

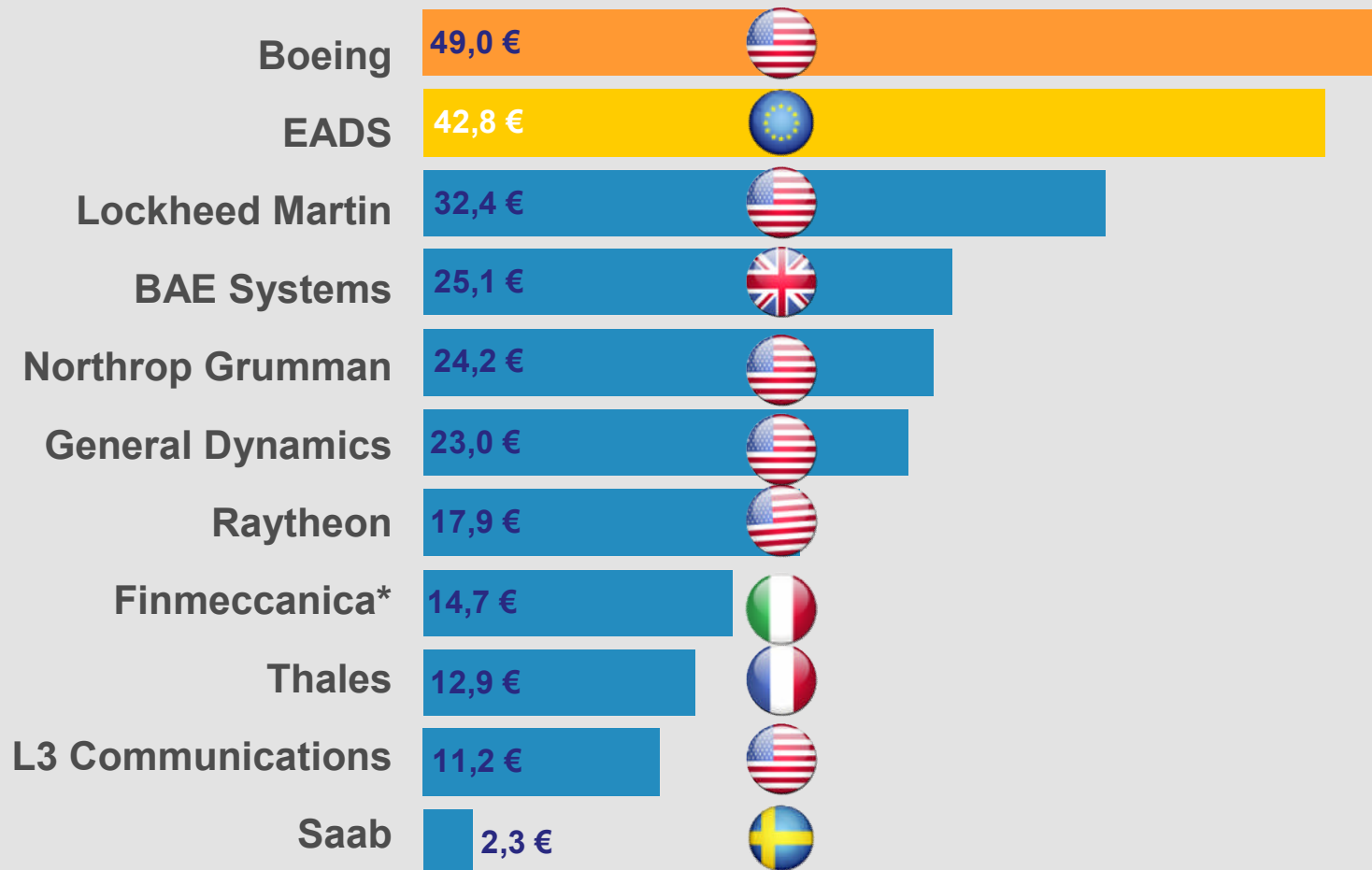
2010 DII Best Practices Forum

14-16 June 2010 Washington

Pedro Montoya
EADS Group Chief Compliance Officer

EADS Competitive Position in Aerospace & Defence

FY 2009 results in bn€



Using 2009 average exchange rates: €/€ = 1.394; €/£ = 0.891; €/SEK = 10.62

*Finmeccanica's aerospace and defence revenues only, excludes revenues from Energy (€1.7bn) and Transportation (€1.8bn).



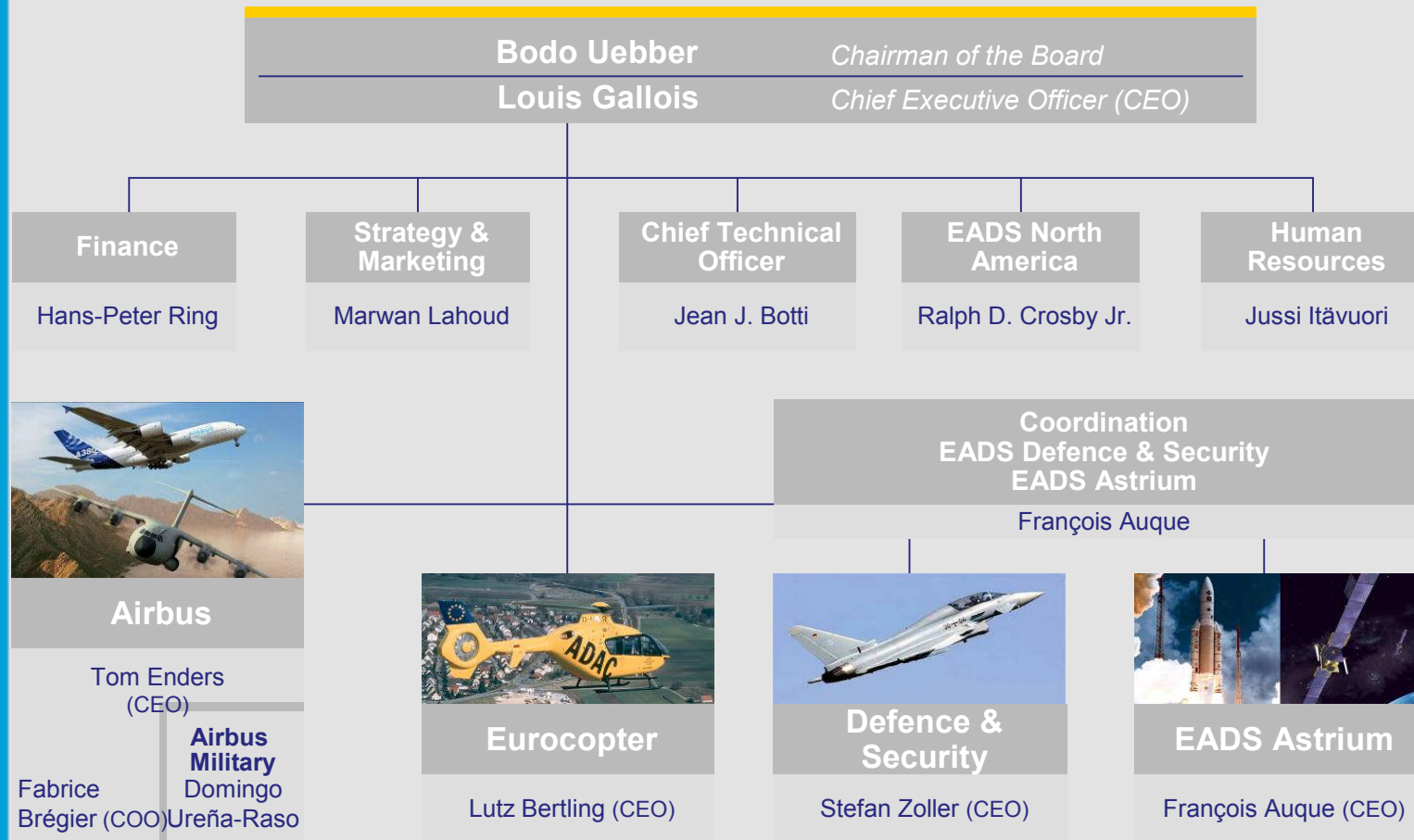
- Working for customer satisfaction: our first and foremost responsibility is to enhance our credibility and reputation in the eyes of our customers, i.e. on-time, on-cost and on-quality delivery of our major programmes A380, A400M, NH90 and Tiger. Tomorrow, we need to succeed in our new programmes, such as A350XWB, NSR, Ariane 5 new generation, military UAV and anti-missile defence. A strong focus will be placed on process improvement in order to regain operational excellence.

- Restoring our profitability and focusing on value creation: the present level is clearly not acceptable and does not allow us to prepare the future of the company. We have to recover as soon as possible the average level in our industry.

- Moving towards an eco-efficient company and act consistently to sustain our future development. For EADS, anticipating and addressing the environmental challenges is to become a major future axis and a clear technological, industrial and managerial choice.

- Promoting ethics, compliance and transparency throughout EADS. **Leading by example is a necessity and a managerial leverage. We are extremely visible, with huge media coverage. More than others, we need to promote ethical behaviour.**

EADS Management Structure and Product Lines



EADS Management Structure

Functions of Head Offices*



* The structural diagram does not allow any conclusions concerning the hierarchical classification

EADS Compliance Organisation



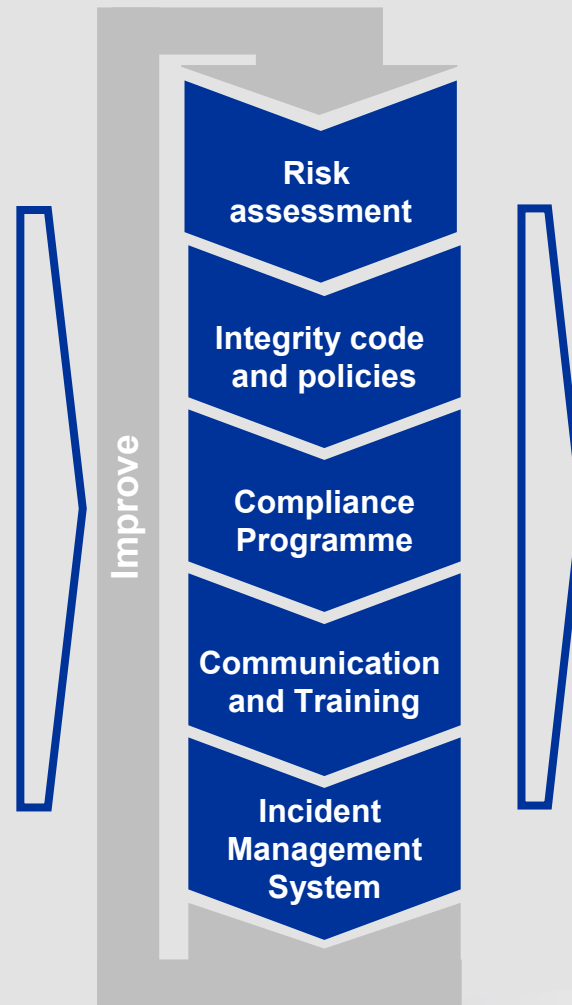
INDEPENDENCE & EFFECTIVENESS

Roadmap to an effective Ethics and Compliance Programme

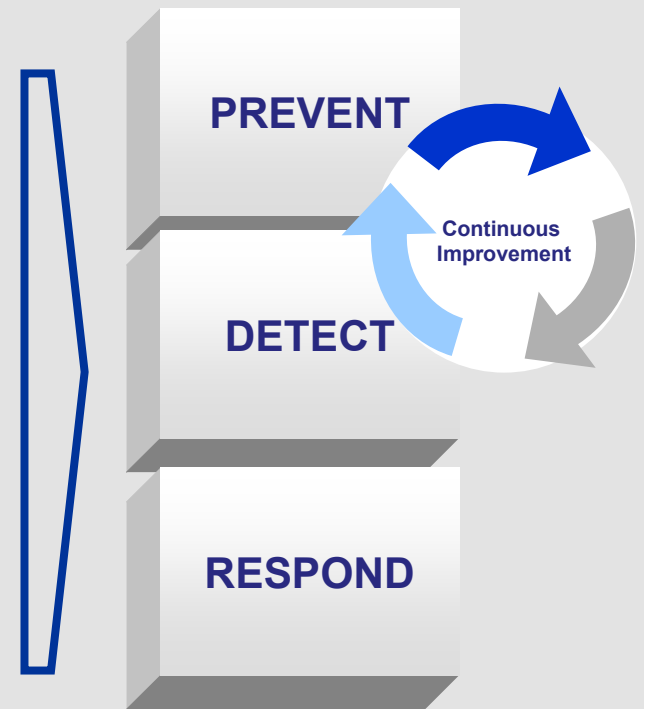
BENCHMARK (FSG 7 steps)

- Define standards
- Design high level personnel
- Adapt HR policies
- Communicate and train
- Follow-up audit and reporting
- Define and apply disciplinary system
- Update standards and processes

EADS E&C Programme



BENCHMARK



FAR November 2008: Final Rule on Mandatory Disclosure and Contractor Business Ethics

- Became effective December 12, 2008 - final word on mandatory disclosure
- includes expanded requirements for contractor compliance programs
- Included some exemptions for commercial item contractors, but eliminated others
- Major “Sea Change” from voluntary disclosure scheme

OECD Recommendation December 2009: Internal controls, ethics and compliance:

Member countries should encourage their government agencies to **consider, where international business transactions are concerned, and as appropriate, internal controls, ethics, and compliance programmes or measures in their decisions to grant public advantages, including public subsidies, licences, public procurement contracts, contracts funded by official development assistance and officially supported export credits.** Member countries’ laws and regulations should permit authorities to suspend, to an appropriate degree, from competition for public contracts or other public advantages, including public procurement contracts and contracts funded by official development assistance, enterprises determined to have bribed foreign public officials in contravention of that Member’s national laws and, to the extent a Member applies procurement sanctions to enterprises that are determined to have bribed domestic public officials, such sanctions should be applied equally in case of bribery of foreign public officials

Converging legislation

FSG: The latest Guideline amendments clarify the circumstances under which an effective compliance and ethics program can entitle an organization to a 3-level reduction in its culpability score. Specifically, the amendment allows an organization to receive the decrease if the organization meets four criteria: (1) the individual or individuals with operational responsibility for the compliance and ethics program have **direct reporting obligations to the organization's governing authority** or appropriate subgroup thereof; (2) the compliance and ethics program **detected the offense before discovery outside** the organization or before such discovery was reasonably likely; (3) the organization promptly **reported the offense** to the appropriate governmental authorities; and (4) **no individual with operational responsibility for the compliance and ethics program participated in, condoned, or was willfully ignorant of the offense.** These amendments reinforce the point that having a robust compliance program is critical not only to preventing misconduct in the first place, but also how your organization will be treated in the event criminal conduct does take place.

UK Bribery Bill: A relevant commercial organisation (“C”) is guilty of an offence under this section if a person (“A”) associated with C bribes another person intending (a) to obtain or retain business for C, or (b) to obtain or retain an advantage in the conduct of business for C. But it is a defence for C to prove that C had in place **adequate procedures** designed to prevent persons associated with C from undertaking such conduct.

Common Industry Standards for European Aerospace and Defence. Background

- Fairly recent adaptation to the 1997 OCDE Anti bribery Convention (1999 – 2000 National Laws)
- Different level of implementation and enforcement in each European Country
- Fostering the level playing field
- Focus on selection of intermediaries, prior check of individual companies' compliance programs



Common Industry Standards for European Aerospace and Defence. Contents.

- 1. Compliance with laws and regulations**
- 2. Extent of application of the Common Industry Standards**
- 3. Prohibition of corruptive practices**
- 4. Gifts and Hospitality**
- 5. Political donations and contributions**
- 6. Agents, consultants or intermediaries**
 - 6.1 General**
 - 6.2. Due diligence**
 - 6.3. The legal provisions**
 - 6.4. The agreement**
 - 6.5. The fees**
 - 6.6. Auditing/verification programmes**
- 7. Integrity programmes**
- 8. Sanctions**

Global Principles of Business Ethics for the Aerospace and Defense Industry. Background.

Ethics
& Compliance

Discussion between ASD and AIA leading to signature of Global Principles of Business Ethics for the Aerospace and Defense Industry in October 2009



ASD
AeroSpace and Defence
Industries Association of Europe

AIA
AEROSPACE INDUSTRIES
ASSOCIATION

EADS
The step beyond

Global Principles of Business Ethics for the Aerospace and Defense Industry. Contents

The Aerospace Industries Association of America (AIA) and AeroSpace and Defence Industries Association of Europe (ASD) have jointly developed these Global Principles of Business Ethics for the Aerospace and Defense Industry (“Global Principles”). These Global Principles are based on best practices including the Common Industry Standards for European Aerospace and Defense and the Defense Industry Initiative on Ethics and Business Conduct in the US.

The aerospace and defense industry’s long term success depends on companies upholding integrity in bidding, negotiating and performing contracts. Companies shall behave ethically towards their customers, suppliers, competitors, employees, and other stakeholders.

Companies that endorse these Global Principles commit to have comprehensive policies and integrity programs, and to foster effective practices within their aerospace and defense business operations to implement these Global Principles (...)

Zero Tolerance to Corruption

Use of Advisors

Managing Conflicts of Interest

Respect for Proprietary Information

Next Steps for the Global Principles of Business Ethics for the Aerospace and Defense Industry:

- Fostering the level playing field: Outreach to competitors from non-OCDE Countries
- Promote adherence, incentives to the supply chain.
- Ensure the impact: “quality control”
- Expand the scope, new challenges in the radar screen: discrimination?...

Thank you