Dear shareholders,

10.29 a.m. on 27 April 2005: a giant rises into the skies over Toulouse. This quarter will unquestionably be the quarter of the A380: exploration of the flight envelope, silent and spectacular fly-pasts every day at Le Bourget. The flagship of European aeronautics has proudly presented the colours.

And on top of the technological triumph, the commercial success: at the Paris Air Show in Le Bourget, India joined the circle of A380 customers when the Kingfisher company ordered five aircraft of this type. In the space of a year 30 orders have been received for the aircraft, thus proving its continuing strong attractiveness even though it is expected to first enter service a few months behind schedule.

The A380 has certainly impressed people, but it has not eclipsed the rest of the product range, in particular not the A320 family, which confirmed its “bestseller” status by logging up 165 orders during the Air Show. In all, Airbus announced 280 orders and commitments worth US $ 33 billion, and belied the predictions of the gloommongers, outstripping its valiant competitor by a clear margin.

Le Bourget is a big commercial event and as such also gave us the opportunity to welcome some 100 individual shareholders to our stand, where they were given an insight into the skills and products we offer. At the same time, we also held our annual professional investors’ meeting, the fourth Global Investor Forum, which enabled analysts and investment managers to confirm that EADS firmly and continuously positioned itself to profit from the sector’s growth. By making a joint appearance to meet the investors, Thomas Enders and Noël Forgeard hinted that the new management enthroning was close at hand, a message that was confirmed by Manfred Bischoff, Co-Chairman of the Board of Directors, during the formal dinner. The hope was not in vain because the nomination of the Chief Executive Officers was announced the week after.

Commercial dynamism, good prospects, new management – this mixture boosted the share, returning it to its Olympic form with record after record, and rewarding your confidence.

Pierre de Bausset
Senior Vice President, Head of Investor Relations and Financial Communication
EADS strongly improved its financial performance in the first quarter of 2005. From January to March 2005, the company reached an EBIT* of € 657 million, more than triple the figure for the same period of 2004 (€ 198 million). Revenues grew by 16 percent to € 7 billion (Q1 2004: € 6 billion) driven by strong performance across all divisions. Defence revenues also grew by 16 percent.

**EBIT* increase in all Divisions**

EBIT* improved in all Divisions, in particular at Airbus, primarily due to the increase of aircraft deliveries from 67 in the first quarter of 2004 to 87 in the same period of 2005. The Airbus EBIT* benefited from favourable hedging rates in line with those in the first quarter of 2004. The turnaround at EADS Space was confirmed by the division's performance in the first quarter. EADS Space’s profitability is expected to be significantly higher than in 2004.

**Net Income of € 328 million**

EADS recorded a Net Income of € 328 million (Q1 2004: € 49 million), or € 0.41 per share, for the first quarter of 2005 (Q1 2004: € 0.06).

**Net Cash position increased**

R&D investment to remain at high level. Cash was mostly generated by stronger operating results. Free Cash Flow before customers financing has surged to € 704 million (Q1 2004: € 419 million). This is not only the result of increasing aircraft deliveries, it also reflects the conservative approach to management of cash at EADS. The Net Cash position increased from € 4.1 billion at year-end 2004 to € 4.3 billion as of 31 March 2005. The self-financed Research & Development (R&D) charge has decreased from € 535 million in the first quarter 2004 to € 422 million in the first quarter of 2005. This is in large part due to the start of production of the A380 passenger version and the increase of R&D capitalization for the A380. R&D expenses are expected to increase in the following quarters when the A380 freighter version development ramps up.

**Order Intake more than doubled**

EADS’ order intake in the first three months amounted to nearly € 9 billion (Q1 2004: € 3.4 billion). The strong increase is mainly due to stronger Airbus and Space orders. Airbus booked 123 gross orders representing a 66 percent market share. EADS order book amounted to a total of € 190.4 billion at the end of March, an unprecedented level in EADS history, including € 49.7 billion for defence businesses. It remains the strongest in the global aerospace and defence industry.

**Outlook**

EADS expects its 2005 revenues to grow to around € 33 billion, impacted partly by a weaker dollar assumption (€ 1 = US$ 1.30). Defence revenues should increase by 10 percent during the course of the year. EBIT* is expected to grow to more than € 2.6 billion (up six percent), reflecting an increase in divisional performance across the group, partly offset by less favourable hedges and by the weak US Dollar for the unhedged portion of the net exposure. EADS expects Airbus to deliver 350-360 aircraft in 2005. Airbus revenues are expected to increase in line with higher deliveries of single aisle aircraft. The 2005 aircraft mix will be less favourable than in 2004. The positive accounting impact from the Airbus GIE merger into Airbus SAS is expected to diminish in 2005. Free Cash Flow before Customer Financing and Paradigm investment outflows is expected to be positive in 2005. Earnings Per Share should increase in 2005 by five percent to € 1.36, based on an average of 803 million shares.

**EADS – Results First Quarter (Q1) 2005 (in euros)**

<table>
<thead>
<tr>
<th>EADS Group</th>
<th>Q1 2005</th>
<th>Q1 2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, in millions</td>
<td>7,005</td>
<td>6,031</td>
<td>+16%</td>
</tr>
<tr>
<td>thereof defence, in billions</td>
<td>1.3</td>
<td>1.1</td>
<td>+16%</td>
</tr>
<tr>
<td>EBITDA, in millions</td>
<td>984</td>
<td>526</td>
<td>+87%</td>
</tr>
<tr>
<td>EBIT*, in millions</td>
<td>657</td>
<td>198</td>
<td>+232%</td>
</tr>
<tr>
<td>Research and Development costs, in millions</td>
<td>422</td>
<td>535</td>
<td>-21%</td>
</tr>
<tr>
<td>Net Income, in millions</td>
<td>328</td>
<td>49</td>
<td>+569%</td>
</tr>
<tr>
<td>Earnings Per Share (EPS)</td>
<td>0.41</td>
<td>0.06</td>
<td>0.35 €</td>
</tr>
<tr>
<td>Free Cash Flow before Customers Financing, in millions</td>
<td>704</td>
<td>419</td>
<td>+68%</td>
</tr>
<tr>
<td>Order Intake, in millions</td>
<td>8,907</td>
<td>3,411</td>
<td>+161%</td>
</tr>
</tbody>
</table>

1) Earnings before interest, taxes, depreciation, amortization and exceptional
2) Earnings before interest and taxes, pre-goodwill impairment and exceptional
3) EADS continues to use the term Net Income. It is identical with Profit for the period attributable to equity holders of the parent as defined by IFRS Rules.
On 27 June, Thomas Enders (46) and Noël Forgeard (58) were elected as Chief Executive Officers (CEO) of EADS with immediate effect for a five-year term.

They will be assisted by two Chief Operating Officers: Jean-Paul Gut in charge of Marketing, International and Strategy and Hans Peter Ring in charge of Finance. The EADS Board of Directors, in agreement with BAE Systems, has also appointed Gustav Humbert (55) as President and CEO of Airbus. Messrs. Enders, Forgeard, Gut and Ring – will represent EADS on the Airbus Shareholder Committee. Noël Forgeard has been appointed as Chairman of the Airbus Shareholder Committee, in agreement with BAE Systems. Stefan Zoller (47) has been appointed as President and CEO of the EADS Defence and Security Systems Division.

The Board has dissolved the Aeronautics division and established Eurocopter as a new EADS division. It will be led by Eurocopter CEO Fabrice Bregier. The former Aeronautics BUs ATR and Socata will report from now on to Hans Peter Ring, Chief Operating Officer for Finance, whereas EFW and Sogerma will report to Gustav Humbert, Head of Airbus Division.

The Board has also renewed the Executive Committee, which will be led by the CEOs Enders, Forgeard, consists of 11 members: Jean-Paul Gut, Hans Peter Ring, François Auque (EADS SPACE), Fabrice Bregier (Eurocopter Division), Ralph D. Crosby Jr. (EADS North America), Francisco Fernández Sáinz (EADS Military Transport Aircraft), Gustav Humbert (Airbus), Jussi Itävuori (Human Resources), Stefan Zoller (EADS Defence and Security Systems Division).

“We are pleased that following intense discussions we can now present an excellent team and new structure for the future management of EADS. Our key priority for the second term of EADS is to ensure the company builds on its strong profit performance, particularly through a renewed focus on enhancing the value of its core businesses.”, EADS Chairmen Manfred Bischoff and Arnaud Lagardère said. The Board of Directors will continue to shape the Group’s mission and strategic priorities, which are implemented under the leadership of the EADS CEOs.

The business operation lies within the responsibility of the EADS Executive Committee. On day-to-day matters Fabrice Bregier, Jean-Paul Gut and Stefan Zoller will report to Thomas Enders. François Auque, Gustav Humbert and Hans-Peter Ring will report to Noël Forgeard. Ralph Crosby, Francisco Fernandez Sáinz and Jussi Itävuori will report to both CEOs.
Meeting our shareholders

Annual General Meeting in Amsterdam and Information Meeting in Paris

The Annual General Meeting was held in Amsterdam on 11 May. The agenda of the AGM contained a number of items: approval of the Board of Directors' Report on the business activities during financial year 2004, presentation of the EADS financial statements for the twelve months up to 31 December 2004, submission of the financial accounts, allocation of profits and payment of dividends for the shareholders' approval, appointment of the auditors for financial year 2005, appointment of the Members of the Board for new five-year mandates, approval of the renewal of financial authorizations for the Board and, finally, amendment of the Company's Articles of Association. The number of shares present or represented at the Meeting was 590,456,576 of a total of 809,785,473 EADS shares issued. Each of the ten resolutions proposed by the Board of Directors was carried by a majority of over 95%.

As in each year, the AGM was followed by an informal session for private French shareholders. More than 600 such shareholders attended this customary event, which was held at the CNIT hall in Paris la Défense on 2 June. The Group's CFO Hans Peter Ring presided over the meeting. Speaking in French, he presented the EADS financial results before yielding the floor to Charles Champion, head of the A380 programme, who reviewed the evolution of the new standard-bearer of the A380 range. The presentation was much appreciated by the audience, who then asked a number of questions about this programme. The question & answer session was then continued around the buffet table, the venue for less formal but equally enthusiastic discussions.


After a week in which Airbus snapped up the major orders and the A380’s flight displays stole the show at Le Bourget, some 90 institutional investors and analysts moved on to central Paris to find out what the future holds in store for EADS.

The Global Investor Forum, which took place on 20-21 June this year, provided an opportunity for shareholders and analysts to meet EADS top management, hear the inside story and find out about the Group’s strategic direction.

EADS co-chairman Manfred Bischoff, designated EADS CEOs Thomas Enders and Noël Forgeard, EADS CFO Hans-Peter Ring and Jean-Paul Gut, Head of EADS International, were amongst EADS top managers who participated in the forum, which was organised by EADS Investor Relations.

Also participating were François Auque, Head of EADS SPACE, Fabrice Brégier, Head of Eurocopter, Stefan Zoller, Head of DCS, Jean-Louis Gergorin, Head of EADS Strategy, Airbus CFO Andreas Sperl, Airbus Chief Commercial Officer John Leahy and Thomas Williams, Head of Airbus Procurement.

One of the key messages that came across during the forum was that, despite the media attention given to the EADS leadership transition, business is brisk, Airbus is retaining leadership and the initiative, focus on beating the dollar constraints through operating efficiencies is producing results and the management is lined up to lead EADS to the next level.

This message was clearly not lost on the audience of investors and analysts, as the EADS share climbed to its highest historical close in the days following the forum.

You can access all the work from the Global Investor Forum on the site www.eads.com

Visit of EADS stand for shareholders of the Paris Air Show

On the occasion of the Paris Air Show, EADS organized a daily guided visit of its stand for individual shareholders. More than a hundred persons who had signed up at participate discovered in a privileged way all the products which make the strength of EADS: Airbus' range with naturally the A380, helicopters, satellites, military transport aircraft... They were able to get a wide view of the Group and its markets and to appreciate the high technological skill of the products on which their investment is based.
Paris Air Show 2005

The record-breaking show
The crowds were back in force and the airlines were back in buying mood – this year’s Le Bourget heralded the recovery of the commercial aviation market. A record 480,000 people visited the Paris Air Show between 13 and 19 June. Clearly many of the visitors had come to see the A380, the world’s largest airliner in action.

1. The A380 glided effortlessly and almost silently by the exhibition chalets.
2. The A380 viewed from space. This photograph was taken from 450km above Earth. The aircraft in front is an A340-600.
3. The smallest (A318), the longest (A340-600) and the biggest (A380) Airbus
4. The stand of EADS was one of the most visited
5. Eurocopter civil and military helicopters. In front, the AS350 that landed on the Top of the World
6. At the Air Show Arianespace signed a contract to launch a Japanese satellite
Your EADS shares

EADS' share price suffered in the first half of May from substantial profit taking during the week following the Q1 2005 earnings call. Investor satisfaction with the results (strong cash and EBIT performance) was more than offset by concerns over management transition and a focus on vulnerability to the $ and the deteriorating hedge book. EADS share price decreased to a low of 21.81 in mid-May, and then rebounded. In fact, the significant consolidation of the €-$ rate triggered the rebound of EADS to higher levels during the second half of May. This was helped by the Sichuan Airlines order, a perceived stabilisation of management issues, and a potential A350 sales announcement. In the first two weeks of June, the announcement of delays in A380 deliveries offset the positive evolution of the €-$ rate. Then, the EADS stock strongly rose, gaining 15% over two weeks, establishing record highs over €26. The increase was brought on by the positive commercial newsflow during the Paris Air Show. The Global Investor Forum, on June 21 and 22 gave an additional boost. Airbus confirmed its positive outlook there. The production ramp-up led analysts to expect a delivery total of around 450 aircraft in 2007 while the impact of A380 delivery delays appears to be under control.

Finally the long-running period of management uncertainties was resolved on 25 June, supporting the share price.

27 July : Half Year 2005 earnings release
9 November : Q3 and 9 months earnings release

Shareholder Information

www.eads.net
ir@eads.net
Freefone
France: 0 800 01 2001
Germany: 00 800 00 02 2002
Spain: 00 800 00 02 2002