Dear shareholders,

This quarter, Aeronotes is taking us to Spain, where EADS has some deep running roots. This is part of our commitment to venture with you behind the scene, visiting places and issues that are out of the limelight, yet at the heart of EADS’ life and projects. The legacy of CASA – one of our three founding companies – endures: the agility and stamina of its people has contributed to many of our most resounding successes (not least the A400M programme win) and plants such as Illescas are a showcase of highest industrial excellence.

Aeronotes also examines how we communicate with you: the Annual General Meeting in Amsterdam, the subsequent Shareholder Information Meeting held in La Défense in Paris, and now our Annual Global Investor Forum in Toledo have given us opportunities for fertile dialogue with our shareholders. We are proud of the recognition our financial communication is receiving from professionals: in a poll conducted by the Institutional Investor Research Group among analysts, EADS was voted best Investor Relations of the Aerospace and Defence sector in Europe, and second best among the larger group of Industrial Companies. The assessments highlighted responsiveness, transparency and quality as key strengths. EADS was also nominated for “best continental Investor Relations in the UK” by the specialised IR magazine.

We endeavour to better reach out to retail shareholders: in July, we will introduce a revamped financial website, richer in content, and mindful of disclosure and Corporate Governance best practices. We are attending more events, instigated by Euronext and other organisations, for shareholders in smaller cities: in 2004, we will meet you in four instances, not to mention the Actionaria exhibit autumn. Finally, EADS became a member of the Federation des Clubs d’Actionnaires in France, a move aimed at drawing new investors to the EADS family.

Pierre de Bausset
Senior Vice President, Head of Investor Relations and Financial Communication
In the first quarter, EADS strongly improved its financial performance. From January to March 2004, the Company reached an EBIT* (pre-goodwill and exceptions) of €198 million, 52% above the figure disclosed for the same period of 2003 (€130 million). In the same period, revenues grew by 9% to €6 billion.

EBIT* improved in all Divisions but Aeronautics. Defence contract and Space turnaround execution are on track. Self-financed Research & Development (R&D) has continued at the same pace, namely for the A380.

**Net Cash position increased**

Cash was mostly generated by the stronger EBIT* and working capital improvement. Free Cash Flow before customer financing surged to €419 million (€-309 million for the first quarter 2003). The Net Cash position increased from €3.1 billion at year-end 2003 to €3.4 billion as of 31 March 2004.

**Net Income of €49 million**

EADS recorded Net Income of €49 million (same period 2003: €28 million on a comparable basis), or €0.06 per share, for the first quarter of 2004. As of 1 January 2004, EADS has anticipated the application of IFRS 3 (International Financial Reporting Standards); goodwill is no longer amortized regularly.

EADS revenues rose 9% to €6.0 billion during the first three months of 2004, with increases in all Divisions but Aeronautics. At constant Euro-Dollar exchange rates, revenue growth would have been about 15%.

EADS’ order intake amounted to €3.4 billion in the first three months of 2004 (first quarter 2003: €5.4 billion); the decrease is mainly due to lower Airbus orders. Airbus is confident to close several ongoing sales campaigns and to get around 250 orders in the full year.

The EADS order book amounted to a total of €178.8 billion at the end of March and remains the strongest in the global aerospace and defence industry.

At the end of March 2004, EADS had 109,869 employees (year-end 2003: 109,135).

**Outlook**

EADS confirms the outlook for 2004 that was published on 8 March 2004. The Company expects to reach EBIT* of €1.8 billion and revenues in the range of €29 to €30 billion, based on an average exchange rate of €1 = $1.20. There are first signals that the markets might be stronger than expected; these signals raise our confidence in the assumptions of our targets for 2004.

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* EADS uses EBIT pre-goodwill amortisation and exceptions as a key indicator of its economic performance. The term “exceptions” refers to income or expenses of a non-recurring nature, such as amortisation expenses of fair value adjustments relating to the EADS merger and impairment losses. It does not correspond to the definition of extraordinary items under IFRS.

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**EADS – Results First Quarter (Q1) 2004 (Amounts in Euros)**

<table>
<thead>
<tr>
<th>EADS Group</th>
<th>Q1 2004</th>
<th>Q1 2003</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, in millions</td>
<td>6,031</td>
<td>5,520</td>
<td>+9%</td>
</tr>
<tr>
<td>of which defence, in billions</td>
<td>1.1</td>
<td>1.0</td>
<td>+10%</td>
</tr>
<tr>
<td>EBITDA(1), in millions</td>
<td>526</td>
<td>389</td>
<td>+35%</td>
</tr>
<tr>
<td>EBIT*, in millions</td>
<td>198</td>
<td>130</td>
<td>+52%</td>
</tr>
<tr>
<td>Research and Development costs,</td>
<td>535</td>
<td>528</td>
<td>+1%</td>
</tr>
<tr>
<td>in millions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income(2), in millions</td>
<td>49</td>
<td>28</td>
<td>+75%</td>
</tr>
<tr>
<td>Earnings per Share (EPS)</td>
<td>0.06</td>
<td>0.03</td>
<td>+0.03 €</td>
</tr>
<tr>
<td>Free Cash Flow before Customer Financing,</td>
<td>419</td>
<td>-309</td>
<td>-</td>
</tr>
<tr>
<td>in millions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order Intake, in millions</td>
<td>3,411</td>
<td>5,378</td>
<td>-37%</td>
</tr>
</tbody>
</table>

(1) Earnings before interest, taxes, depreciation, amortisation and exceptions
(2) Net Income is now reported according to IFRS 3; goodwill is no longer amortized.

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**EADS - Order Book and Employees**

<table>
<thead>
<tr>
<th></th>
<th>31 March 2004</th>
<th>31 Dec 2003</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Book, in millions</td>
<td>178,759</td>
<td>179,280</td>
<td>+/- 0</td>
</tr>
<tr>
<td>of which defence, in billions</td>
<td>45.6</td>
<td>45.7</td>
<td>+/- 0</td>
</tr>
<tr>
<td>Net Cash position, in millions</td>
<td>3,444</td>
<td>3,105</td>
<td>+11%</td>
</tr>
<tr>
<td>Employees</td>
<td>109,869</td>
<td>109,135</td>
<td>+1%</td>
</tr>
</tbody>
</table>
EADS has set an extraordinary example of European integration

CASA, together with Aerospatiale Matra and Dasa, merged to form EADS on July 10, 2000. Francisco Fernandez Sainz, Head of EADS CASA, talks to us about the Spanish side of EADS.

1. Aeronotes: EADS is frequently portrayed as « the Franco-German » consortium? Do you think the Spanish identity of our Company should be better highlighted?

This is partially true. But within the world of aerospace, the Spanish “dimension” of EADS and its technological achievements are well recognised. Since its foundation in 1923, CASA has manufactured more than 3,500 aircraft. Our military transport aircraft are the best testimony to our know-how on the five continents where they operate. Spain is a central partner of the A400M, the Eurofighter and many more major programmes. But to the general public outside Spain, these roots of EADS are far lesser known, and yet they are an important facet of the Company’s European character. Time and effort will be key to raising this awareness, through advertising, media, seminars, presentations at Universities etc. And I believe the A400M success will be the most conspicuous evidence of the Spanish contribution to the EADS story.

2. What is EADS to Spain? And what is the weight of Spain in EADS?

EADS illustrates for Spain – as for France and Germany, I suppose – the power of a truly European integration of resources and destiny. In this sense EADS is at the forefront: We are establishing a model that many European industries will have to follow to survive and to succeed in an increasingly competitive global market. The 5.5% slice of EADS shares held by SEPI (Spanish State Holding Companies) cannot portray the extent to which our experience, know how, and most importantly, the quality of our people, strengthen EADS in our areas of excellence. Conversely, EADS provides the Spanish aerospace industry with a springboard to compete in the global markets, thanks to its reputation and scale.

3. What is Spain’s place among EADS customers? Is the Spanish production of EADS intended mostly for the home market?

Spain is an important customer for EADS as it was for CASA before the merger, but the Spanish production of EADS reaches well beyond the local market. Our role in programmes like the A400M, the A 380, military transport aircraft, mission aircraft, tanker aircraft, etc. is an open window to exports. You may view this as a legacy of CASA which had a vast list of customers over the world, well before EADS was created, particularly in the American continent.

4. Eurocopter España was created some months ago. Do you expect a strong development of this activity in Spain? Following the Tiger order, are there opportunities for NH90?

Spain had no home-grown helicopter industry, so this creation marks a tremendous step forward and, of course, will lead to the development of related activities here. There is a good potential market for helicopters in Spain, and Eurocopter, the first helicopter manufacturer in the world, carries a wide range of products able to satisfy the most demanding requirements from the Spanish operators. We also foresee good opportunities for the NH 90.

5. Was there a culture shock in the course of the EADS merger, and was it different for the Spanish businesses than for the other parts of the Company?

Any change, any challenge to habits and culture, while not a shock, requires adjustment. You know how people at EADS recognize the value of confronting cultural traits and try to garner each others’ best attributes into a relatively unique and open corporate culture. From a business standpoint, we had to adapt our industrial, economical and organizational structures to the group format, carving out separate activities and lines of business to be integrated into EADS’ bigger and more autonomous business units. It has to be pointed out that the former CASA, before the merger with EADS, had sound international experience as a partner in Eurofighter, Airbus, ESA programmes, etc. For us, multinational environments are not new.

6. South America has privileged links with Spain. Is our Spanish identity an advantage for this market?

No doubt about that. There are strong links between Spain and Latin America, and our histories are inseparable. Our presence spans most of the countries in that continent and we are now celebrating the 25th anniversary of cooperation between CASA and Chile, our first export customer in Latin America. In a quarter of a century, we have established a closely knit network of trust with our customers in Latin America. In this huge potential market, we share deep rooted cultural affinities. This is a unique advantage.
Composites are increasingly being used by the aerospace industry as a substitute for metals. That is because composites are much lighter – and weight matters. Every kilo that is lost means lower fuel costs or higher payload capacity. While it is important to keep the weight within specification, the manufacturing process must also be cost-effective. For relatively flat components with a large surface area, like the outer skin of the tail unit, resin-impregnated carbon-fibre tapes (prepregs) are employed. Before being hardened by pressure and heat in an autoclave, a pressurised oven, the prepregs are processed to their ultimate shape by computer controlled tape-laying machines – a relatively low-cost process. But more tightly curved or more complex structures require other manufacturing concepts. Among all the Airbus plants, Illescas is the one responsible for providing all the carbon fibre elements that are the responsibility of Airbus España.

This site appears as the most advanced centre in the automation of composite materials production processes related to composite materials and in the manufacturing of big lifting surfaces.

About a quarter of the structure of the Airbus A380 will consist of lightweight carbon-fibre-reinforced plastic (CFRP). Illescas is at the forefront in this technology. Using fibre placement technology, the most advanced technology of the world in composite manufacturing, allows heavily curved panels. Thanks to this process, used for the first time in the manufacturing of fuselage sections for large commercial aircraft, the plant is capable of produces producing skins for sections of the rear fuselage (sections 19 and 19.1) and for the main landing gear doors of the aircraft with a high level of automation, extremely cost-effectively and with very reliable results.
A close relationship with shareholders

With over a million individual shareholders, maintaining a close relationship with its shareholder base is strong commitment not an easy matter for EADS. Also, being a registered Dutch Company, EADS is required to hold its general assemblies, the forum for exchange between Company and individual shareholders, in Amsterdam. This distance should not be allowed to get in the way of discussions between EADS management and its shareholders.

That is why the Group has decided to hold a yearly information meeting in Paris following the Annual General Meeting. While this meeting does not constitute a general assembly in the legal sense, it does help to build up a constructive dialogue. This year the attendance of over 600 shareholders has shown just how important the meeting can be.

This is also why EADS actively participates in shareholder meetings organised in different cities by Euronext. And the Group is also present every year at the Shareholders Exhibition, Actionaria, in Paris and all around France. At the start of the year, EADS joined the Fédération Française des Clubs d’Investissement (French Federation of Investment Clubs), which will allow the Group to relay information to the 250,000 members of these clubs. Apart from these established resources, EADS is focusing on its financial internet site. This has been specifically designed to give our shareholders all the information they need. A new version will be launched soon. A section on EADS Corporate Governance has just been added. And the relaunched site will bring even more new features. With more in-depth information and easier navigation through six major headings, you can keep abreast of the Group’s latest financial news. Among other things you will have access to the analyst consensus defined by Reuters and graphic analysis tools. And real-time web broadcast of events is now standard: individual shareholders can listen to financial presentation provided to analysts along with associated question and answer sessions.

www.eads.net

Third Global Investor Forum in Toledo, Spain

Providing the market with the right information so investors can make their investment - or disinvestment - decisions based on a complete, accurate knowledge of the Company, its health and its strategy: This is the main mission of Investor Relations at EADS. The task requires continuous contact with both buy-side* and sell-side* analysts. In practical terms, that means over five hundred one-to-one meetings with investors each year. This comes on top of more formal events such as quarterly income statements, aerospace trade shows such as Le Bourget or on-site tours to show the industrial reality behind the figures. All these events help to build up relations which are further reinforced through telephone and e-mail exchanges. These continuous exchanges also allow the Investor Relations team to answer topical questions or questions which will support short-term speculation strategies but also give greater importance to information related to the core value of the Group. With an eye on this latter aspect, EADS has been holding the Global Investor Forum on a regular basis for three years, the last one being held at the end of June in Toledo, Spain. For two days, around a hundred analysts were able through workshops and presentations** to gain greater insight into EADS, whose successes and market developments are constantly generating new areas of interest. Crucial subjects such as covering foreign exchange risks and advances in the A380 programme were examined in-depth. But other questions, less in the spotlight, were also studied closely. For instance, Marwan Lahoud, CEO of MBDA, came to present the opportunities on the missiles market offered by the new product range of the world’s second largest player on that market. And through Gérard Adsuar, treasurer of the Group, analysts could investigate the implications of the Private Finance Initiative (see Aeronotes n°10). These “study” exercises provide analysts with a clearer view of the Company, a prerequisite for a balanced evaluation of EADS.

* A buy-side financial analyst performs analyses on behalf of the manager of the investment company employing or her. A sell-side analyst draws up reports directly for the clientele of the broker employing or her.

**You can access all the work from the Global Investor Forum on the Internet site: www.eads.net
Your EADS shares

After a weak period in March following the terrorist attack in Madrid, the price of EADS shares continuously increased over the five weeks up to the beginning of May, driven by positive EADS news flow, encouraging economic data and a weaker Euro. Following a peak at €21.80 on 27 April, EADS shares followed the consolidation phase of equity markets in Europe. The record levels reached by the oil price burdened the economic outlook with uncertainty, and particularly the airline recovery. This dragged the whole stock market downwards and created pressure on EADS stock. Until the beginning of June, European equity markets remained relatively flat and EADS shares followed this overall market trend in the first couple of weeks. But additional positive EADS related news in the following days, in conjunction with an increasing acceptance of high oil prices among investors helped EADS shares to recover and to outperform the markets. Following EADS’ Global Investor Forum on 21 and 22 June, numerous analysts raised their target price on Airbus confidence and the increasing market perception that aerospace recovery should start already next year. This boosted the share price to €23, its highest level since August 2001.

Since the beginning of the year, EADS share price increased by more than 20%. On a year-to-date basis EADS shares increased by around 120%.

Shareholders Information
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ir@eads.net

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Germany: 00 800 00 02 2002
Spain: 00 800 00 02 2002

Shareholders diary
29 July 2004 : Half Year 2004 results release
4 November 2004 : 9-month 2004 results release

Stock price evolution

Stock price evolution (base 100 dated 10 July 2000) EADS stock price (in €)

Capital structure as of 30 June 2004 (as %)

ISIN Code NL0000235190
Number of issued shares 812,885,182
Offer price on 10 July 2000 19 € for institutional investors
18 € for retail investors
High in 2004 on Paris Stock Market 22.94 € on 24 June
Low in 2004 on Paris Stock Market 16.55 € on 22 March
Earnings per share (EPS) 2003 (pre-goodwill amortisation and exceptional) 0.96 €
Dividend per share 2003 paid on 4 June 0.40 € (gross amount)