



Dear Shareholders,

In 2002 we have continued to implement actions that were decided following the events of September 11, aimed at protecting our cash and profitability and securing our future growth.

In a still uncertain and difficult market, especially for the Airbus and space businesses, we have seen positive signs confirming the competitiveness of our products and the fact that our market vision is right. Airbus, by the end of April, had won 40 firm orders and additionally 100 customer commitments that should be converted into orders soon. The commercial activity is of course, as was expected, lower than the excellent year of 2001, but it is better than our forecasts and confirms the dynamic of Airbus success. The space sector is severely impacted by the crisis in the telecom sector, we had nevertheless some encouraging news with the UK Ministry of Defence selecting Astrium for the supply of secured communication satellites and services, the Galileo European satellite navigation programme officially launched and a recent Ariane 5 launch successfully placing the Envisat satellite in orbit.

May 17 was the occasion in Amsterdam for our second Annual General Meeting of EADS. Many of you submitted your proxies or voting forms by mail, and we thank you for your contributions. This meeting saw the approval of the 2001 annual results, which as you know were ahead of all the targets we had set, and the distribution of a 0.50 Euro dividend per share was approved.

On the same day, we released, for the first time, the full 2002 first quarter results. These results are in line with the targets for the full year and demonstrate the strength of your Group and the success of management decisions taken since September 11, 2001. Three-monthly sales increased, despite the decline in Airbus deliveries following the slowdown in the civil aviation sector; net earnings per share (pre-goodwill amortisation and exceptionals) were up by 21%; net cash position further increased to reach 1.6 billion euros and the order book remains very high at almost 180 billion euros despite the fall in orders, notably for Airbus.

EADS has confirmed its world N°2 position in the sector in terms of revenues and world N° 1 in order book, representing revenues of tomorrow. We are developing our military business, as expressed during the Berlin Air Show a few weeks ago. We are now awaiting the forthcoming notification by OCCAR of the A400M military transport aircraft programme. This contract will increase our total order book to over 190 billion euros and double our order book in defence to almost 40 billion euros.

As a shareholder you can be assured that our management of EADS is working to realise the growth potential of your Group and create value for all of our employees, our customers and our shareholders. We thank you for your confidence.

Yours faithfully,

Philippe Camus
CEO

Rainer Hertrich
CEO



EADS 2002 First Quarter Results in line with full year forecast

- **Revenues** up 2% to € 6.4 billion. All Divisions but DCS increased revenues.
- **EBIT** up 2% to € 315 million despite higher R&D and lower Airbus deliveries.
- EADS **net income** pre-goodwill and exceptionals was € 139 million for the first quarter of 2002 up 21% from € 114 million for the same period 2001. After goodwill amortisation and exceptionals, net profit was a loss of € 25 million.
- EADS **net cash position** increased by 7% to € 1.6 billion as of March 31, 2002 compared to € 1.5 billion at year-end 2001. Free cash flow was € 94 million in the first three months of 2002 confirming EADS ability to self-finance the A380.
- **Order intake** of € 3.8 billion reflects higher orders at Aeronautics and Defence and Civil Systems Divisions and, as expected, much lower Airbus orders.
- **Order book** remained strong and unparalleled in the industry at € 179.5 billion at the end of March 2002.

| KEY FIGURES | 1st quarter 2002 - In millions of euros | Q1 2002 | Q1 2001 | Change |
|-------------------|---|---------|---------------------|--------|
| Revenues | | 6,408 | 6,276 | +2% |
| EBIT* | | 315 | 310 | +2% |
| Net income* | | 139 | 114 | +21% |
| EPS (in euros)* | | 0.17 | 0.14 | +21% |
| Net cash position | | 1,643 | 1,533 (dec.31.2001) | +7% |
| Order intake** | | 3,807 | 18,864 | -80% |
| Employees | | 102,917 | 102,967 | 0% |

2002 financial targets

EADS confirms the outlook for 2002 published on March, 18. EADS expects to be successful in maintaining revenues at a level close to 2001 despite lower Airbus deliveries, and to achieve a 2002 EBIT of about € 1.2 billion including higher R&D expense and risk assessment. Order intake is expected to be again significantly higher than 2002 revenues. The order book is expected to grow to more than € 190 billion in 2002, with the defence order book doubling to about € 40 billion.

Q1 Earnings by Division

• Despite a weaker commercial market (72 deliveries compared to 79 in Q1 2001), first quarter revenues of **Airbus** remained on the level of the same period last year at € 4.6 billion thanks to the favorable \$ and price effects. EBIT reached € 396 million, including higher R&D. As expected, order intake at Airbus was much lower, amounting to € 1.3 billion (15 aircraft ordered) as a result of the downturn in the commercial aviation industry (first quarter 2001: € 16.9 billion for 117 aircraft including 12 A380). However Airbus received 22 orders in April 2002 indicating a recovery of commercial market. Additionally, four major airlines have recently announced their intention to order a total of more than 100 Airbus aircraft in the near future.

• Revenues at the **Military Transport Aircraft** Division rose 44% to € 101 million thanks to the ramp-up of C-295 deliveries. EBIT remained the same with € -12 million. Order intake grew from € 55 to € 61 million. The € 18 bn A400M contract is expected to be booked in the near term.

• The **Aeronautics** Division increased revenues to € 936 million. EBIT of € 16 million remained on the level of last year's first quarter and is, as in the past, not reflecting the performance for the full year due to seasonality factor. Order intake rose to € 1,458 million mainly thanks to defence programme at Eurocopter (Tiger, NH90).

• The **Space** Division recorded revenues of € 426 million. EBIT was negative at € -33 million, as a result of risk provisions on programmes and the persistent difficulties in the space market environment. Order intake decreased from € 400 million to € 316 million.

• Revenues for the **Defence and Civil Systems** Division decreased to € 539 million. However, the biggest part of revenues is traditionally recorded towards the end of each calendar year. This explains negative EBIT of € -72 million. EADS expects the Division to post a positive EBIT in 2002. Order intake increased from € 655 to € 858 million thanks to a large export contract in the missile business.

Q1 2002 BY DIVISION

| In millions of euros | Q1 2002 | EBIT* Q1 2001 | Change | Q1 2002 | Revenues Q1 2001 | Change | Order book** 31-03 2002 | 31-12 2001 | Change |
|-------------------------------|------------|---------------|------------|--------------|------------------|------------|-------------------------|----------------|------------|
| Airbus | 396 | 427 | -7% | 4,646 | 4,600 | +1% | 151,794 | 156,075 | -3% |
| Military Transport Aircraft | -12 | -12 | 0% | 101 | 70 | +44% | 1,295 | 1,320 | -2% |
| Aeronautics | 16 | 19 | -16% | 936 | 883 | +6% | 14,239 | 13,722 | +4% |
| Space | -33 | 2 | - | 426 | 402 | +6% | 3,683 | 3,796 | -3% |
| Defence and Civil Systems | -72 | -87 | +17% | 539 | 589 | -8% | 9,210 | 9,094 | +1% |
| Headquarters and eliminations | 20 | -39 | +151% | -240 | -268 | +10% | -677 | -751 | +10% |
| Total | 315 | 310 | +2% | 6,408 | 6,276 | +2% | 179,544 | 183,256 | -2% |

*Pre-goodwill amortisation and exceptionals. ** Order intake and order book based on list prices.



Second Annual General Meeting of Shareholders of EADS

On May 17, 2002, our second Annual General Meeting of Shareholders was held in Amsterdam, where the registered office of the EADS Group is located.

The two Chairmen of the Board of Directors, Manfred Bischoff and Jean-Luc Lagardère, first of all highlighted the financial and commercial successes of 2001, as well as the synergies generated by the ongoing integration projects within the EADS Group and the key strengths of our Group in pursuing its strategy for growth: a full portfolio of young products, a highly effective international network and above all teams consisting of talented and motivated men and women with the capability of inventing and manufacturing the products of tomorrow.

The two CEOs, Philippe Camus and Rainer Hertrich, then presented the details of the financial results for 2001, stressing notably that all of the targets were exceeded and that the Group is facing the future from a healthy and solid financial situation with an operating margin pre-R&D of 12%, an order book representing six years' worth of revenues, a positive net cash position and the capacity to self-finance programmes such as the A380. They also confirmed that the

target for 2002 is to maintain turnover at a level close to that of 2001 (at a constant \$) despite the planned decrease in Airbus deliveries, and to achieve EBIT (pre-goodwill and exceptionals) of 1.2 billion euros, allowing for increased R&D and provisions for risks arising from the uncertainties of the current market. Then, Mr. Bischoff, Mr. Lagardère, Mr. Camus and Mr. Hertrich answered questions from shareholders, which related mainly to the defence business of EADS and tax issues for shareholders.

A vote was then taken on the 6 resolutions and these were all approved; the resolutions were: acceptance and approval of the Report of the Board of Directors; adoption of the accounts for the financial year 2001; approval of the result allocation, distribution and payment date of dividends; release from liability of the members of the Board of Directors; renewal of the appointment of the auditors for the financial year 2002; authorisation for the Board of Directors to repurchase shares of the Company.

EADS: a major exhibitor at Berlin Air Show 2002

From May 6 to May 12, the international air and space exhibition ILA 2002 took place on the south ground of the Berlin-Schönefeld airport. According to the organizer "Messe Berlin" more than 215,000 guests, about 3,000 more than last time in 2000, came by at the three "professional's guest's days" and four public days.

The ILA 2002 was the biggest and most international fair of its 93-year-old history: 1,067 enterprises from 40 countries presented their products and technologies, to discuss current questions from the aviation, space

and defence sector.

EADS performed a major contribution to the success of the Berlin fair. About 100 exhibits of all EADS divisions were to be seen, with various products of the Airbus family, Eurocopter helicopters, Socata aircraft and regional aircraft from ATR as well as satellites, reconnaissance systems, radar systems and drones. The partnerships with Northrop Grumman in the area of surveillance and monitoring were displayed in a dedicated pavilion. In addition, EADS pointed out to the guests among other things: a military transport aircraft of the type C-295 CASA, the cockpit demonstrator Mako as well as the Eurofighter in a serial configuration. Airbus presented on the ILA 2002 the two newest aircraft of its family: the smallest airbus, the A318, and the largest, the A340-600.



The exhibition received the visit of leading politicians, the German chancellor Gerhard Schröder opened the fair together with Rainer Hertrich, CEO of EADS and president of the German federal Aerospace industries association (BDLI).

[You find further press reports, and photos of ILA 2002 in the Internet under www.ila-berlin.de]



INTERVIEW WITH DIETRICH RUSSELL
EXECUTIVE VICE PRESIDENT,
HEAD OF AERONAUTICS DIVISION,
EXECUTIVE COMMITTEE MEMBER

What are the main activities of the Aeronautics Division and what are EADS market positions?

The Aeronautics Division is active in helicopter business, military aircraft, regional and light aviation, as well as maintenance and aerostructures. In 2001 we realised with 24,000 employees a turnover of € 5.1 bn with a positive result.

It should be stressed, because it is not well known, that we are world-wide N°1 in helicopters with our subsidiary Eurocopter, active in 135 countries and recognised both for its military and civil helicopters; 9,000 of our helicopters are today flying and Eurocopter has the broadest range of products in commercial helicopters from the EC 120 Colibri to the "heavy" Super Puma EC 225.

In military aircraft, we are one of the main partners in the Eurofighter program with 180 aircraft already ordered by the German MoD and 87 aircraft by the Spanish MoD, the total orders of the program reach 620 aircraft. We also serve many different aircraft models as F4, F5, F18, Tornado, Awacs etc. for upgrading, maintenance and training. One of our challenges for the future is to enhance our export activity in this field.



Aerostructure

In the regional aircraft, ATR is one of the two world-wide turboprops manufacturers and has been for years the N°1 in operators and finance investor polls.

Our Socata subsidiary manufactures light aviation models: TB20/30 and TBM 700. 70% of the market is in the US, our products are of high quality, especially the fast Turboprop TBM 700 is a winner in its class and the TB20/30 is highly appreciated as training aircraft for pilots.

EADS Sogerma Services is one of the most important West European service provider for civil and military aircraft maintenance, extending its network in USA, Morocco, Hong Kong and Tunisia. In commercial aircraft it is mainly Airbus aircraft we are looking after, with special plants for landing gears and APU repair and overhaul as well as for small engines. The task of freighter conversion of the A300-310 and A330 family of Airbus is performed by EFW (Elbe-Flugzeugwerke) in Dresden.

5 of the 6 Aeronautics business units are delivering aerostructures, mainly but not exclusively to Airbus, being the benchmark from pilot seats, doors to floor panels - produced in Dresden- with a lot of products in between, as sections, belly fairing, flap tracks etc. Our position in Airbus as a competitive supplier was just confirmed with the A380 and the A400M programmes.

How much is today your defense business? How do you foresee its evolution?

Our defense volume was in 2001 € 2.4 bn out of the total turnover of € 5.1 bn. So, I think, we are balanced with upbeat future for our 3 major defense projects: Eurofighter, the Tiger and NH90 helicopters, which are on the verge of entering production. Here is substantial growth potential, as shown by the recent export successes of the Tiger with Australia and the NH90 with the Nordic countries.

What is the Eurofighter status? Can it compete with the JSF?

Eurofighter was conceived as an air-to-air combat fighter, which needs to be turned into a multi-role fighter, adding the air-to-ground role with specific weapon systems as Meteor. Last month we had the first three production aircraft flying in Italy, Germany and UK.

These aircraft got an excellent rating from the test pilots who had up to now the 7 prototypes flying since several years. The development of the Eurofighter system will continue, production is started for 75 aircraft in the 4 countries; the first deliveries to our customers are scheduled in the next months. The total contract goes for 620 aircraft for Germany, Spain, Italy

and UK and we are active in export campaigns in competition with the upcoming JSF, Gripen and older US fighters. Here we need the full political support of our 4 governments and their agency "Netma". The JSF will not be available for export before 2012.

I think Eurofighter, being a mature weapon system in 2008, can compete with JSF, which price is going up.



Eurofighter

Were your civil activities of maintenance and helicopter business hit by the September 11 events?

The events of the September 11, 2001 affected our commercial aircraft maintenance, not only in Lake Charles (Louisiana) where Sogerma opened a US base, but also at home in France. The airlines delayed maintenance operations to protect cash, or phased out old models. Sogerma managed the situation in a difficult environment.

The civil helicopters businesses were not affected but even got additional orders, especially in the USA, for security services for example, and this for immediate delivery.

What are the key factors to achieve the goal of double digit EBIT margin in 2004?

Our goal is to achieve an EBIT margin of 10% of revenues by 2004, in line with the EADS overall goal; the steps we are going through for this are:

The ramp up of our main military programmes already in backlog (Eurofighter, NH90, Tiger...) that will provide high workload and the realisation of our merger integration targets - € 100 m forecasted in 2004 -, the standardisation and benchmarked processes or working procedures and the continued high motivation of all our 24,000 employees.

In 2000 and 2001 the Aeronautics Division realised and delivered what was planned and this is our focus to continue on this path in the future.



INTERVIEW WITH JEAN-PAUL GUT

EXECUTIVE VICE-PRESIDENT,
HEAD OF EADS INTERNATIONAL,
EXECUTIVE COMMITTEE MEMBER

What are EADS International missions and how is it organised?

EADS International is a business-oriented organisation which major stake is to export EADS products world-wide and to collect acute market information on customer requirements.

We are a corporate structure in charge of the international development of whole EADS, for that we operate in close cooperation with all the Business Units of the Group by providing them with a large range of high added-value services in the field of exports.

As a corporate organisation, EADS International is able to optimise synergies within the Group and to capitalise on the strength and size of the whole Group. In addition, as a service provider for all Business Units, EADS International aims at maximising the overall export capacity of the Group. EADS International operates through Regional Directorates that cover the whole world.

Market experts, whose responsibilities are to monitor the worldwide marketing activities of EADS and propose the strategies for each region and country, staff these Regional Directorates.

Along with the Regional Directorates, an extensive network of more than 30 representative offices stretches around the world, each office focusing on customer orientation and supporting the full range of products and services that EADS supplies. We really do want to be close from our customers and to be considered not only as suppliers but also and mainly as privileged partners.

For that reason, our team covers the world.

How does EADS International provide support to EADS Divisions and Business Units?

Our success has been possible thanks to close cooperation between EADS International and Business Units. Indeed, we all have the same goal, which is, no doubt possible here, to win business and

to ensure the satisfaction of our customers and our shareholders.

We aim at delivering added value to Business Units in their export commercial actions, through a real “task force approach” and the same reliability we show in our products and services providing to our external customers. We must be fully willing and able to display in our internal relationships, Business Units to Business Units and Corporate Services to Business Units.

We consider that the concepts of efficiency and commitment applied in the outside-customer relations are equally valid in the internal relations between entities within the EADS Group as we are all internal customers of the others.

We develop a true “task force” approach to challenges, a thorough understanding of Business Units’ needs and a comprehension of their strategic axes. I can thus assume that our successes are a logical result of our work in total symbiosis with the Business Units and that this cross-divisional approach leads the group to a better understanding of our customer’s stakes.

Can you give examples of recent export successes you helped to achieve?

We have been now almost two years in business. It has been extremely dense with very positive achievements and EADS International has proven the efficiency of its method through the past year track record.

For instance, EADS International contributes, by creating necessary lobbying conditions and interfaces with industrial partners, to achieve successful implementation of major multinational cooperative programmes. I would like to mention here some examples that illustrate the involvement of EADS International regarding strategic programmes such as NH90, Tiger, A400M, and Eurofighter.

In addition to cooperative programmes, EADS International supports EADS in major strategic targets of growth and competitiveness. Strong export capability is definitely a key element to become a global leader in all business segments, which EADS is.

Among our export actions, two successful campaigns illustrate the kind of contribution EADS International provides: the NSHP campaign for the NH-90 in the Nordic Countries, and the Tiger helicopter export in Australia.

Selling 52 NH90 helicopters, for Finland, Norway and Sweden, or 22 Tiger in Australia required the same kind of

actions. In both campaigns, EADS International had two key roles. The first one was to identify the key industrial partner through which the deal was feasible, Patria in Finland for the NSHP and Hawker Pacific in Australia. EADS International second, and as determining, action was to coordinate and facilitate the cooperation between the various Business Units that are at stake in those complex deals.



NH 90

What are your new challenges for the near future?

Customers remain the core of our attention. Only their satisfaction ensures the satisfaction of employees and shareholders. In an increasingly competitive market, we will continue providing our customers with tailored sophisticated solutions that meet their specific needs. In doing so, we are emphasizing our relationship with them not as suppliers but, as I already mentioned, as partners. To create such partnerships is really a challenge as it corresponds to a new way of doing business. To reinforce this notion of partnership with our customers, we have the willingness to settle ourselves through local investments in key countries where it facilitates the growth of EADS business in the area.

To sum up, I would like to stress out the fact that one ethical principal drives all our collective and individual actions: this principle is reliability.

We are conscious of our responsibility towards both our Company and society at large. With EADS, we are committed to good corporate citizenship. And for this simple reason, we deliver what we promised to our customers, employees and shareholders, and more important in the situation the aviation industry is facing those days, we must continue strengthening our ethics-driven way of doing business.

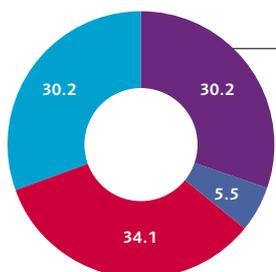
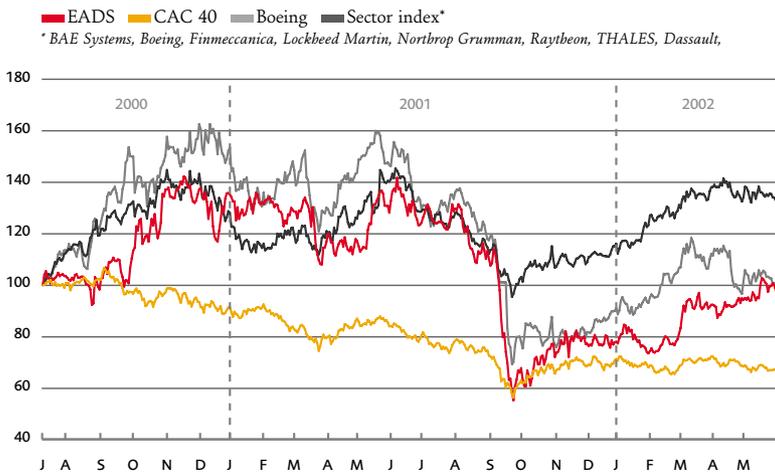
EADS on the stock market

In April and May, EADS stock price gradual recovery has been confirmed, rising 27,5% from year-end 2001 at € 17.39 on May 31. Even though this performance is significantly below the historic high of over € 25, EADS share price has continually and significantly over-performed the main European indexes since the IPO in July 2000.

Numerous financial analysts and brokers recently upgraded their recommendation on EADS with price targets being often over € 20. This was to take into account the 2002 Q1 good results and the improvement of visibility on 2003.

- **Number of shares:** 809,175,561.
- **Par value:** 1 euro.
- **Offer price on July 10, 2000:**
19 euros for institutional investors
18 euros for retail investors.
- **Closing price on December 31, 2001:** 13.64 euros.
- **Share price on the Paris Stock Market in 2002:**
High 18.45 euros • Low 12.52 euros
- **Euroclear code:** 5730

■ Share price from July 10, 2000 to May 31, 2002 Basis 100, July 10, 2000



CAPITAL STRUCTURE ON MARCH 31, 2002 (as %)

- DaimlerChrysler
- SOGEADE: Lagardère together with French financial institutions and SOGEPA (French state holding company)
- SEPI (Spanish state holding company)
- Public*

* Including EADS employees, own share buy back and, about 3 percent held directly by DaimlerChrysler and the French state.

Shareholder diary

• *June 28, 2002*

Dividend payment to shareholders (€ 0.5 gross per share)

• *July 25, 2002*

H1 2002 results publication

Freefone

France: 0 800 01 2001

Germany: 00 800 00 02 2002

Spain: 00 800 00 02 2002

www.eads.net