Dear Shareholders,

On July 10, 2000 EADS was first listed the same day on the Paris, Frankfurt and Madrid Stock Exchanges. There was no shortage of people who were willing to place their trust in our group. We are proud that it is such and would like to thank you personally.

We have taken considerable strides forward since the share launch and we delivered on the promises made at the time of the IPO, 8 months ago.

We have successfully pursued an integration process designed to ensure that the vision of our founders is transformed into a real enterprise, built along the lines that they imagined – and that we share with them. This process involves integrating our people, who represent many different backgrounds, into efficient teams, achieving additional value goals, as well as launching new programs which will drive our growth through the early decades of the 21st century.

We confirmed to be the driver of the European sector consolidation by putting the finishing touches to the major sector consolidation projects in Europe, including the integration of Airbus, the creation of Astrium in space systems, MBDA in missiles, and ENAC in aeronautics.

We had said that the EADS merger was a merger of growth. Our 2000 sales are up by 7%, and more important for the future, our order intake has reached a record level of € 49 billion, 50% more than in 1999, and twice the level of sales. Our year-end 2000 backlog reached € 132 billion, giving EADS an exceptional visibility and ensuring a profitable growth.

We had promised that the EADS merger would generate € 600 million of value creation per year by 2004. As a result, we have already identified more than 600 concrete projects that go beyond this target.

EADS had a very successful first business year and we are proceeding on our path of profitable growth with an expected increase in revenues and EBIT in 2001. Our strong backlog and the merger integration success have allowed us to raise our 2004 EBIT margin target from 8% of sales to 10%.

With the dividend of € 0.5 per share that we will propose to the annual general meeting we want you to participate in our success.

Yours faithfully,

Philippe Camus       Rainer Hertrich
CEO                    CEO
Results 2000

In 2000, EADS’ profitability increased. EADS raises its 2004 profitability target from 8% to 10%.

- EBIT (pre-goodwill and exceptional items) of €1.4 billion
- Record order intake of €49.1 billion
- Order book covering more than five years of sales
- Strong cash position of €2 billion
- Revenues for 2000 increased by 7.3% to €24.2 billion
- Strong results for the Airbus and Aeronautics divisions
- Defence and Civil Systems and Space divisions record non-recurrent expenses
- Net loss due to hedge accounting and exceptional items

**EBIT** margin (in % of revenues)

<table>
<thead>
<tr>
<th>Actual 2000</th>
<th>Initial target 2004</th>
<th>New target 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.8%</td>
<td>8%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*EBIT* earning before interest and tax, pre-goodwill and exceptional

**PRO FORMA KEY FIGURES** € million

- **Revenues**: 24,208
- **Backlog**: 131,874
- **Order intake**: 49,079
- **EBIT pre-goodwill and exceptional**: 1,399
- **Free Cash flow**: 1,530
- **Net result**: (909)

**PRO FORMA 2000 BY DIVISION**

<table>
<thead>
<tr>
<th>Division</th>
<th>Revenues</th>
<th>EBIT</th>
<th>Orderbook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus</td>
<td>14,856</td>
<td>1,412</td>
<td>104,387</td>
</tr>
<tr>
<td>Military Transport Aircraft</td>
<td>316</td>
<td>(63)</td>
<td>873</td>
</tr>
<tr>
<td>Aeronautics</td>
<td>4,704</td>
<td>296</td>
<td>13,067</td>
</tr>
<tr>
<td>Space Systems</td>
<td>2,535</td>
<td>67</td>
<td>4,826</td>
</tr>
<tr>
<td>Defence and Civil Systems</td>
<td>2,909</td>
<td>(110)</td>
<td>9,722</td>
</tr>
<tr>
<td>Eliminations and headquarters</td>
<td>(1,112)</td>
<td>(203)</td>
<td>(1,001)</td>
</tr>
<tr>
<td>Total EADS Group</td>
<td>24,208</td>
<td>1,399</td>
<td>131,874</td>
</tr>
</tbody>
</table>

**PRO FORMA** 2000 by Division

- **Backlog Geographical Breakdown (as %)**
  - Europe: 35%
  - North America: 7%
  - Rest of the World: 10%
  - Asia: 47%

- **Backlog BY DIVISION (as %)**
  - Airbus
  - Military Transport Aircraft
  - Aeronautics
  - Space Systems
  - Defence and Civil Systems
Thanks to its strong market performance and increase of aircraft deliveries, EADS Airbus division EBIT rose 53% to €1.4 billion. This EBIT figure represents the 80% Airbus share that is consolidated at EADS. Revenues grew 18% to €14.9 billion and order backlog reached €104.4 billion at year end, also representing the 80% share of EADS. In total, at year-end 2000, Airbus had an order backlog of 1,626 aircraft covering five years of business activity and placing Airbus worldwide N°1. On top of this, Airbus has now more than 60 firm commitments for the A380 superjumbo, which proves that Airbus vision is right.

The Military Transport Aircraft division recorded a decrease of its EBIT to €-63 million. The division’s major future program, the Airbus A400M, is still in its pre-development phase, and there are further investments into C295 military Transport Aircraft and the aerostructures business. Revenues reached €316 million, and order backlog increased to €873 million.

The Aeronautics division had a very successful year 2000 with EBIT rising by 47% to €296 million. Particularly successful were the Military Aircraft business unit and Eurocopter’s civil business. The Aeronautics division’s revenues reached €4.7 billion, up almost 10% from 1999, and the order book amounted to €13.1 billion at year end.

At the Space division the EBIT was impacted mostly by costs covering restructuring within the division. The continued success of the Ariane program allowed for the main contribution to the division’s profits. Revenues increased slightly to €2.5 billion (+0.7%), while year-end backlog reached €4.8 billion. Order intake reached €3 billion, an increase of +36% from 1999, showing the competitiveness of our products.

Defence and Civil Systems division reported a negative EBIT, namely due to the implementation of a restructuring and reorganisation program. Year-end backlog reached €9.7 billion, it will be the basis for renewed growth. This restructuring program and the strong backlog underly the division goal to be profitable again in 2002.

In total, EADS EBIT, pre-goodwill and exceptional was €1.4 billion, a 11% progression from the 1999 figure, net of SEXTANT gain on disposal, and a result from which EADS will build on future growth. The future business growth backed by an excellent backlog, the strong US $ and the clearly identified synergies that are now implemented will be the basis to increase EBIT margin from 5.8% in 2000 to the 2004 target of 10% raised from 8% initially set at the IPO.
EADS and BAE Systems transform Airbus into an integrated company.

Airbus entered a new era on June 23, 2000. The dynamics generated by EADS have led to the successful conclusion of negotiations to set up the integrated company Airbus, thus crowning thirty years of joint efforts within GIE Airbus.

After promising beginnings, Airbus is now reaching maturity and is the world leader with an order book slightly fuller than that of its rival as at end 2000. The company, in which EADS holds a 80% stake and BAE Systems the remaining 20%, will be subject to French law (société par actions simplifiée) and headquartered in Toulouse. The company has come into operating in January 2001. Its founding should generate synergies equivalent to at least 100 million euros per year as of 2004 which come in addition to the € 500 million synergies generated by the EADS merger.

The company’s strategic priority is to continue to stay ahead of market requirements by making products which are increasingly innovative and competitive.

**Official launch of the A380 megaliner**

On December 19, 2000 the A380 program was officially launched. Shareholder approval came in the wake of detailed studies clearly demonstrating technical feasibility and the profitability of the programme. It came also after the program had received 50 firm commitments from major airlines, 50 being the threshold for the official launch of the superjumbo and confirming the demand for this type of aircraft. The A380 will be a double-decker aircraft bringing a whole new concept of passenger comfort to air travel. It is spacious, comfortable, but also more environment friendly than any existing over-400-seat aircraft. The A380 family will be developed on the basis of the A380-100, which has a capacity of 555 passengers and a 14,200-kilometre range.

The same concept used in developing the Airbus family will be applied to the A380. As of today, the program has already received more than 60* firm orders and over 50 options from 8 different airlines from everywhere in the world.

The cargo version, which is specially designed to respond to the forecast growth in air freight, received ten orders from FedEx which is the first American carrier to order the aircraft and the cargo version’s first customer. This has allowed Airbus to launch on the same day the passenger and cargo versions.

Airbus Industrie and most specialised research institutes are forecasting orders for 1,200 airliners with 400-plus capacity over the next twenty years as well as approximately 300 freighters. This represents more than 25% of the total market value forecasted over the next twenty years.

* including 10 cargo from FedEx.
Highlights

Space: High competitiveness

With twelve successes out of twelve in 2000, Arianespace proves its reliability and high level of performance, mission after mission.

On October 29, the Europe Star communications satellite was launched into orbit by Ariane IV. This launch, with its usual precision, also was the record 100th launch by Ariane.

During the night of November 15th, Ariane V sent into orbit the telecommunications satellite PAS-1R and three auxiliary satellites. The payload of more than 6 tons was also a record that could only have been brought in orbit by Ariane V.

These two record-breaking launches were closely followed by other Ariane successful missions.

During 2000 as a whole, Arianespace won 16 of the 29 launch contracts for world-wide civil applications. ASTRIUM won in 2000 2 major contracts with 2 of the biggest telecom satellites operators (Intelsat and Inmarsat) confirming the competitiveness of our products.

Contract signed for 243 NH90 helicopters

A year after the launch of the Tiger program, one of the most ambitious undertakings in the history of European aeronautics was launched on June 8, 2000 at the Berlin Airshow: the NH90 tactical transport helicopter. It represents the largest helicopter programme ever implemented in Europe with an initial batch of 243 units (plus 55 options) for an overall requirement of 595 helicopters (not counting export markets opportunities).

Four countries are participating in this program: Germany, France, Italy and the Netherlands, with the contract estimated to be worth a total of € 6.6 billion. Eurocopter, the world number one which is wholly owned by EADS, has a 62.5% stake in this program which stands as further evidence of EADS promising growth potential.

Positive decision on the A400M program

On 27 July, 2000 the Defence Ministers from the 7 countries taking part in the European military transport Future Large Aircraft (FLA) project officially committed in favour of the A400M program at the Farnborough Airshow.

The A400M represents an effective state-of-the-art technology response to a clearly identified need for modern and reliable transport aircraft for use by crisis reaction forces and humanitarian organisations.

The domestic market of the initial 7 partners represents more than € 19 billion for 225 aircraft, while the export market is extremely promising. Portugal has also joined the program, bringing the total domestic need to 228. EADS share of the program represents sales of nearly € 10 billion.

The maiden flight will take place at the end of 2005 and the first A400Ms will come into service in 2007, with on-going deliveries till 2020. This gives EADS a complete range of military transport aircraft inherited from the Spanish part of EADS.
EADS on the stock market in 2000

The EADS Group in 2000 has created value for its shareholders:
The stock performance of EADS since its IPO has been strong in terms of stock price evolution as well as in terms of daily volumes traded.
Since July 10th and as of year-end 2000, the stock price has increased 31.4% to 23.66 euros compared to IPO retail price of 18 euros.
In 2000, EADS has outperformed the CAC 40 which has decreased 8.6% on the same period.
There is a strong recognition by financial markets of the strategic vision which has led to the creation of EADS. EADS has built up gradually a confidence level due to its exceptional visibility (more than five years orderbook) and its leading position on growing markets.
The great majority of analysts recommend to buy the stock.