



Dear Shareholders,

On 10 July, 2001 EADS celebrated its first anniversary. And celebrate is the right word as the year has been full of commercial successes, of cooperation and partnership agreements and of significant advances on our major projects, such as the A380 in the civil field or the A400M in the military field.

In its first year in existence, EADS has fulfilled all of its promises and beyond. The Bourget Air Show, the first one for EADS, saw a large number of major contracts and agreements, further consolidating the future for your company.

The first six months of 2001 followed on from 2000 in terms of our commitment to act as the driving force in the ongoing consolidation of the sector in Europe.

Thus the integrated Airbus company, formally created on July 11, 2001, has been operational since 1st January, 2001 and is already further reinforcing its leadership in the commercial aircraft market. The agreement on the creation of the European leader for missile systems, MBDA, was signed in April with BAE Systems and Finmeccanica. MBDA is now the world number two in missiles, with a presence in all segments of the market. EADS is also currently finalising its alliance with Finmeccanica to create a joint Company with a business centered on military transport aircraft and aerostructures.

We have also set ourselves the objective of increasing our presence on the US market where we already have sales worth \$ 4 billion. We have signed agreements with Northrop Grumman in the field of defence electronics, notably drones, as well as maintenance of Airbus fleets which is experiencing rapid growth in the USA. We are also considering projects together with Lockheed Martin namely in the segment of mission aircraft.

All these projects, plus the order book worth six years' revenue as of 30 June, 2001, are confirming further the growth potential of the Group. At the same time EADS is creating jobs. The contracts signed at Le Bourget represent over 50,000 jobs for more than 10 years and we will create more value for shareholders with a raised operating margin from 8 to 10% for 2004.

The stock market sees the facts clearly and the performance of EADS shares over 2000 and the seven first months of 2001 has been ahead of the European financial market indexes.

We have started well. We are ahead of our market plan. We will continue to consolidate this success by optimising our exceptional industrial and technological capacities, thus further increasing value creation for shareholders.

Yours faithfully,

Philippe Camus
CEO

Rainer Hertrich
CEO



Revenues and order intake for the half year

With half year 2001 revenues of € 14 billion and new orders worth € 43 billion, EADS is in line with its revenue forecasts and further strengthens its already exceptional visibility.

- Order intake of € 42.8 billion between January and June 2001 continues to be substantially higher than revenues.
- Particularly noteworthy success of the Airbus Division with 250 new firm aircraft orders (first half 2000: 234). As at June 30, A380 is totalling 38 firm orders, 67 customer commitments in total.
- Order backlog of € 185 billion as of 30 June (with Airbus consolidated at 100%), representing six years' revenues.
- EADS confirms its forecasts of a 20% growth in revenues in 2001. If the US \$ remains at its current level, the 20% target will be exceeded.

The revenues, order intake and order backlog shares of EADS divisions in the first half year 2001 were as follows:

DIVISION (millions of euros)	Revenues	Change compared to June 2000	Order intake	Change compared to June 2000	Order Backlog	Change compared to June 2000
Airbus (100% since 1/1/2001)	9,982	+46%	38,769	+150%	157,746	+72%
Military Transport Aircraft	195	+164%	132	+2%	830	+14%
Aeronautics	2,020	+4%	2,334	-58%	13,434	+6%
Space	1,054	-3%	651	-56%	4,469	-7%
Defence and Civil Systems	1,358	+27%	1,267	-2%	9,435	+5%
Eliminations and Headquarters	(566)		(342)		(777)	
Total	14,043	+33%	42,811	+78%	185,137	+56%

- **Airbus** delivered 162 aircraft in the first half of the year compared to 145 in the first half 2000. Order backlog amounted to 1,714 aircraft at the end of June 2001.
- The largest project of the **Military Transport Aircraft** division, the A400 M, received its first commitment from European governments at the Paris Air Show. This program will bring for this division of EADS, potential revenues of around 10 billion euros over the next two decades.
- Revenues at the **Aeronautics** division rose by 4% thanks to in particular the Eurocopter deliveries of 130 aircraft in the first six months of the year (first half 2000: 105 aircraft). Order intakes remain high even though they are lower than in the first half of 2000 which was exceptionally high due to contracts for the NH90.
- Revenues at the **Space** division remains on the same level as last year. Following an exceptionally high order intake 2000, orders are — as expected — at a lower level this year.
- At the **Defence and Civil Systems** division, revenues increased thanks to developments in the missile business — backed up by a strong order backlog — and to the full inclusion of major parts of EADS Telecoms.

Unrivalled technological capacities

EADS is consistently investing in innovative products meeting tomorrow's needs, such as on-board information systems for civil aircraft, the development of drones, navigation satellites and reusable launchers. Future technologies such as the "tiltrotor", scramjet, active phased radar, thrust vector control and smart structures or inflatable reentry and descent space technology are being developed in our R&D centres. "We have a proven track record of technological leadership" said the CEOs, "and our goal is to be the technology leader of the future".



Ramjet propulsion

Today, the ramjet, because of its principle of operation (air-breathing engine without moving parts) and its general architecture, is the essential means of propulsion that offers, in the area of high supersonic speeds, the best ratio of achievable distance compared with the volume of the engine in conducting missions with a variety of flight profiles.

The principle of the ramjet has been understood since 1913 through the work of the engineer, René Lorin. In 1986, ASMP (developed by the former Aerospatiale) became the first western operational nuclear-armed missile with ramjet propulsion (Mach 3 +), the result of close cooperation between the DGA (French Defense Procurement Department) and ONERA (French Aeronautic R&D Center).

In ramjet propulsion, a subsonic combustion (RAMJET) allows speeds of up to around Mach 6. Beyond this, and potentially up to Mach 15, supersonic combustion (SCRAMJET) is required.

EADS has had its high performance test facility (RAMJET and SCRAMJET) in Subdray installation (near Bourges in France) for more than 10 years and this has just been extended in early 2001.

The ramjet is a key technology for the products of the future:

- Currently under study, the ramjet for future hypersonic applications, entitled "Prométhée", which equips air-breathing missile capable of flying at speeds of between Mach 2 and Mach 8 (equal to 1000 km in 7 minutes) and this at very high altitude and long-range.
- This work will benefit the Vesta demonstrator, supersonic ramjet vector equipped with a powder accelerator with the first launches planned for 2002.

Half a century of experience and constant research in this field make EADS one of the few groups in the world mastering the ramjet technology that will enable missiles to go faster, higher and further.

Internet on board the Airbus as soon as 2002

In order to give passengers the services they want, Airbus and Tenzing Communications have

launched a strategic partnership to offer in-flight access to e-mail and the internet.

The market is huge with 22 million business travellers flying regularly at the rate of approximately 40 flights a year; these passengers want to be able to stay connected at all times even during the flight.

With Tenzing, Airbus will offer its passengers, access to their e-mail for less than \$5. Passengers will also be able to surf the Internet and watch live television.

The solution proposed by Airbus and its new partner is simple, cheap and quickly to installed on all passenger aircraft; it is available as of now and has already proved itself on test aircraft (notably with Air Canada).

Tenzing is the only company in the world that already masters the technology used. This is why Airbus' chosen partner should be Tenzing.

Airbus has acquired 30% of Tenzing which thus becomes Airbus' preferred supplier for in-flight e-mail and Internet solutions.

As soon as the end of the year 2002, Airbus and its partner plan to have already equipped more than 300 aircraft.

Le Bourget 2001 Paris Air Show:

an exceptional vintage

The 44th Aeronautics and Space Show, the first Paris Air Show since the creation of EADS, has confirmed the continuing success of the Group in its first year and demonstrated the superiority of the Group's products over the competition with their ability to meet the needs of the markets.

With 185 billion euros, EADS has, as of June 30, 2001, the largest order backlog of the entire aerospace industry.

In addition, 65% of the EADS order backlog are from customers outside Europe, thus demonstrating the competitive nature of our programmes all around the world.

Throughout the Show, from 17 to 24 June 2001, a succession of new orders were announced.

AIRBUS

At the end of an exceptional week, the contracts signed during Le Bourget Air Show led to almost twice the number of orders taken in 2001, including 111 aircraft from ILFC: an historic order, the largest order ever made in the history of the aeronautic industry.

Moreover, the new A340-600, which had made its successful test flight last April, was



• Royal Air Maroc	4	A321 (<i>new Airbus customer</i>)
• Jet Blue	30	A320
• ILFC	5	A380
	5	A380 Cargo
	21	A330
	80	A320 family
• Air France	10	A380

Total orders: 155 new aircraft orders during the Paris Air Show, making in total 250 firm orders as of 30th June, 2001.

one of the "star products" demonstrating impressive qualities of manoeuvrability and silence.

These contracts mean that Airbus is well on the way to reaching its target for the year of taking between 350 and 400 orders. In the first six months of 2001, the market share held by Airbus increased to 65% of world orders for commercial aircraft

of over 100 seats.

Very shortly after the commercial launch of the A380, we can be very proud of its 67 firm commitments (or more than 100 aircraft with the options) clearly demonstrating the commercial success of this new programme.

Le Bourget 2001 Paris Air Show: an exceptional vintage

The A400M



The European Military Transport Aircraft project is off the ground! The 9 countries involved in the programme signed an agreement on 19 June confirming their commitments to ordering 212 aircraft.

The definitive contract should be signed in September 2001. This programme will enable Europe, for the first time, to have its own completely interoperable military transport aircraft.

Maintenance

Sogerma signed an agreement with Turkey for maintenance in civil aircraft.

Eurocopter



Portugal has joined the NH 90 programme with an order for 10 helicopters.

In addition, Eurocopter obtained 35 new orders worth 191.5 millions euros during the Bourget Air Show.

Space



Confirming its leadership in civil launchers, Arianespace

won 8 new orders for satellite launches worth a total of 600 millions euros.

METEOR

Three of the six METEOR partner nations (France, Sweden, U.K.) launched this next generation air-air missile programme. Germany, Italy and Spain are expected to join.

The strengthening of transatlantic partnerships

Two new cooperation agreements were signed between EADS and Northrop Grumman in the fields of ground observation radar and defence electronics (jamming system radar detectors, etc.).

The two groups are also considering the possibility of producing the Eurohawk observation drone, derived from the American Global Hawk.

EADS and the stock market in first-half 2001

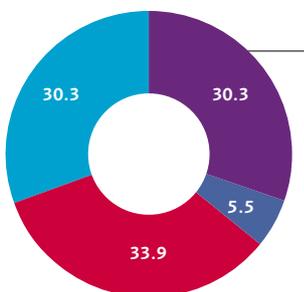
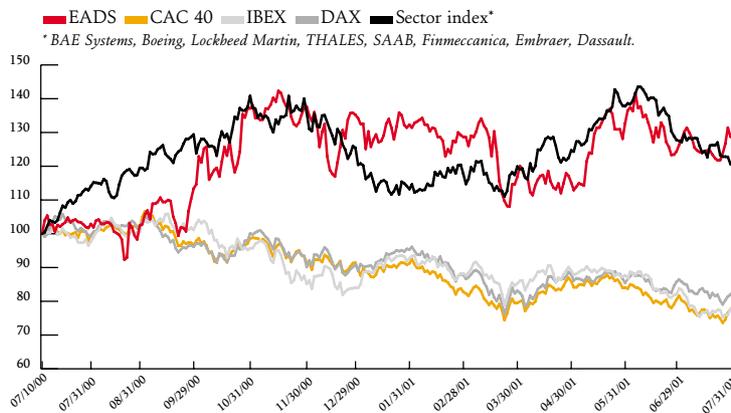
Following the excellent stock market performance of EADS since the flotation in July 2000 (+30% over 2000) and in the context of the economic uncertainty and volatility of the markets, EADS shares have performed better than the related stock market indexes over the 1st half of 2001.

The resilience of EADS shares demonstrates the market's sound appraisal based on the principal assets of the company:

- An exceptional order backlog of € 185 billion, or 6 years' visibility
- 2001 revenue and operating earning forecasts confirmed and even increased
- The successful launch of the A380 and the good progress on the value creation plans aiming at € 600 million worth of annual savings as of 2004.

- **Number of shares:** 807,157,667.
- **Per value:** 1 euro.
- **Offer price on July 10th, 2000:**
19 euros for institutional investors
18 euros for retail investors.
- **Closing price on July 31th, 2001:** 22.70 euros.
- **Share price on the Paris Stock Market in 2001:**
High 25.07 euros • Low 18.20 euros
- **Euroclear code:** 5730

- **Share price from July 10th, 2000 to July 31th, 2001**
Base 100, July 10th, 2000



CAPITAL STRUCTURE ON JANUARY 10, 2001 (as %)

- DaimlerChrysler
- Sogeade: Lagardère together with French financial institutions and Sogepa (French state holding company)
- Sepi (Spanish state holding company)
- Public*

* Including EADS employees and about 3 percent held directly by DaimlerChrysler and the French state.

Information:

On July 4th 2001, French Minister of Economy announced that European stocks, such as EADS, will be eligible to the French PEA (Plan d'Épargne en Actions).

Shareholder diary

- *Thursday 20th September 2001*
2001 S1 consolidated results
- *Tuesday 13th November 2001*
2001 Q3 consolidated Sales and Orders

Freefone

France
0 800 01 2001

Germany
00 800 00 02 2002

Spain
00 800 00 02 2002

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