Subsidiaries are required to calculate, update and monitor their foreign exchange and interest rate exposure with the EADS central treasury department on a monthly basis, in accordance with defined treasury procedures. See "1.1.8 Hedging Activities".

A significant portion of the Group's foreign exchange exposure relates to the activities of Airbus, the implementation of whose hedging policy is overseen by the Airbus Shareholders' Committee. The Airbus Treasury Committee, consisting of Airbus and EADS central treasury department representatives, monitors foreign currency exposure and decides on the detailed implementation of the Airbus hedging policy. Actual hedging transactions are executed by the EADS central treasury department. See "1.1.7.4 Sales Financing" and "Notes to Consolidated Financial Statements (IFRS) — Note 22: Financial Liabilities".

Sales Financing

In connection with certain commercial contracts, EADS may agree to enter into sales financing arrangements. In respect of sales financing at Airbus, an annual sales financing budget, defined in the EADS operative planning process, is agreed by the Airbus Shareholders' Committee. The Airbus Treasury Committee approves sales financing transactions on a case-by-case basis, in line with its risk assessment guidelines.

Procedures for Monitoring Off-Balance Sheet Liabilities

Within EADS, off-balance sheet liabilities mainly arise in connection with lease arrangements, extensions of guarantees and pending or threatened litigation. Divisions and BUs are required to record, or to provide information on, all financial guarantees in a tracking system. Guarantees for amounts in excess of a certain threshold must be approved by the CFO, the CEOs or the Board of Directors, as the case may be.

Management has instituted procedures to monitor the level of certain off-balance sheet liabilities throughout the Group. In particular, a specialized guarantee tracking system has been rolled out to monitor exposure arising from guarantees throughout the Group.

For Airbus and jointly controlled affiliates, such as MBDA, summary information on guarantee-related off-balance sheet exposure is captured by EADS Headquarters based on regular reports of this exposure and discussed in the Airbus and MBDA treasury committee.

Sales

Commercial contracts entered into by EADS' operating subsidiaries have the potential to expose the Group to significant financial, operational and legal risks. To control these risks, Management has implemented contract proposal review procedures to ensure that EADS does not enter into material commercial contracts that expose it to unacceptable risk or are not in line with the Group's overall objectives. These procedures include (i) Board of Directors-approved thresholds and criteria for determining the risk and profitability profile of proposed contracts and (ii) a mandated pre-approval process for contracts defined as "high-risk".

Contracts falling within the defined threshold categories require approval by the CFO. Contracts that are deemed "high-risk" must be submitted to a standing Commercial Committee (with the COO for Finance and the COO of Marketing, Strategy and Global Development serving as permanent members). This committee is responsible for reviewing the proposal and submitting a decision-leading recommendation to the CEOs. Its specific role and responsibilities are defined in a set of internal rules adopted by the EADS Executive Committee.

In the case of Airbus, contracts are approved in accordance with Airbus' own Corporate Governance policy, which is based on EADS guidelines and the Airbus Shareholders' Agreement. In general, where EADS shares control of a subsidiary with a third party, the Commercial Committee is responsible for forming the EADS position on proposed commercial contracts.

Mergers and Acquisitions

With respect to merger, acquisition and divestiture activities of the Group, Management has implemented transaction review and approval procedures centralized at EADS headquarters. The IC procedures require all M&A transactions to be reviewed by an M&A Committee. The M&A Committee is chaired by the head of Strategic Coordination, and includes the CFO and the directors of Group headquarters level M&A and controlling departments. Legal Affairs is permanently represented on the M&A Committee, and representatives of other departments are also invited to attend meetings.

Projects that are considered non-strategic and fall under a defined value threshold are reviewed and approved by the M&A Committee. Strategic and high-value projects require additional approval by the CEOs or the Board of Directors. This review and approval procedure is carried out at four critical stages of the M&A process, beginning with an analysis of the strategic fit and definition of the legal framework and concluding with a final review of the overall transaction.

Legal

EADS is subject to a myriad of legal regimes in each jurisdiction in which it conducts business. The EADS Legal Affairs directorate, in coordination with the Division and BU legal departments, is responsible for implementing and overseeing the procedures designed to ensure that EADS' activities comply with all applicable laws, regulations and requirements. It is also responsible for overseeing all litigation affecting the Group, as well as for the legal safeguarding of the Group's assets, including intellectual property.

Legal Affairs, together with the Corporate Secretary, also plays an essential role in the design and administration of (i) the EADS Corporate Governance procedures and (ii) the legal documentation underlying the delegation of powers and responsibilities and defining the EADS management and IC environment.

Corporate Governance

2.1 Management and Control

Internal Audit

The EADS Internal Audit department, under the direction of the Corporate Secretary, provides Management with a risk-based evaluation of the effectiveness of the Group's IC procedures. Based upon an approved annual audit plan and a global risk assessment of the Group's activities, the Internal Audit department (i) reviews operational processes for risk management and operating efficiency improvement opportunities and (ii) monitors compliance with legal requirements and internal policies, process guidelines and procedures (e.g., compliance with EADS' accounting policies). Internal Audit also involves ad hoc reviews, performed at the request of management, focusing on current (e.g., suspected fraudulent activities) and future (e.g., contract management) risks.

Procurement

A group with the size and complexity of EADS requires a common sourcing policy to maximize market effort and minimize inefficiencies in the procurement process. To ensure that corporate sourcing is carried out in an efficient and ethical manner, a set of common purchasing processes, in line with a common sourcing strategy, is defined and implemented by the head of Corporate Sourcing and the Procurement Directors Board.

2.1.5.5 Outlook for Evolution of EADS' IC and RM Systems

Building on the results of the comprehensive IC and RM review and evaluation process carried out in 2005, EADS will critically assess the results over the course of 2006. As a result of the ongoing monitoring activities of the IC and RM systems' effectiveness, such as the self-assessments and the Internal Audit's review, further enhancements and modifications to the IC and RM systems are expected throughout 2006. These enhancements and modifications are intended to ensure that EADS continues to operate in accordance with global best IC and RM practices.

2.2 Interests of Directors and Principal Executive Officers

2.2.1 Compensation Granted to Directors and Principal Executive Officers

EADS' remuneration policy aims at attracting and retaining talents that will contribute to the Group's business success. The compensation policy is therefore designed to focus efforts on what the Group wants to value and reward.

The Board of Directors is composed of Non-Executive Directors and Executive Directors (who are also members of the Executive Committee).

Compensation of the Directors

The Non-Executive Directors are entitled to receive an accumulated total target compensation as a group of Non-Executive Directors on a full year basis of €900,000. This target compensation includes (i) a fixed part of €30,000 per director and €60,000 per chairman, (ii) a fee for participation in Board of Directors' meetings and Committee meetings (if such Committee meetings take place on a different date than the Board of Directors' meetings) of €5,000 per director and €10,000 per chairman, per meeting and (iii) a variable part composed of a profit sharing calculated, on the basis of EBIT* (75%) and cash (25%) results of the Group, of €50,000 per director and €100,000 per chairman at 100% target achievement. The rules for the profit sharing calculation on the basis of EBIT* (75%) and cash (25%) results of the Group for the Non-Executive Directors are the same as for the members of the Executive Committee (see below "— Compensation of the Members of the Executive Committee"). The Non-Executive Directors do not have termination packages.

The Executive Directors receive neither fees for participation in Board of Directors' meetings nor any dedicated compensation as members of the Board of Directors in addition to their compensation as members of the Executive Committee (see below "— Compensation of the Members of the Executive Committee"). The Executive Directors are

eligible for benefits under stock option plans (see "2.3.3 Options Granted to Employees") and under employee share ownership plans in their capacity as qualifying employees (see also "2.3.2 Employee Share Offering"). Additionally, the Executive Directors are entitled to pension benefits.

The amounts of the various components constituting the compensation granted to Executive Directors and Non-Executive Directors during 2005 together with additional information such as the number of stock options and details of the pension benefits entitlements of the Executive Directors are set out in "Notes to the Company Financial Statements — Note 9: Remuneration".

The Executive Directors are also entitled to a termination package when they leave the Company as a result of a decision of the Company. The employment contracts for Executive Directors are concluded for an indefinite term with an indemnity of up to a maximum of 24 months of their target income. The maximum 24 months indemnity can be reduced prorata depending on the age of retirement.

Compensation of the Members of the Executive Committee

The members of the Executive Committee, including Executive Directors but also members of the Executive Committee who are not members of the Board of Directors, are entitled to receive for the year 2005 an accumulated total target compensation on a full year basis of €10,654,987. This target compensation is calculated *pro rata* for the Executive Directors present in the Company on 31 December 2005. This compensation is divided for the Chief Executive Officers into a 45% fixed part and a 55% variable part and for the other Executive Directors into a 50% fixed part and a 50% variable part (in practice, the variable part can exceed 50% of the total compensation in case of overachievement of the

targets). The variable part is calculated on the basis of two equal components: (i) a profit sharing calculated on the basis of EBIT* (75%) and cash (25%) results of the Group and (ii) a bonus corresponding to individual achievements.

The total compensation paid by EADS and all its Group companies to the two former Chief Executive Officers of the Company, Mr. Philippe Camus and Mr. Rainer Hertrich, during the year 2005 was €1,948,941 each. Under the terms

of their employment contracts, the former CEOs were also entitled to a termination package of €2,550,000 each (i.e., 18 months of total target income).

The total compensation paid by EADS and all its Group companies to the two new Chief Executive Officers of the Company, Mr. Thomas Enders and Mr. Noël Forgeard, during the year 2005 was €450,000 each.

2.2.2 Options Granted to the Two Chief Executive Officers

See “2.3.3 Options Granted to Employees”.

2.2.3 Related Party Transactions

EADS being a company incorporated under Dutch law, Articles L.225-38 to L.225-43 and L.225-86 to L.225-91 of the French *Code de Commerce* on related party transactions are not applicable to it.

Article 2:146 of the Dutch Civil Code provides as follows:

“Unless the articles of association provide otherwise, a company (*naamloze vennootschap*) shall be represented by its board of supervisory directors in all matters in which it has a conflict of interest with one or more of the members of its Board of Directors. The shareholders’ meeting shall at all times have powers to designate one or more persons for this purpose”. In the case of EADS, the Articles of Association do provide otherwise since they enable the Board of Directors to have power to represent the Company in matters where the Company has a conflict of interest with one or more members of the Board of Directors.

During the year 2005, no agreement was entered into by the Company with one of its directors or principal officers or a shareholder holding more than 5% of the voting rights of the Company outside the ordinary course of business and in conditions other than arm’s length conditions.

For a description of the relationships between the Company and its principal shareholders, see “Part 2 / 3.3.2 Relationships with Principal Shareholders”. Other than the relationships between the Company and its principal shareholders described in Part 2 / 3.3.2, to the Company’s knowledge, there are no potential conflicts of interest relative to the Company between the duties of the Directors and their respective private interests or other duties.

As indicated in “Part 2 / 3.1.3.1 Ongoing Disclosure Obligations”, according to Article 35 of the Spanish Securities Market Act 24 / 1988, of 28th July 1988, as amended (the “**Spanish Securities Act**”) and Order EHA / 3050 / 2004 of 15th September, the Company must provide detailed information, including, without limitation, the number and amount of the transactions, in relation to every transaction carried out with any related party in the half-yearly information which the Company is required to file with the *Comisión Nacional del Mercado de Valores* (the “**CNMV**”) and the Spanish Stock Exchanges, without prejudice to information to be included in the annual Corporate Governance report to be filed with the CNMV on an annual basis (the “**Annual Corporate Governance report**” pursuant to the Ministry of Economy Order

3722 / 2003 dated 26th December 2003 (the “**Ministerial Order**”).

Pursuant to the Spanish Securities Act, the Company has to provide detailed information about transactions carried out

with (i) directors which are outside the ordinary activity of the Company or which are not in market conditions; and (ii) any related party which are material due to their amount or for an adequate understanding of the public economic information.

2.2.4 Loans and Guarantees Granted to Directors

EADS has not granted any loans to its Directors or members of the Executive Committee.

2.3 Employee Profit Sharing and Incentive Plans

2.3.1 Employee Profit Sharing and Incentive Agreements

EADS' remuneration policy is strongly linked to the achievement of individual and Company objectives, both for each Division and for the overall Group. A stock option plan has been established for the senior management of the Group (see "2.3.3 Options Granted to Employees") and employees were offered shares at favourable conditions at the time of the public offering and listing of EADS (see "2.3.2 Employee Share Offering").

EADS France has profit sharing plans (*accords de participation*), in accordance with French law, and specific incentive plans (*accords d'intéressement*), which provide

bonuses to employees based on the achievement of productivity, technical or administrative milestones.

EADS Deutschland GmbH's remuneration policy is, to a large extent, flexible and strongly linked to the EBIT* of the company, the increase in value of the company and the achievement of individual objectives.

EADS CASA, which does not have a profit sharing policy, allows technicians and management to receive profit-related pay, subject to the achievement of the general company objectives and individual performance.

2.3.2 Employee Share Offering

As part of its initial public offering, EADS offered to qualifying employees approximately 1.5% of its total share capital after the global offering. This employee offering of up to 12,222,385 shares included an option allowing qualifying employees to leverage their investment in the shares they purchased. Under this option, the investment consisted of the amount paid plus an amount resulting from a swap agreement of the investment management company for this option, that equalled nine times such amount paid. Qualifying employees were offered shares at a price of €15.30, being the price for the retail offering, less a discount of 15%.

The employee offering was open only to employees who:

- had at least three months' seniority;
- had French, German or Spanish employment contracts; and
- were employed by companies incorporated under French, German or Spanish law in which EADS held (i) the majority of the share capital or (ii) at least 10% of the share capital, provided such minority-owned companies were designated as eligible by EADS.

Depending on whether the employee purchased shares through a French, German or Spanish plan, directly or via a mutual fund, the employee is restricted from selling the shares for one of the following lock-up periods: 18 months, three years, five years or six years.

A total number of 11,769,259 shares were subscribed for in the employee offering. Shares were delivered on 21st September 2000.

In October 2001, EADS offered to qualifying employees a maximum of 0.25% of its total issued share capital before the offering. This employee offering was for up to 2,017,894 shares of a nominal value of €1 each.

The employee offering (*note d'opération préliminaire* approved by the COB (former name of the *Autorité des marchés financiers* (the "AMF")) on 8th October 2001 under number 01-1200 and *note d'opération définitive* approved by the COB on 13th October 2001 under number 01-1209) was open only to employees who:

- had at least three months' seniority;

- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) a company in which EADS holds at least 10% of the share capital and over whose management it has a determining influence and whose registered office is located in South Africa, Germany, Brazil, Canada, Spain, the United States, the United Kingdom, France, Italy, Morocco, Mexico and Singapore.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees in Group employee savings plan were offered for a price of €10.70 per share;
- shares subscribed for by qualifying employees directly were offered for a price of €10.70 per share.

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes more in certain countries.

A total number of 2,017,894 shares were subscribed for in the employee offering. Shares were delivered on 5th December 2001.

In October 2002, EADS offered to qualifying employees a maximum of 0.25% of its total issued share capital before the offering. This employee offering was for up to 2,022,939 shares of a nominal value of €1 each.

The employee offering (*note d'opération préliminaire* approved by the COB on 30th September 2002 under number 02-1062 and *note d'opération définitive* approved by the COB on 11th October 2002 under number 02-1081) was open only to employees who:

- had at least three months' seniority;
- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) a company in which EADS holds at least 10% of the share capital and over whose management it has a determining influence and whose registered office is located in Germany, Brazil, Canada, Spain, the United States, the United Kingdom, France, Italy, Mexico and Singapore.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees in Group employee savings plan were offered for a price of €8.86 per share;

- shares subscribed for by qualifying employees directly were offered for a price of €7.93 per share.

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes more in certain countries.

A total number of 2,022,939 shares were subscribed for in the employee offering. Shares were delivered on 4th December 2002.

In October 2003, EADS offered to qualifying employees a maximum of 0.25% of its total issued share capital before the offering. This employee offering was for up to 2,027,996 shares of a nominal value of €1 each.

The employee offering (*note d'opération* approved by the COB on 25th September 2003 under number 03-836) was given only to employees who:

- had at least three months' seniority;
- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) a company in which EADS holds at least 10% of the share capital and over whose management it has a determining influence and whose registered office is located in Germany, Belgium, Canada, Spain, the United States, the United Kingdom, France, Ireland, Mexico, the Netherlands and Singapore.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees in Group employee savings plan were offered for a price of €12.48 per share;
- shares subscribed for by qualifying employees directly were offered for a price of €12.48 per share.

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes more in certain countries.

A total number of 1,686,682 shares were subscribed for in the employee offering. Shares were delivered on 5th December 2003.

In October 2004, EADS offered to qualifying employees a maximum of 0.25% of its total issued share capital before the offering. This employee offering was for up to 2,018,000 shares of a nominal value of €1 each.

Corporate Governance

2.3 Employee Profit Sharing and Incentive Plans

The employee offering (*note d'opération* approved by the AMF on 10th September 2004 under number 04-755) was given only to employees who:

- had at least three months' seniority;
- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) a company in which EADS holds at least 10% of the share capital and over whose management it has a determining influence and whose registered office is located in Germany, Belgium, Canada, Spain, the United States, the United Kingdom, France, Ireland, Mexico, the Netherlands, Singapore, Australia and Finland.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees in Group employee savings plan were offered for a price of €18 per share;
- shares subscribed for by qualifying employees directly were offered for a price of €18 per share.

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes more in certain countries.

A total number of 2,017,822 shares were subscribed for in the employee offering. Shares were delivered on 3rd December 2004.

In June 2005, EADS offered to qualifying employees a maximum of 0.25% of its total issued share capital before the

offering. This employee offering was for up to 2,025,000 shares of a nominal value of €1 each.

The employee offering (*note d'opération* approved by the AMF on 4th May 2005 under number 05-353) was given only to employees who:

- had at least three months' seniority;
- were employed by (i) EADS or (ii) one of its subsidiaries or (iii) companies in which EADS holds at least 10% of the share capital and over whose management it has a determining influence and whose registered offices are located in Germany, Australia, Belgium, Canada, Spain, the United States, Finland, France, the United Kingdom, Ireland, Mexico, the Netherlands, Poland and Singapore.

The employee offering was divided into two tranches:

- shares subscribed for by qualifying employees in Group employee savings plan were offered for a price of €18.86 per share;
- shares subscribed for by qualifying employees directly were offered for a price of €18.86 per share.

The employees are generally restricted from selling the shares offered in this employee offering for one year and sometimes more in certain countries.

A total number of 1,938,309 shares were subscribed for in the employee offering. Shares were delivered on 29th July 2005.

2.3.3 Options Granted to Employees

At its 26th May 2000, 20th October 2000, 12th July 2001, 9th August 2002, 10th October 2003, 8th October 2004 and 9th December 2005 meetings, the Board of Directors of the Company, using the authorisation given to it by the shareholders' meetings of 24th May 2000, 10th May 2001,

6th May 2003 and 11th May 2005 approved the granting of stock options for subscription of shares in the Company. The principal characteristics of these options as at 31st December 2005 are summarised in the table below:

	First tranche	Second tranche
Date of General Meeting	24th May 2000	24th May 2000
Date of Board meeting	26th May 2000	20th October 2000
Number of options that were granted	5,324,884	240,000
Number of options outstanding	2,440,381	104,350
Of which: shares that may be subscribed by directors and officers	720,000	60,000
Total number of eligible employees	Approximately 850	34
Date from which the options may be exercised	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).
Date of expiration	Tenth anniversary of the date of grant of the options	Tenth anniversary of the date of grant of the options
Exercise price	€20.90	€20.90
Number of options exercised	2,179,019	119,650
	Third tranche	Fourth tranche
Date of General Meeting	10th May 2001	10th May 2001
Date of Board meeting	12th July 2001	9th August 2002
Number of options that were granted	8,524,250	7,276,700
Number of options outstanding	5,288,723	4,359,189
Of which: shares that may be subscribed by:		
- Mr. Philippe Camus*	135,000	135,000
- Mr. Rainer Hertrich*	135,000	135,000
- the 10 employees having being granted the highest number of options during the year 2001 (third tranche) and 2002 (fourth tranche)	738,000	808,000
Total number of eligible beneficiaries	Approximately 1,650	Approximately 1,562
Date from which the options may be exercised	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).
Date of expiration	Tenth anniversary of the date of grant of the options	Tenth anniversary of the date of grant of the options
Exercise price	€24.66	€16.96
Number of options exercised	2,069,027	2,672,036

Corporate Governance

2.3 Employee Profit Sharing and Incentive Plans

	Fifth tranche	Sixth tranche
Date of General Meeting	6th May 2003	6th May 2003
Date of Board meeting	10th October 2003	8th October 2004
Number of options that may be subscribed	7,563,980	7,777,280
Number of options outstanding	6,493,005	7,699,060
Of which: shares that may be subscribed by:		
– Mr. Philippe Camus*	135,000	135,000
– Mr. Rainer Hertrich*	135,000	135,000
– the 10 employees having being granted the highest number of options during the year 2003 (fifth tranche) and 2004 (sixth tranche)	808,000	808,000
Total number of eligible beneficiaries	Approximately 1,491	Approximately 1,495
Date from which the options may be exercised	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options and when applicable, subject to certain performance conditions (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).
Date of expiration	Tenth anniversary of the date of grant of the options	Tenth anniversary of the date of grant of the options
Exercise price	€15.65	€24.32
Number of options exercised	885,125	0

	Seventh tranche
Date of General Meeting	11th May 2005
Date of Board meeting	9th December 2005
Number of options that were granted	7,981,760
Number of options outstanding	7,981,760
Of which: shares that may be subscribed by:	
– Mr. Thomas Enders*	135,000
– Mr. Noël Forgeard*	135,000
– the 10 employees having being granted the highest number of options during the year 2005 (seventh tranche)	940,000
Total number of eligible beneficiaries	Approximately 1,608
Date from which the options may be exercised	50% of options may be exercised after a period of two years and four weeks from the date of grant of the options; 50% of options may be exercised as of the third anniversary of the date of grant of the options and when applicable, subject to certain performance conditions (subject to specific provisions contained in the Insider Trading Rules — see “Part 2 / 3.1.3 Governing Law — Dutch Regulations”).
Date of expiration	Tenth anniversary of the date of grant of the options
Exercise price	€33.91
Number of options exercised	0

(*) For more information in respect of options granted to the Executive Directors, see “Notes to the Company Financial Statements — Note 9: Remuneration”.

For information in respect of options cancelled and exercised during the year, see “Notes to the Consolidated Financial Statements (IFRS) — Note 31: Share-based Payment”.

For information on the transactions carried out by the members of the Board of Directors and the Executive Committee see EADS’s website and / or the relevant stock exchange authorities’ website.