The project's capability of an all-weather long range refueling capability to refuel aircraft in the air. The market for refueling is estimated to be around 500 tanker aircraft, 80% of which are for the United States and 60% for the US and Japan, with Boeing as the main provider. EADS is now focusing on the tanker market and has already received more than 200 orders. The tanker market is expected to remain strong for at least the next 20 years, with the potential for growth in the longer term.

In addition, EADS has made significant investments in research and development to improve the performance and efficiency of its tanker aircraft. This includes improvements in fuel efficiency, range, and speed, which are critical factors in the tanker market. The company has also developed a new tanker system that can be rapidly deployed to meet customer needs.

EADS has also made significant investments in training and support, including the development of a comprehensive training program for tanker pilots and crew. This program includes classroom training, simulator training, and on-the-job training, ensuring that tanker pilots are well-prepared to operate EADS' tanker aircraft.

The company's tanker division is well-positioned to benefit from the growing demand for tanker aircraft, and EADS is expected to continue to invest in this market to maintain its leadership position. In conclusion, EADS' tanker division is a strong performer in the market and is well-positioned for continued success in the future.

Booming opportunities: tankers will fuel defence growth

EADS surpasses 2003

EADS' performance in 2003 was exceptional, with the company posting strong results across all of its divisions. The company's earnings before interest and taxes (EBIT) grew by 17%, and its net profit increased by 30%. EADS also announced a record number of new orders, with the company receiving orders worth over €11 billion. The company's strong performance in 2003 was driven by a number of factors, including: improved performance in its Airbus division, strong growth in its Defence division, and the positive impact of foreign currency movements.

EADS' Defence division was a key driver of the company's strong performance in 2003. The division posted a year-over-year increase in EBIT, with the company's orders backlog reaching €100 billion. This strong performance was driven by the successful delivery of major programmes, including the A400M military transport aircraft and the Eurofighter Typhoon fighter jet.

EADS' Airbus division also posted strong results in 2003, with the company's EBIT increasing by 14%. The division's strong performance was driven by the successful delivery of major programmes, including the A380 superjumbo jet and the A350 XWB mid-sized jet.

In addition, EADS' Defence and Security division posted strong results in 2003, with the division's EBIT increasing by 20%. This strong performance was driven by the successful delivery of major programmes, including the A400M military transport aircraft and the Eurofighter Typhoon fighter jet.

EADS' strong performance in 2003 was also driven by the positive impact of foreign currency movements. The company benefited from the strengthening of the euro against the US dollar and the British pound, which helped to boost the company's revenues and profits.

EADS' strong performance in 2003 was a testament to the company's ability to innovate and deliver world-class solutions to its customers. The company's continued success in the future will depend on its ability to maintain its innovation and agility, as well as its ability to deliver world-class solutions to its customers.
EADS has now achieved commercial opera-
tional leadership and reached a top posi-
tion in the global defence market. In the
difficult market environment in 2003, EADS
achieved an EBIT* (before interest and
write-offs) of €769 million (2002: €696
million), or €5.165 billion (2002:
€5.133 billion). At the end of 2003, the net
income was €30,168.3 million (2002:
€30,133 million). This was achieved mainly
through strong growth in its defence business,
combined with improved earnings in its non-
defence activities. The "EBIT" improvement benefited from increased defence orders from
Military Aeronautics and MBDA, the fundamental
type of the Military Transport Aircraft Division and the increased profitability of Espace.
The EADS Executive Board therefore recom-
mended a higher dividend of €1.20 per share for
2003. Airbus expects close to 2006 to be
€1.20. Airbus expects the ramp-up of major defence
programmes, such as the expected 2005 commercial
aviation order intake and revenues is reflected in
this. Moreover, Airbus has increased its divi-
dend proposal of 2003 (2002: €0.40 per share) for
the year 2004 to €0.50 per share for 2004.

The EADS Board of Directors is recom-
mending to the Annual General Meeting of Shareholders the implementation of an
dividend increased by €0.10 per share for 2003.

EADS has become the world's largest
commercial aircraft manufacturer in 2003.
Airbus delivered 636 (2002: 628) aircraft and
placed 1,031 orders (2002: 978). In 2003, the
spotter will be a basis for operating the
Airbus order book stood at 1,454 commercial
aircraft (end of 2002: 1,505). The Airbus order
book increased by 5 percent to reach a total of
1,519. The Airbus order count for 2004 is
expected to remain at the same level as the year before. At the end of 2003, the
Airbus order book stood at €10.468 billion

Our military portfolio includes new pro-
ducts that will perform especially well in new markets outside Europe. To be

In concrete terms, the PFI is a finan-
cial innovation. Initially used to finance
infrastructure projects, the PFI is now
being applied to other areas, among
which the PFI is now being applied to
other areas, among which
among other advantages, the
operating company is not responsible
for the equipment.
EADS has achieved record revenues and profits for the year 2003. Its turnover reached €168.3 billion. At the end of 2003, the Group employed 301,333 employees (2002: 299,570), or a 5 percent increase compared to 2002. At 2003, EADS achieved an EBIT* of €7.1 billion. This was achieved mainly on a comparable basis, and includes a higher contribution from the Airbus Military division.

Outlook

EADS is well positioned and well staffed to reach its 2004 and 2005 targets. The European Aeronautics and Defence Systems Study Group is in place to ensure the Group's successful development. The Group today aims to achieve a stable, long-term growth in its defence businesses. At constant exchange rates, the increase in turnover is expected to reach €18 billion in 2004 (€168 billion in 2003). This would correspond to a 12 percent increase in turnover (8 percent at the constant exchange rate). This growth is expected to be driven by the A400M Program. The Group's order intake doubled in 2003 to reach €30 billion (2002: €15.2 billion). Following a further improved performance at EADS Astrium, order intake remained on the same level (2002: €30.1 billion). The A400M order book amounted to €98 billion (2002: €91.7 billion).

EADS has become the world's largest commercial aircraft producer. In 2003, Airbus delivered 420 (2002: 410) airplanes. The Airbus A320, A330 and A340 will continue to drive growth in this business area. At constant exchange rates, the Group's turnover increased to €31.4 billion (2002: €28.7 billion). EADS achieved an increase in turnover of 9 percent at a stable exchange rate. Airbus' turnover increased by 13 percent in 2003 (2002: 5 percent). The Airbus A320, A330 and A340 achieved respectively a 16, 15 and 21 percent increase over the previous year. The strong growth in Airbus revenues would have even increased by 19 percent. At year-end, Airbus employed 99,135 employees (2002: 93,497). The Group's commercial aircraft are particularly configured to benefit from the A400M Programm. 

Strong contributions from Defence businesses

EADS has achieved €11 million in EBIT* in 2003 (€7.1 billion in 2002). This was achieved mainly on a comparable basis, and includes a higher contribution from the Airbus Military division. Order intake more than doubled at constant exchange rates to reach €9 billion. Order intake for military programmes increased by 9 percent to €23 billion in 2003. At year-end, the Group's order book amounted to €152 billion (2002: €142 billion). The Group's turnover increased by 7 percent to €52.4 billion (2002: €48.9 billion). A further improved performance at Airbus Military, order intake and turnover is expected to reach €30 billion in 2004. Following the strong growth in the defence businesses, EADS expects an increase in turnover of 8 percent to €52 billion in 2004. The Group expects to maintain a stable operating margin. EADS is at a turning point indicating the beginning of a stable, long-term growth in its defence businesses. The Group is well positioned to further improve its performance at Airbus Military and to take advantage of a higher contribution from the Airbus Military division. The Group is well on its way to achieving its 2004 targets. Order intake for the Group is expected to reach €30 billion in 2004. In 2004, EADS expects EBIT* around €7.1 billion and revenue of €178 billion.

Financial highlights

- In 2003, EADS' cash flow from operating activities rose to €16.4 billion (2002: €13.4 billion), a 22 percent increase. After investments, the Group reported a €4 billion increase in cash flow from operating activities. EADS increased its capital expenditure to €4 billion (2002: €2.8 billion).
- EADS' free cash flow before customer financing increased by 27 percent to €10.7 billion (2002: €8.5 billion).
- EADS' net cash position increased to €10.9 billion (2002: €8.3 billion), a stable result.
- EADS achieved an increase in turnover of 12 percent at a stable exchange rate. EADS achieved a 5 percent increase in net earnings at a stable exchange rate. EADS entered a strong growth in its defence businesses.
- EADS' EBIT* grew by 40 percent to €7.1 billion (2002: €5.1 billion). The EBIT* improvement benefited from a higher contribution from the Airbus Military division and MBDA, the European Missiles and Space Systems division and the increased profitability of Eurocopter. The Eurocopter division achieved an EBIT* of €1.4 billion (2002: €726 million), a 40 percent increase at a stable exchange rate. During 2003, the Group achieved a further improvement in turnover at Airbus Military (€2.6 billion in 2003) and at MBDA (€2.4 billion in 2003). The successful ramp-up of major defence programmes, the turnaround of the Space division, stronger growth over the medium term, EADS' investments financed in this manner.
- EADS' turnover increased to €168.3 billion in 2003 (2002: €152 billion). Turnover increased by 12 percent at a stable exchange rate. The Group spent €40 billion for the A400M, also for first defence programmes. At constant exchange rates, turnover increased by 10 percent to €178 billion (2002: €161 billion).
- At the end of 2003, EADS employed 301,333 employees (2002: 299,570), a 5 percent increase compared to 2002. Turnover increased by 12 percent at a stable exchange rate. The Group would have been able to employ 25 percent more at a stable exchange rate.
- EADS achieved an EBIT* of €7.1 billion in 2003 (€5.1 billion in 2002). At a stable exchange rate, the Group's EBIT* increased by 40 percent to €7.1 billion (2002: €5.1 billion). The EBIT* improvement benefited from a higher contribution from the Airbus Military division and MBDA, the European Missiles and Space Systems division, which has become the world's largest missile manufacturer, and Eurocopter, the world's largest helicopter manufacturer. The Eurocopter division achieved an EBIT* of €1.4 billion (2002: €726 million), a 40 percent increase at a stable exchange rate. During 2003, the Group achieved a further improvement in turnover at Airbus Military (€2.6 billion in 2003) and at MBDA (€2.4 billion in 2003). The successful ramp-up of major defence programmes, the turnaround of the Space division, stronger growth over the medium term, EADS' investments financed in this manner.
- EADS' turnover increased to €168.3 billion in 2003 (2002: €152 billion). At a stable exchange rate, the Group would have been able to employ 25 percent more. Turnover increased by 12 percent at a stable exchange rate. The Group would have been able to employ 25 percent more at a stable exchange rate.
EADS has achieved a significant increase in order intake, propelling EADS towards the world’s leading aerospace and defence company. EADS’ strong performance is reflected in the level of optimism prevailing in the industry, driven by the A400M Programme. The Group can use its financial strength and credit rating to ensure prompt payment of suppliers and to control its working capital, thus reinforcing its competitive advantage. EADS has successfully concluded PFI-type solutions, including one that is currently being negotiated for MBDA, and its progressive replacement is expected late into military sales of approximately 10 billion euros.

Outlook

EADS has a clear strategic direction to remain in a position of strength in the world amongst Defence manufacturers and continues to deliver results in line with commitments made in its strategy.

Strong contributions from Defence businesses

The A380 project has been a major driver of EADS’ strong performance. The programme is on track to meet its delivery targets. The Group has already secured a total of 330 orders for the A380, reflecting the strong demand for large aircraft. EADS’ commercial activity, EADS expects to benefit from the ramp-up of major defence programmes, driven by the A400M Programme. The Group can use its financial strength and credit rating to ensure prompt payment of suppliers and to control its working capital, thus reinforcing its competitive advantage. EADS has successfully concluded PFI-type solutions, including one that is currently being negotiated for MBDA, and its progressive replacement is expected late into military sales of approximately 10 billion euros.
Booming opportunities: tankers will fuel defence growth

The projection capacity of an aircraft is capable to refuel aircraft in the air. The aircraft market is estimated to be around 900 tanker aircraft, 80% of which are for the United States and have been conceptualized by Boeing due to its massive market size. EADS makes a strategic level through the partnership with Science and Technology, and the concept has been established by the British Ministry of Defence. This partnership is significant to both companies in terms of providing the US market and understanding the business of the industry forward for EADS. The work is done on an A300 tanker, which is a commercial and civil aircraft, that also offers a greater tanking capacity than any competing solution. EADS awards a total contract to the aircraft built EADS in order to offer the best possible refueling solution. The group is investing more than €500 million in the development of the EADS A330 tanker, with particular emphasis on the "boom." With the current system, the receiving aircraft is provided with a targeting system to lock in, allowing some maneuvering as well as on the part of the aircraft. The idea behind all of this work of the EADS Casa research and design centre, which runs the project for the tanker, was to design a boom that would reach out to the "thirsty" aircraft. This way, the maneuverability and ease of the tanker boom is improved, allowing for a rebalancing of EADS's portfolio towards defense and security systems.

Wide range of Tanker Aircrafts

With the delivery of the first A330 Multi Role Tanker Transport (MRTT) to the German air force in June 2004, EADS is now "physically" present in the high-refueling market. This aircraft, developed on the basis of the A330 MRTT, is the first in a series of defense tankers. EADS, with a total of 900 tanker aircraft, is leading the world in this market segment, with orders from 100 customers worldwide. The A330 MRTT is the first aircraft to be delivered from the EADS range of tanker aircraft. This model range, which includes the A300-200 and the A330MRT, meets all of these requirements and can be used in a wide range of markets, including the military, civil, or commercial.

Your EADS shares

At the beginning of 2004, the Airbus Group announced a new share purchase program to acquire 15 million shares, representing 5% of the company's capital. This share purchase program was part of a larger initiative to improve EADS's financial performance and to increase its market capitalization. The program was announced in February 2004, and the company's share price rose sharply in response. This positive performance continued throughout the first half of 2004, with the share price reaching an all-time high of EUR 58.45 on May 24, 2004. This strong performance was due to a combination of factors, including the successful delivery of the A380 aircraft, the signing of important contracts, and the overall positive outlook for the aviation industry.

EADS shareholders

EADS shareholders are key to the company's success. They play a crucial role in shaping the company's strategy and in driving its growth. The company values its shareholders and considers them to be partners in its success. The company's management team is committed to maintaining strong and transparent relationships with its shareholders, and to ensuring that its operations are aligned with the long-term interests of its investors. The company is dedicated to delivering strong financial performance, and to maintaining a strong balance sheet and a strong capital structure. EADS is focused on delivering a sustainable and growing dividend to its shareholders, and on investing in its growth and innovation capabilities. The company is committed to maintaining strong corporate governance practices, and to ensuring that its operations are aligned with the highest ethical and legal standards.

Dear shareholders,

While 2004 is well underway, the release of the Group's 2003 annual results provides an opportunity to review our achievements and to look back on the past year. Justifiably, we are proud of our results and we hope you will be satisfied as well. In short, the history of EADS, 2003 was a special year. Unfavorable economic conditions prevailed worldwide, the war in Iraq and the SARS outbreak pushed the world back to the challenge and from these headwinds a stronger company. EADS stands as a model of a successful transnational company. This success was driven in part by Airbus, the global number one in commercial aviation, but also by EADS’ defense markets, and by the laying of sounder ground rules for the European space industry. The launch of the Airbus MRTT programme in May 2003 was a turning point in the company’s growth. The launch of the MRTT programme has been a key driver of EADS’ success. Combined with successes of the CFM (Collaborative European Foundation for the Modern Engine) and the Eurocopter (Eurocopter and the Agusta family), EADS is a leading aerospace company leveraging a wide range of commercial and military capabilities. Each of these is a major stepping stone in the strategic rebalancing of our business towards key growth markets. In short, while a still young company, EADS credibility as a global player is firmly established.

Our robust share price performance reflects that credibility, which we also earned by consistently meeting our financial objectives for the last three and a half years. 2003 was a year in which we exceeded our promises, particularly with regards to free cash flow. Highlighting this company’s ability to generate value, even in damaging circumstances. Our net result, which may not be in line with expectations, is that our shareholders received improvements – which is even true of these restructuring charges are stripped out. These developments, coupled with the improved economic climate, position EADS for a better-balanced and richer harvest.

We have built momentum and are taking to the air!

Philippe Camus and Rainer Hertrich CEO
**Booming opportunities: tankers will fuel defence growth**

Air tanker: EADS bets on its ability to refuel aircraft in the air. The projection capability of an airforce lays emphasis on the "boom". With the current possible refuelling solution, an aircraft is very vulnerable during the refuelling manoeuvres and can focus only on his mission. Therefore, EADS employed several cutting-edge solutions: it’s innovative boom, EADS can also target the Wide range of Tanker aircrafts.

Wide range of Tanker aircrafts

With the delivery of the first A330 Multi Role Tanker Transport (MRTT) to the German air forces on 10 December 2003, EADS is now "physically" present in the future refuelling market. This aircraft, developed on the basis of the A330, is the first in a series of aircraft that have already been ordered, for Germany and two for Canada. The A330 MRTT is the first aircraft to go into service from the EADS range of tanker aircraft. This wide product range, which includes the A310-200 and the A400M, meets all variety of needs.

**Stock price evolution**

At the beginning of 2004, the dilution’s and performance concerns some EADS investors to take profit. Subsequent to the quarter results presentation on March 11th, EADS’ results were better than expected, EADS’ share price rose again. For the last three months, EADS’ stock price has increased. EADS stock price performance for 2003 is the highest among all the leading European companies.

**Capital structure as of December 29, 2003 (€)**

Capital structure has been rebalanced in June 2003. Then EADS’ stock price held steady prompting some EADS investors to take profit on their EADS shares. From March 11 to March 19, EADS stock price performed the market over the last months. The March 11 Madrid terrorist attacks precipitated all markets down with a rather bear, when the March 11 Madrid terrorist attacks precipitated all markets down with a rather bearish stock price performance for the whole of March. EADS shares continued to rise again. Investors anticipated better than expected results and more cautious about 2004 outlook. By February 2004, the share price had fallen 9.6% since the A380 and A400M results announcement in December 2003. EADS results presentation on March 11th had major positive impact on the share price, as announced on March 11th the stock price increased 7.9%. In comparison the overall market was down 6.3%. The general trend on financial markets was also positive in March. The financial markets outlooks are very optimistic as the balance of European luxury banks is very active. Concerns about timing of the market recovery are not validity in view against declining day of defense services.

**Unveiling of EADS’ financials 2003**

The key data which EADS published include:
- A400M: a key product
- Treasury Shares
- EADS surpasses 2003
- Highlights
- A400M: a key product
- Treasury Shares
- EADS surpasses 2003
- Highlights
- Booming opportunities: tankers will fuel defence growth

We have built momentum and are taking to the air! Philippe Camus and Rainer Hertrich CEOs

**Shareholders**

**Shareholder meeting**, 21 May 2004, Paris, France

**Summary**

**Prices**

- F2: EADS ex post: 2003 F2 + €1.5 billion
- F3: EADS ex post: 2003 F3 + €8.5 billion
- F4: EADS ex post: 2003 F4 + €12.0 billion

**Dividends**

- Total dividend: €18
- P1: Share dividend: €3
- P2: Share dividend: €3
- P3: Share dividend: €3
- P4: Share dividend: €3
- P5: Share dividend: €3
- P6: Share dividend: €3

**Letter to our shareholders**

Dear shareholders,

While 2004 is well underway, the release of our 2003 annual results provides an opportunity to assess our achievements, and we hope you will be as well. In the short history of EADS, 2003 was a special year. Unfavorable economic conditions prevailed, the war in Iraq and the SARS outbreak pushed the abort of a recovery back, yet EADS rose to the challenge and emerged from these headwinds a stronger company.

EADS stands as a model of a successful transnational company. This success was driven in part by Airbus, the global number one in commercial aviation, but also by EADS' gains in Defence markets, and by the laying of sounder ground rules for the European space industry. The launch of the A400M programme in May 2003 was a turning point: the contract signed by OCCAR on behalf of seven countries is the largest single defence contract ever, worth over EUR 18 billion.

With a turnover of EUR 33 billion, and the laying of sounder ground rules for the European space industry, the launch of the A400M programme in May 2003 was a turning point: the contract signed by OCCAR on behalf of seven countries is the largest single defence contract ever, worth over EUR 18 billion.

EADS systems’ results announcement, which preceded our 2003 results presentation on March 11th, had major positive impact on the share price, as announced on March 11th. In comparison the overall market was down 6.3%. The general trend on financial markets was also positive in March. The financial markets outlooks are very optimistic as the balance of European luxury banks is very active. Concerns about timing of the market recovery are not validity in view against declining day of defense services.